AMCHAM
KENYA

THE CONTRIBUTION OF AMERICAN TECHNOLOGY COMPANIES TO KENYA'S DIGITAL ECONOMY



IN PARTNERSHIP WITH



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LIST OF ACRONYMS

Table 1: List of Acronyms

Acronym	Definition
ADC	Africa Development Center
AfCFTA	African Continental Free Trade Area
AI	Artificial Intelligence
AmCham	American Chamber of Commerce
APAC	Asia-Pacific
AWS	Amazon Web Services
B2B	Business-to-Business
BETA	Bottom-Up Economic Transformation Agenda
BOP	Balance of Payments
BPO	Business Process Outsourcing
CAPEX	Capital Expenditure
CBK	Central Bank of Kenya
CIT	Corporate Income Tax
DFC	U.S. International Development Finance Corporation
DiD	Difference-in-Differences
DPI	Digital Public Infrastructure
DWDM	Dense Wavelength Division Multiplexing
EPRA	Energy and Petroleum Regulatory Authority
ERP	Enterprise Resource Planning
EY	Ernst & Young
FX	Foreign Exchange
GCC	Global Capability Center
GDP	Gross Domestic Product
GoK	Government of Kenya
GSMA	Global System for Mobile Communications Association
I-O	Input-Output
ICT	Information and Communication Technology
IoT	Internet of Things
IP	Intellectual Property
ISP	Internet Service Provider
IT	Information Technology
ITES	Information Technology-Enabled Services
ITIF	Information Technology and Innovation Foundation
KECOBO	Kenya Copyright Board
KenGen	Kenya Electricity Generating Company
KES / KSh	Kenyan Shilling
KNBS	Kenya National Bureau of Statistics
KPI	Key Performance Indicator
KRA	Kenya Revenue Authority
LEO	Low-Earth Orbit
LLM	Large Language Model
MCC	Model Contractual Clause
MICDE	Ministry of Information, Communications and the Digital Economy
ML	Machine Learning
MNO	Mobile Network Operator
MSME	Micro, Small, and Medium Enterprise
MSP	Managed Service Provider
MW	Megawatt
NDRR	Net Domestic Retention Rate
NRI	Network Readiness Index
O&M	Operations and Maintenance
ODPC	Office of the Data Protection Commissioner
OPEX	Operating Expenditure

Acronym	Definition
PAYE	Pay As You Earn
PAYG	Pay-As-You-Go
POS	Point of Sale
PPA	Power Purchase Agreement
PUE	Power Usage Effectiveness
SaaS	Software as a Service
SAM	Social Accounting Matrix
SEP	Significant Economic Presence
T&D	Transmission and Distribution
Tbps	Terabits per second
TDM	Text and Data Mining
TVET	Technical and Vocational Education and Training
UAE	United Arab Emirates
U.S.	United States
USTDA	United States Trade and Development Agency
VAT	Value Added Tax

METHODOLOGY AND EVIDENCE STATEMENT

This report assesses how the investments, platforms, infrastructure, capabilities and partnerships of seven American technology companies contribute to Kenya's digital economy through a technology-to-value transmission framework. The analysis is based primarily on secondary research, publicly available datasets, government publications, industry reports, company disclosures and selected case studies.

The report does not seek to attribute Kenya's digital-economy outcomes to any single company, investor or technology provider. Rather, it examines the mechanisms through which technology inputs may contribute to productivity, employment, enterprise development, digital inclusion, investment mobilization and broader economic value creation within Kenya.

Unless explicitly stated otherwise, figures presented in this report represent a combination of observed, reported, modelled or forecast ecosystem indicators. These figures should not be interpreted as direct economic impact attributable solely to U.S. technology companies. Where evidence relates to projected outcomes, company-reported results or broader market estimates, this is clearly identified in the analysis.

Accordingly, this Economic Impact Report should be interpreted as a contribution assessment and mapping of economic-value pathways rather than a quantified company-level economic impact assessment. A Phase II assessment, supported by proprietary company data, enterprise surveys and economic modelling, would be required to quantify direct, indirect and induced impacts.



Executive Summary

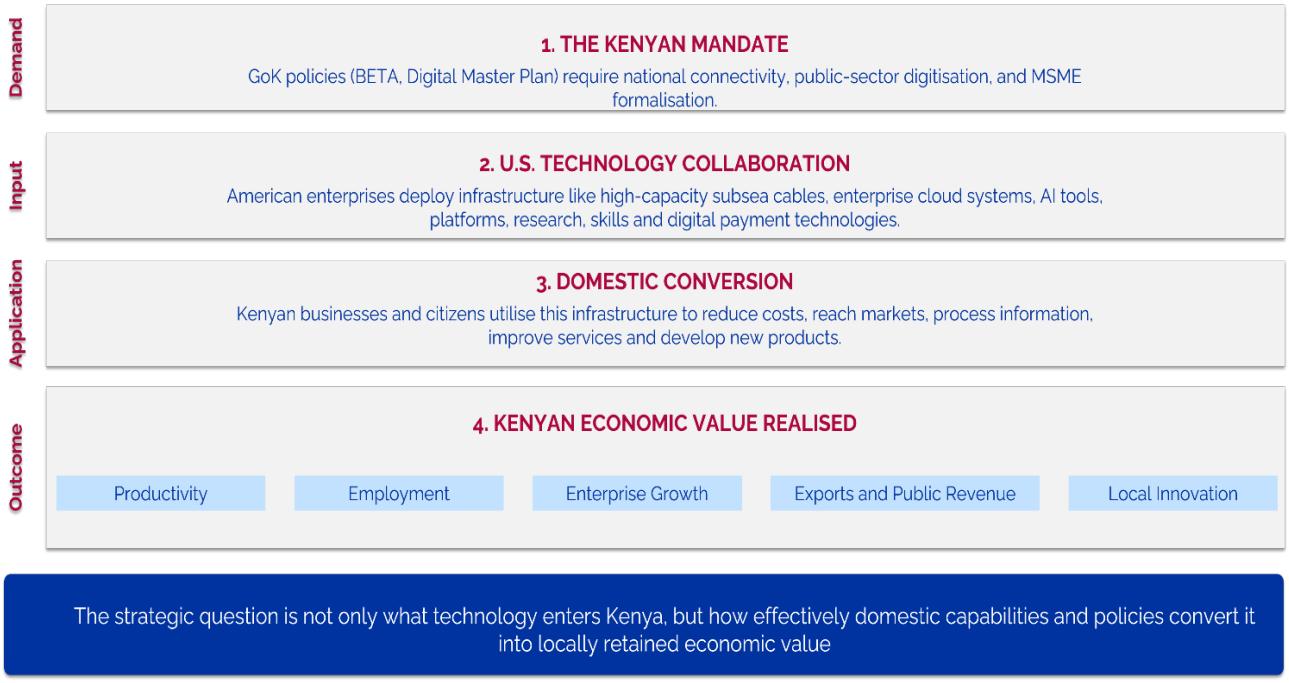
1. EXECUTIVE SUMMARY: THE AMERICAN TECHNOLOGY IMPACT CHAIN

1.1. THE POLICY-TO-VALUE IMPACT CHAIN

The strategic objective of technology deployment in Kenya is no longer strictly measuring what hardware enters the country but calculating how effectively domestic policies ensure that technology translates into locally retained economic value. To advance its national digital priorities, Kenya draws on infrastructure, platforms and capabilities provided by American technology companies, working alongside government institutions, local firms and other ecosystem partners.

The economic value of this transition does not emerge from the installed technology alone. Value is generated when Kenyan workers, businesses, and government institutions apply these tools to reduce transaction costs, extend financial credit, and increase workforce productivity. This report assesses how the activities of American technology companies contribute to economic value through an analytical four-step transmission sequence.

Figure 1: The Policy-to-Value Impact Chain



1.2. SELECTED INDICATORS OF KENYA'S DIGITAL TRANSFORMATION

Structural indicators confirm that Kenya is attracting the physical capacity and institutional capital required to execute its digital transformation mandates.

Table 2: Dashboard Framework: Ecosystem Signals vs. Economic Attribution

Indicator & Status	What the number represents	What it demonstrates	Primary Attribution
180 Tbps. ●	2Africa system-wide design capacity.	Scale of international connectivity infrastructure available.	American technology company-supported infrastructure footprint.
90 MW →	Forecast commissioned data-center IT load by 2031.	Expected growth in domestic compute capacity.	Broader market forecast.
US$1.04bn ●	Kenyan technology funding in 2025.	Depth of Kenya's technology capital market (Ranks 1st in Africa).	Kenya tech ecosystem.
20,985 ●	Digitized government services reported in 2025.	Scale of public-sector digitization (eCitizen integration).	GoK-led, multi-provider.
KSh 662bn △	GSMA estimate of potential GDP contribution from further digitalization by 2028.	Scale of the wider digitalization opportunity.	Wider digitalization trend.
3rd in Africa ●	Kenya's 2025 Network Readiness Index (NRI) regional position (77th globally).	Regional competitiveness and strong governance and institutional foundations for digital development.	Independent index assessment.
(Key: ● Observed, ◇ Reported, △ Modelled, → Forecast)			

2. THE KENYAN BASELINE: A DIGITISING ECONOMY WITH STRONG INFRASTRUCTURE BUT UNEVEN PRODUCTIVE ADOPTION

The purpose of this baseline assessment is to establish Kenya's current position within the digital economy, identify the strengths that have enabled its progress, and highlight the key constraints that continue to limit broader economic impact. Kenya has developed many of the foundational elements of a leading digital economy, including expanding digital infrastructure, a mature mobile ecosystem, growing technology investment and increasing public-sector digitization. However, important gaps remain in workforce readiness, productive technology adoption and the conversion of digital access into productivity, employment, exports and locally retained economic value. The remainder of this report examines how American technology companies contribute to addressing these opportunities and constraints.

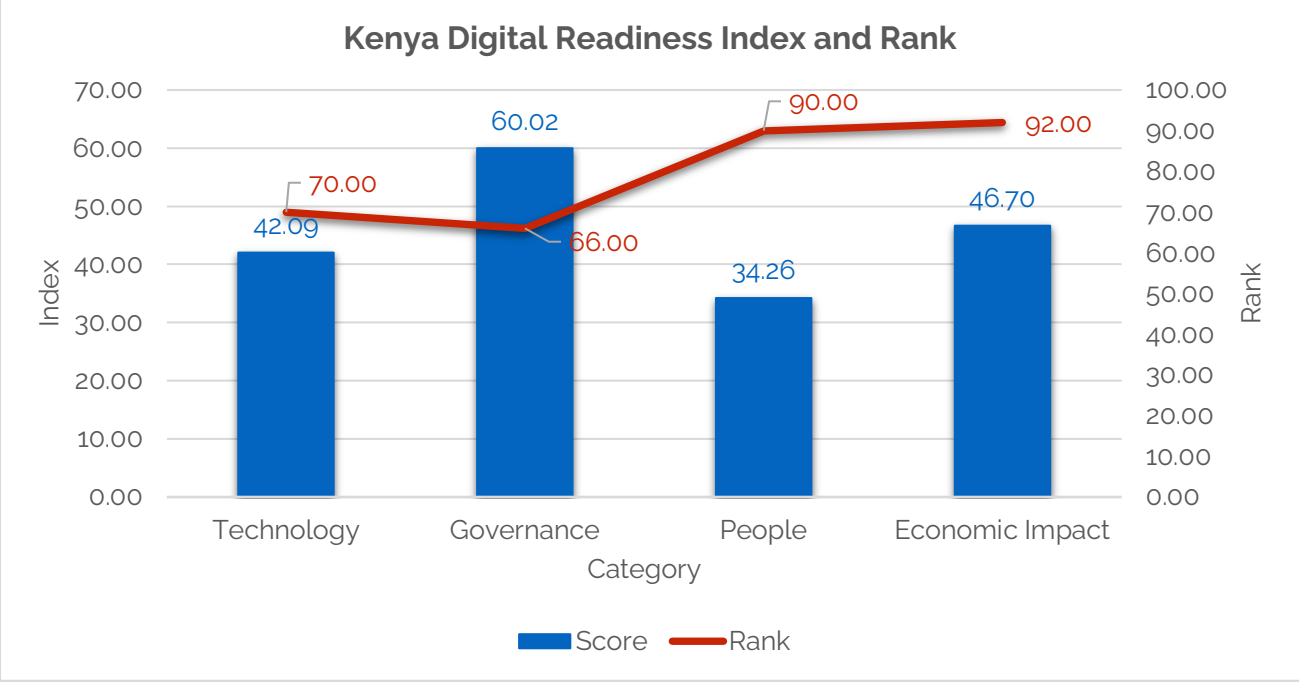
As Kenya enters the next phase of its digital transformation, it does so from a position of relative regional strength, supported by expanding digital infrastructure, a mature mobile ecosystem, growing technology investment and an increasingly digital public sector. However, a persistent conversion gap remains between technology availability, productive adoption and the generation and retention of economic value within Kenya.

Kenya's wider economy grew by 4.6% in real terms in 2025, while the Information and Communication sector grew by 4.8%.[1] The continued expansion of the sector provides evidence of sustained digital-economy momentum, although digitalization now extends well beyond the ICT sector itself into finance, agriculture, transport, government, health, and manufacturing.

[1] Kenya National Bureau of Statistics. (2026). *2026 Facts and Figures*. Kenya National Bureau of Statistics

Kenya also has a comparatively strong position within Africa's technology ecosystem. The Network Readiness Index (NRI) 2025 places Kenya at 77th out of 127 economies globally, and 3rd in Africa (behind Mauritius and South Africa). Kenya's relative strengths are more pronounced in Governance (score: 60.02) and its readiness for Future Technologies (ranked 42nd globally). However, the country's People pillar ranks 90th globally, while the Impact pillar ranks 92nd.[2]

Figure 2: Kenya Digital Readiness Index and Rank



Kenya's relatively strong regulatory governance and technological foundations are currently bottlenecked by lagging workforce readiness and low economic conversion. Policymakers and investors must therefore pivot from basic infrastructure deployment to targeted digital upskilling so that these global technological inputs translate into broad-based enterprise productivity and retain domestic value.

Table 3: Decision Framework: Kenya Digital Economy Starting Position

Technology (Score: 42.09)	**Governance** (Score: 60.02)	**People** (Score: 34.26)	**Economic Impact** (Score: 46.70)
Stronger relative position. Extensive mobile networks and expanding international bandwidth (ranked 14th globally).	**Relative strength.** Robust data protection, AI strategies, and progressive institutional frameworks.	**Capability gap.** Uneven digital literacy and workforce readiness constraints.	**Conversion gap.** Challenge in translating infrastructure into broad-based productivity and enterprise scaling.

This pattern is strategically important. It suggests that Kenya's challenge is increasingly one of conversion: converting infrastructure, policy readiness, and technology availability into widespread productive adoption, higher-value employment, enterprise productivity, exports, and locally retained economic value.

For example, connectivity alone illustrates this conversion gap. Kenya has achieved very broad mobile network coverage, with 3G and 4G population coverage approaching universal levels. GSMA estimated that 33.5% of the population used mobile internet in 2023, compared with 99% 3G and 98% 4G population coverage. Although this is the latest figure used in the assessment, the time lag should be considered when

[2] Portulans Institute. (2025). *Network Readiness Index 2025*. Portulans Institute. Available at: Network Readiness Index 2025.

interpreting Kenya's current usage gap.[3] The distinction is fundamental: network coverage creates the possibility of digital participation; adoption, affordability, relevant services, and digital capability determine whether that possibility becomes economic activity.

The same pattern is visible in public-sector digitization. Government reported that the number of services available digitally increased from approximately 350 in 2022 to 20,985 by 2025, while reported daily revenue collected through digital government channels increased from approximately KSh 60 million to between KSh 700 million and KSh 1 billion.[4] These developments demonstrate the scale of Kenya's digital transformation, but they should not be interpreted as evidence that any single foreign technology provider caused the observed economic outcomes. Public-sector digitization reflects the combined effect of Kenyan policy, domestic institutions, local technology companies, and international technology providers.

Taken together, these indicators establish the baseline for this report: Kenya has moved beyond the question of whether digital infrastructure will arrive. The strategic challenge is how effectively the country converts technology investments into productive enterprise adoption, skilled employment, business growth and locally retained economic value.

American technology companies form an important part of this opportunity through their infrastructure, platforms, investments and partnerships. The benefits realised in Kenya ultimately depend on how these capabilities are adapted, adopted and integrated by Kenyan firms, institutions and wider ecosystem partners.

3. KEY FINDINGS AND STRATEGIC IMPLICATIONS

Kenya has established many of the foundational conditions required for digital growth, including expanding connectivity infrastructure, increasing cloud and data-center investment, a growing innovation ecosystem and relatively strong digital-policy frameworks. American technology companies are contributing to this ecosystem through infrastructure investment, cloud services, digital-skilling programmes, enterprise technologies and innovation partnerships. However, the economic value of these contributions depends increasingly on how effectively they are adopted, localized and integrated into the Kenyan economy.

Key Findings

1. Kenya's digital challenge is shifting from access to productive adoption. While broadband coverage, cloud infrastructure and digital services continue to expand, significant gaps remain between technology availability and active economic use.

2. Human-capital and enterprise-adoption constraints represent the largest barriers to value creation. Kenya performs relatively well on technology and governance indicators but continues to face gaps in digital-skills readiness, advanced technical capability and productive enterprise adoption.

3. Infrastructure investments generate value only when linked to local participation. Connectivity, cloud and data-center investments generate the greatest economic benefit when supported by local suppliers, skilled workers, systems integrators and domestic service providers.

4. Artificial intelligence, digital finance and cloud computing are creating new pathways to productivity growth. The strongest opportunities arise where these technologies are adapted to address real-economy challenges in sectors such as agriculture, healthcare, financial services and government.

[3] GSMA. (2024). *Kenya Digital Economy Report*. GSMA. Available at: Kenya Digital Economy Report.
[4] Presidency of the Republic of Kenya, Ruto@Four: Digital Government: How eCitizen Has Transformed Public Services (2026).

5. Value retention matters as much as value creation. The long-term economic impact of technology depends on the extent to which employment, procurement, intellectual property, supplier revenues and digital exports are retained within Kenya.

Table 4: Key Constraints VS Priority Actions

Constraints	Priority Actions
Gaps between network coverage and effective usage. Workforce-readiness and advanced digital skills shortages.	Accelerating digital-skills development linked to employment and enterprise needs. Supporting local cloud, cybersecurity and systems-integration capabilities.
Limited local participation in higher-value technology services. Regulatory and market uncertainties affecting long-term investment planning.	Creating predictable regulatory frameworks for data governance, AI and digital investment. Expanding pathways for local innovation, intellectual-property development and technology-enabled exports.

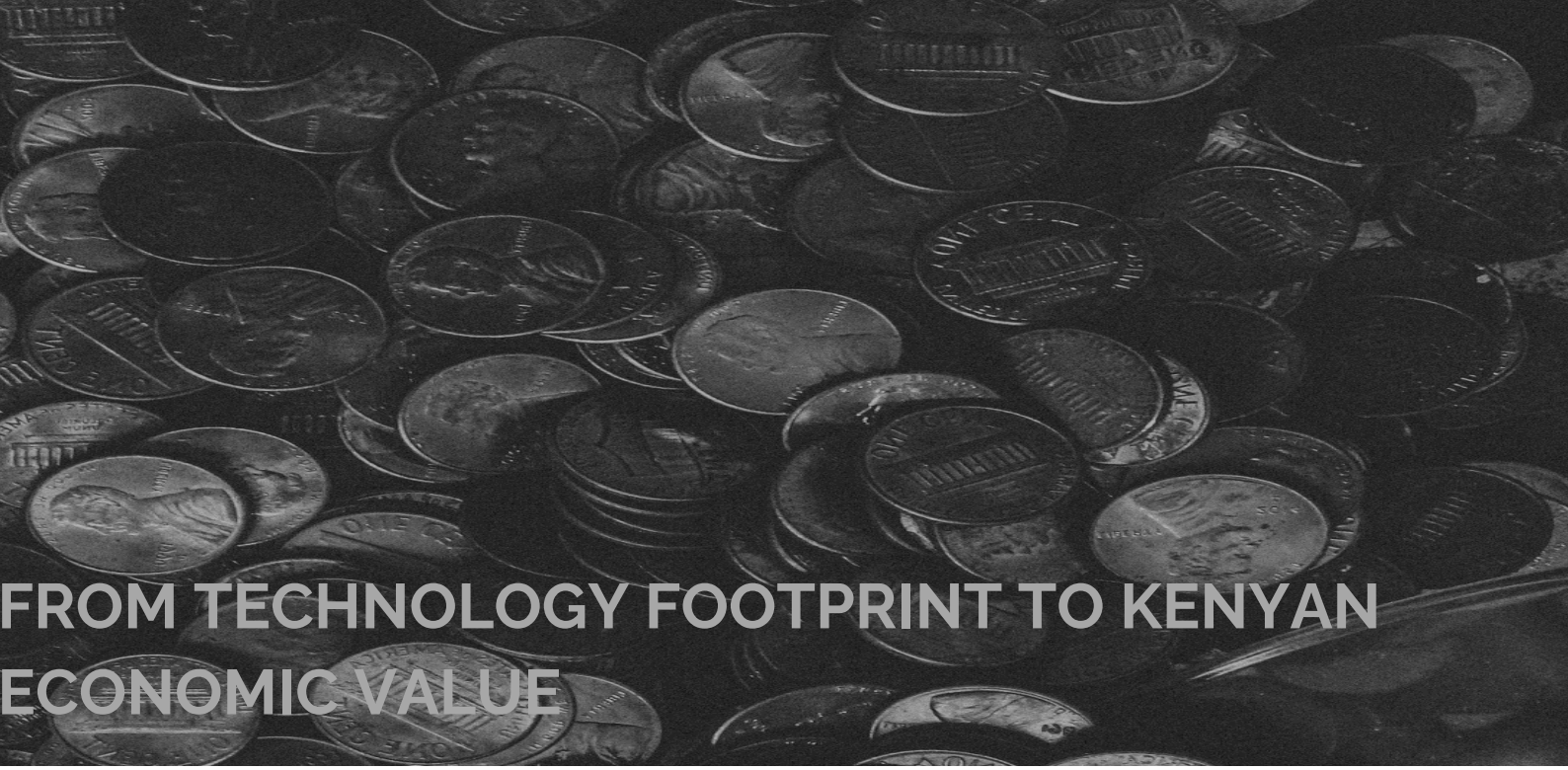
3.1. IMPLICATIONS FOR AMCHAM MEMBERS AND AMERICAN INVESTORS

For American technology companies and investors, Kenya increasingly represents a platform for regional expansion rather than simply a destination for digital infrastructure deployment. The strongest opportunities are likely to emerge in local cloud ecosystems, AI-enabled services, digital-skills partnerships, data-center development, enterprise transformation services and technology-enabled exports.

3.2. DECISION MESSAGE

The evidence suggests that Kenya's primary challenge is no longer whether technology infrastructure and digital platforms will be available. Rather, the challenge is how effectively these assets are converted into enterprise productivity, higher-value employment, innovation, exports and locally retained economic value.

The evidence suggests that Kenya's next phase of digital growth will be determined less by infrastructure availability and more by how effectively that infrastructure is translated into productive economic activity. Nevertheless, digital infrastructure remains the foundation of the technology-to-value chain. The first pillar therefore examines how international connectivity, local compute capacity and last-mile access create the conditions for broader economic participation and value creation.



4. FROM TECHNOLOGY FOOTPRINT TO KENYAN ECONOMIC VALUE

Technology investment does not translate automatically into economic value. Value emerges through a sequence of transmission mechanisms connecting infrastructure and technology inputs to businesses, workers, government, and consumers.

4.1. FIVE ECONOMIC TRANSMISSION CHANNELS

Kenya's digital economy creates value through five interconnected channels:

1. **Capital Formation:** Technology investment creates productive physical and intangible assets (subsea cables, data-centres, cloud infrastructure, venture capital). The initial value arises through construction and supply chains, while long-term value emerges when these assets support additional economic activity.
2. **Productivity and Competitiveness:** Digital technologies increase the output generated from existing resources by reducing transaction costs and automating processes. Cloud ERPs, digital payments, and AI-enabled workflows influence productivity. The relevant economic measure is the change in operating performance that follows adoption.
3. **Market Creation and Inclusion:** Digital platforms reduce the cost of participating in markets. Mobile money allows smaller businesses to transact; digital government platforms reduce public service friction; and affordable smartphones provide access to commercial services.
4. **Export Creation:** Technology allows Kenyan firms and workers to serve customers outside the domestic market. BPO, software development, fintech, and regional cloud services generate foreign exchange (FX) earnings without requiring physical exports.
5. **Value Retention:** A technology service can generate substantial economic activity in Kenya while a significant proportion of the resulting revenues, intellectual property returns, or platform economics accrue outside the country. This channel measures how much of the value created remains domestically.

4.2. THE KENYAN CAPTURE-OF-VALUE FRAMEWORK

The strategic objective of Kenya's digital policy is not to maximize Localization at the expense of global technology participation—international technology remains valuable precisely because it connects Kenya to global capabilities, capital, and markets. The strategic objective is to maximize the Kenyan economic value captured around those global technology inputs.

To measure this, policymakers must ask four sequential questions: Who owns the IP? Who supplies the infrastructure integration? Who performs the work? Who captures the public benefit?

Table 5: Decision Framework: Kenyan Capture of Value

Stage	Key Question	Observable Evidence	Example
1. Input	What enters Kenya?	Capital investment, infrastructure and technology inputs	180 Tbps. bandwidth, data-center capacity, devices, foundation models
2. Localization	What is adapted locally?	Local participation and integration	Swahili datasets, Kenyan compliance frameworks, local ISP partnerships
3. Creation	What economic activity results?	Employment, productivity and business activity.	SME digitization, cloud adoption, gig-worker earnings, digital exports
4. Retention	What remains in Kenya?	Domestic value capture	Local procurement, Kenyan wages, tax revenue, locally owned IP

4.3. DIAGNOSING ECONOMIC LEAKAGE (THE SENSITIVITY FRAMEWORK)

To assist policymakers and investors, the following framework diagnoses where value is captured locally and where the primary risks of economic leakage reside.

Table 6: Diagnostic Framework: Local Capture Sensitivity

Technology Input	Local Capture Potential	Main Economic Leakage Risk	Priority Intervention for Retention
Subsea Cables	Medium	International ownership / external traffic economics.	Maintain and strengthen open-access interconnection arrangements, building on the open-access design adopted by newer cable systems such as 2Africa, while expanding local terrestrial distribution services.
Data-centres	High	Imported hardware / foreign technical maintenance contracts.	Develop local Operations & Maintenance (O&M), electrical engineering, and local cloud ecosystem partnerships.
Cloud Services	Medium–High	Imported proprietary software licensing / IP outflows.	Cultivate Kenyan cloud systems integrators and managed service providers (MSPs).
Applied AI	High	Total reliance on foreign models without local adaptation.	Invest heavily in the local application layer, proprietary Swahili datasets, and software engineering talent.
Digital Payments	High	Platform and network processing economics existing the country.	Empower local fintechs and enforce seamless domestic interoperability standards.
BPO Services	High	Remaining trapped in pure labor arbitrage with low margins.	Transition of the workforce to higher-value services (AI annotation, software development).
Digital Gov.	High	Over-reliance on imported, closed-loop proprietary systems.	Mandate local systems integration, capability transfer, and open DPI architecture.

Note: *Ratings are qualitative assessments based on the potential for local value capture through employment, procurement, services, taxation and intellectual property generation.*



5. PILLAR 1: DIGITAL INFRASTRUCTURE & CONNECTIVITY

Kenya's digital transformation agenda places digital infrastructure at the foundation of its broader economic and development objectives. The **Kenya National Digital Master Plan 2022–2032**, the **National Broadband Strategy 2025–2030**, and the **Digital Superhighway and Creative Economy pillar of the Bottom-Up Economic Transformation Agenda (BETA)** collectively prioritise expanded broadband connectivity, resilient international and national networks, data-centre and cloud infrastructure, and wider access to affordable digital services.

Against this policy backdrop, American technology companies are **contributing through investments in international connectivity, subsea and terrestrial networks, data centres, cloud infrastructure and other connectivity solutions.** These activities complement national efforts to expand the capacity, reach and resilience of Kenya's digital infrastructure. Their economic value is realised when increased capacity and resilience reduce service disruption and latency, support cloud and digital-service adoption, and create demand for local network, engineering, hosting and support services.

Kenya's ability to generate economic value from digital infrastructure depends on how effectively international connectivity, computing capacity and last-mile access are translated into productive use by businesses, government and households. While significant investments have expanded the country's digital infrastructure base, the extent to which these investments generate locally retained economic value depends on adoption, affordability and localization

Input (Digital Infrastructure)	→	**Localization (Network Expansion)**	→	**Application (Enterprise Services)**	→	**Economic Value (Business Impact)**
Subsea Cables & Compute Infrastructure	→	Inland Connectivity Networks	→	Enterprise Hosting & Digital Services	→	Lower Latency, Greater Resilience & Improved Business Continuity

American technology companies, working with Kenyan connectivity providers and other ecosystem partners, are contributing to an increasingly integrated digital infrastructure ecosystem in Kenya. This ecosystem combines international data capacity, geographically diverse transport routes, in-country computing infrastructure and hybrid last-mile connectivity solutions. However, infrastructure investment alone does not generate economic value. International bandwidth must be efficiently distributed inland, computing infrastructure requires reliable and affordable power, and connectivity services must remain accessible to businesses and consumers. It is through the productive use of these assets that infrastructure translates into enterprise growth, innovation and broader economic participation.

5.1. HIGH-CAPACITY TRANSPORT: CONVERTING INTERNATIONAL CAPACITY INTO DOMESTIC VALUE

The expansion and diversification of international connectivity directly supports Kenya's policy objective of developing resilient, high-capacity digital infrastructure. The National Broadband Strategy 2025–2030 identifies additional submarine cables and landing stations as priorities for increasing international capacity and redundancy, while the Digital Master Plan similarly positions international connectivity and related infrastructure as part of Kenya's ambition to strengthen its position as a regional digital hub.

American technology companies are contributing to this objective through investments in subsea and terrestrial connectivity infrastructure that increase the capacity and geographic diversity of the networks serving Kenya and the wider East African region.

Kenya's digital economy depends on international fiber-optic networks capable of carrying the rising volumes of data generated by cloud adoption and artificial intelligence. American technology companies are supporting new subsea and terrestrial routes that materially increase the capacity and geographic resilience of the networks serving East Africa.

Sources:

Communications Authority of Kenya, *Kenya National Broadband Strategy 2025–2030*

Ministry of ICT, Innovation and Youth Affairs, *The Kenya National Digital Master Plan 2022–2032*

5.1.1. Expanding international capacity through 2Africa

The National Broadband Strategy 2025–2030 (NBS) identifies expansion of international bandwidth and resilience as a core objective under the **Infrastructure, Connectivity and Devices** pillar. It explicitly targets investment in **two additional submarine cables** and **two additional landing stations** to strengthen international capacity, reduce congestion and improve redundancy for ISPs and enterprises

The 2Africa subsea cable, co-led by Meta as part of a multi-partner consortium, is designed as an approximately 45,000-kilometre system connecting more than 40 locations across Africa, Europe and Asia. Its technical design incorporates capacity of up to 180 terabits per second (Tbps.), making it one of the largest subsea cable systems developed to serve the African continent.[5]

While macro-modelling suggests Africa-wide reductions in wholesale broadband prices, for Kenya, the principal economic transmission mechanism is direct. Higher international capacity reduces a major source of cost and congestion for Internet Service Providers (ISPs) so that they can offer more affordable, high-speed retail packages to local businesses.

(Note: Economic figures represent modelled Africa-wide effects, not attributable GDP generated exclusively in Kenya).

Table 7: American-Supported International Connectivity Routes Serving Africa

Subsea Cable System	Primary U.S. Backer	Total Length / System Design Capacity	Status	Strategic Routing / Resilience Impact
2Africa	Meta, as co-investor in a multi-partner consortium	45,000 km / 180 Tbps.	Substantially operational, with phased completion	Encircles continent, providing large-scale additional international capacity and route diversity for African markets.
Project Waterworth	Meta	More than 50,000 km / 24 fibre pairs	Announced / under development	Planned multi-ocean subsea system intended to expand the scale and geographic diversity of international connectivity serving multiple global regions, including Africa.
Equiano	Google	Portugal to South Africa	Operational	Atlantic seaboard high-capacity artery.
Umoja	Google	Kenya to Australia	Planned / Under Development	Terrestrial bypass of Red Sea; connects East Africa directly to APAC.

Note: The 2Africa system is being activated on a phased basis. The Mediterranean, northern and eastern segments are in service, while the completion and activation of some remaining segments are subject to route-specific deployment conditions.

The local economic value of additional international capacity also depends on the arrangements through which cable capacity is made available to domestic operators. The open-access model adopted by 2Africa is intended to enable multiple operators and networks to access landing and interconnection infrastructure. This can help distribute the benefits of additional international bandwidth more widely by supporting competition, facilitating local interconnection and allowing domestic Internet service providers and network operators to access increased capacity.

2Africa directly advances the NBS 2025–2030 priority of additional submarine cables and landing stations, increasing total available international bandwidth (which rose from 7,392 Gbps in June 2020 to 22,311 Gbps in June 2025) and supporting the Strategy's goal of affordable, high-speed broadband for businesses and

[5]Vodafone, *2Africa: A Milestone for Africa and for Global Connectivity* (2024).

households. By lowering wholesale costs and improving capacity headroom, 2Africa underpins the government's objective of reducing fixed broadband costs to 2% of GNI per capita and enabling minimum 10 Mbps per person and 50 Mbps per household speeds. The policy significance is therefore matched by an economic-value pathway; additional capacity and open-access interconnection can support competition among network operators, reduce congestion, improve service quality and strengthen the conditions for affordable broadband adoption by households and enterprises

5.1.2. Strengthening route diversity through Umoja

Google's Umoja initiative introduces a different form of infrastructure value. Anchored in Kenya, the planned fiber-optic route connects Africa directly to Australia via an inland southern bypass (through Uganda, Rwanda, DRC, Zambia, Zimbabwe, and South Africa).[6] By creating an alternative pathway that bypasses traditional Red Sea corridors, Umoja improves network resilience. This reduces reliance on a single geographic point of failure so that critical services depending on uninterrupted connectivity—such as banking platforms and government registries—can maintain continuity during maritime cable cuts.

The NBS 2025–2030 emphasizes **resilience and future-proofing** as a guiding principle, requiring broadband infrastructure to be robust, scalable and adaptable to emerging technologies and disruptions. It calls for **diversified routing** and reduced dependence on single geographic chokepoints, aligning with its broader aim of ensuring **business continuity and reliable connectivity during crises**. The Kenya National Digital Master Plan 2022–2032 similarly prioritizes a **Regional Submarine Cable Maintenance Depot** and a **Regional Smart ICT Hub** to support faster IP exchange, data storage and cable resilience for the Africa region.

Umoja operationalizes the NBS 2025–2030 resilience principle and the Digital Master Plan's vision of Kenya as a **regional smart ICT hub** with diversified routing and enhanced IP exchange capacity. For the government, this translates into lower systemic risk for digital government services (including the target of **100% of public-facing services on digital platforms**) and stronger continuity for financial, health and education systems that rely on fixed broadband with minimum **1 Gbps** capacity. By reducing reliance on traditional chokepoints, the route can lower continuity risk for digital government, financial services and data-intensive enterprises. More resilient connectivity protects productive activity from disruption and strengthens Kenya's attractiveness as a regional location for cloud, data and digitally enabled services.

Sources:

Kenya National Broadband Strategy 2025–2030

The Kenya National Digital Master Plan 2022–2032

5.2. LOCALIZED COMPUTE AS AN ECONOMIC ENABLER

Increased international bandwidth can lower connectivity costs and improve network resilience. When transmitted through domestic networks and accessed at affordable prices, these improvements can support enterprise productivity, digital service delivery and broader participation in the digital economy.

Kenya's policy framework increasingly recognises localized compute and cloud infrastructure as important enablers of these outcomes. Under the **Infrastructure, Connectivity and Devices** pillar, the National Broadband Strategy (NBS) 2025–2030 commits to strengthening hosting and data-centre capacity, including the establishment of two AI-ready data centres, to support cloud providers, hyperscalers and regional enterprises. The **Kenya National Digital Master Plan 2022–2032** complements this through flagship programmes to establish cloud services for government and the private sector and develop a Regional Smart ICT Hub to facilitate faster IP exchange and data storage for Africa. Together, these policy

[6] Capacity Media, *Google Launches First Direct Africa to Australia Subsea Cable* (2024).

priorities position data centres, cloud infrastructure and localized computing capacity as critical foundations for digital government services, innovation, local content development and employment creation. Investment by American technology companies, alongside other private sector players is contributing to the development of this emerging local-compute ecosystem and supporting the implementation of these national digital infrastructure priorities.

Localised compute also extends beyond hyperscale cloud regions and data-centre facilities. Content-delivery networks, caching infrastructure and edge-computing systems deployed within Kenya can move frequently accessed digital content and selected processing functions closer to local users. This can reduce latency, limit reliance on repeated international data transit and improve the responsiveness of digital services. Such infrastructure forms part of the same technology-to-value pathway by improving service quality for consumers and enterprises while creating additional demand for local hosting, network management, technical support and interconnection services.

5.2.1. An emerging hyperscale data-center market

Commercial market estimates project Kenya's commissioned information technology (IT) load could increase from approximately 20 Megawatts (MW) in 2025 to 90 MW by 2031.[7] This 350% projected increase reflects the broader Kenya data-center market forecast, anticipating demand from cloud providers, hyperscalers, and regional enterprises.

Tangible evidence of the emerging local-compute market includes IXAfrica's NBOX1 campus in Nairobi, which reports an overall design capacity of 22.5 MW. iXAfrica has partnered with Oracle to host an Oracle Cloud Infrastructure region so that local enterprises can access advanced computing capacity while strictly adhering to domestic data residency regulations.

The economic significance of data-center investment extends beyond computing capacity. Construction and operation of data-centres create demand for local engineering, electrical, maintenance, security and technology services while supporting jobs across the broader digital ecosystem. They also create opportunities for local suppliers, systems integrators, managed-service providers and cloud-support firms. As a result, the value of data-Center investments is reflected not only in additional computing capacity, but also in employment creation, local procurement and the growth of domestic digital-service industries.

These investments support Kenya's target to expand AI-ready data-centre and cloud capacity while also creating demand for construction, electrical engineering, operations, cybersecurity, systems integration and managed services. The resulting value lies in both the computing capacity established and the local employment, procurement and service-market opportunities generated around it.

5.2.2. Contribution to Kenya's Cloud and AI Ecosystem

Microsoft contributes to Kenya's cloud and artificial intelligence ecosystem through Microsoft Azure, hybrid-cloud technologies, enterprise platforms, cybersecurity capabilities, and a network of local customers and technology partners. These capabilities enable public- and private-sector organisations to access scalable computing, data, security and artificial intelligence services while selecting architecture suited to their operational, regulatory, resilience and data-governance requirements.

Microsoft's contribution extends beyond technology infrastructure. It includes supporting cloud adoption, developing local engineering and technical capability, enabling Kenyan partners to provide cloud implementation and managed services, advancing responsible artificial intelligence, and engaging government and industry on the policy, connectivity, energy and investment conditions required for cloud and artificial intelligence services to scale sustainably.

[7] Ken Research. (n.d.). *Kenya data center market*. Ken Research. Available at: Kenya Data Center Market.

Together, these capabilities strengthen the ecosystem through which Kenya can adopt cloud and artificial intelligence technologies, improve enterprise productivity, develop locally relevant digital solutions and participate more fully in regional and global digital markets.

The scale and reliability requirements of hyperscale facilities make grid quality, transmission capacity, redundancy, and dedicated power arrangements critical investment considerations. Consequently, concurrent investments in grid modernization are essential.

Table 8: Compute Ambition and Power-System Readiness

Indicator	Reported Position	Implication for Data-Center Investment
Installed Electricity Capacity	**~3,000–3,200 MW**Error! Bookmark not defined.	Establishes the scale of the national electricity system.
Peak National Demand	**~2,444 MW**Error! Bookmark not defined.	Indicates limited immediate headroom without new generation/transmission.
Olkaria Geothermal Output	**~950 MW**Error! Bookmark not defined.	Provides a renewable energy advantage but requires secure transmission.
T&D Grid Losses	**22.07%**[8]	Increases the critical importance of grid modernization and substation upgrades.

5.3. FROM COVERAGE TO PRODUCTIVE CONNECTIVITY

Kenya's next connectivity challenge is a conversion challenge. GSMA estimated that 33.5% of the population used mobile internet in 2023, compared with 99% 3G and 98% 4G population coverage. Although this is the latest figure used in the assessment, the time lag should be considered when interpreting Kenya's current usage gap.[3] This disparity highlights that infrastructure availability alone does not ensure digital participation. Affordability, digital literacy, device ownership and the availability of relevant digital services remain equally important determinants of economic inclusion.

5.3.1. Bridging the usage gap through hybrid models

Microsoft's Sustainable and Connected Communities initiative works with local connectivity providers, including Mawingu, to extend affordable internet access to underserved communities. The partnership combines locally operated network infrastructure, community-based access and supporting digital services to help individuals, schools, businesses and public institutions participate more fully in the digital economy.

This model illustrates how international technology capabilities can be combined with local infrastructure and market knowledge to support digital inclusion while strengthening the capacity and growth of Kenyan connectivity providers

This is consistent with the Government's broader approach to universal and meaningful connectivity, which recognises the role of public-private partnerships, alternative technologies and community-level interventions in extending access beyond commercially viable areas. The USF framework, for example, is specifically intended to support ICT access in rural, remote and poor urban areas where market-led deployment may be insufficient.

5.3.2. LEO Satellite Connectivity

[8] People Daily. (2025). *Inside Kenya's power crisis as outages rise and losses grow*. Available at: Inside Kenya's Power Crisis as Outages Rise and Losses Grow.

The NBS 2025–2030 expressly recognises **LEO satellite connectivity** as one of the technologies that can support broadband access in unserved and underserved areas. This is particularly relevant where geographic conditions, population density or the economics of terrestrial network deployment make conventional last-mile infrastructure more difficult to extend.

This technology-neutral approach is also consistent with Kenya's broader universal-access framework. The USF Strategy 2023–2027 seeks to support connectivity in commercially unviable areas and close access gaps through interventions that expand the availability and accessibility of ICT services.

Complementing terrestrial networks, American technology companies such as Starlink directly aligns with the Government's technology-neutral approach to closing Kenya's remaining connectivity gaps by providing direct-to-user low-Earth orbit (LEO) satellite broadband. By early 2026, Starlink reached approximately 24,999 subscriptions in Kenya.[9]

While LEO networks face physical capacity constraints in highly dense urban markets, they serve as critical bypass infrastructure. By providing high-speed internet to off-grid agricultural cooperatives and remote schools, satellite connectivity brings marginalized populations directly into the formal digital economy.

Table 9: Decision Framework: The Infrastructure Value Transition

Infrastructure Layer	American Technology Company Input	Kenyan Localization	Economic Transmission Mechanism	Observable Outcomes
Subsea & Terrestrial	Meta's participation in the 2Africa multi-partner consortium, with system design capacity of up to 180 Tbps, and Google's Umoja route.	Inland distribution via local MNOs & ISPs.	Increased capacity and route diversity lowers wholesale costs and improves resilience.	Lower latency, improved network resilience, reduced bandwidth costs
Localized Compute	Oracle Cloud Region & Microsoft Azure, hybrid-cloud and enterprise technology capabilities.	Carrier-neutral data-centres (e.g., IXAfrica) powered by local geothermal grids.	Data processing moves closer to users, lowering latency for financial and public services.	Increased cloud adoption, improved service responsiveness, support for digital-service growth
Last-Mile Access	Microsoft Sustainable and Connected Communities and Starlink LEO satellite connectivity & Starlink LEO satellites.	Locally operated connectivity infrastructure and community-based access through providers such as Mawingu.	Extends broadband beyond urban grids, enabling rural e-commerce and digital agriculture.	Expanded broadband access, greater digital participation, improved access to online services

5.3.3. STRATEGIC OPPORTUNITIES: DIGITAL INFRASTRUCTURE & CONNECTIVITY

Opportunity	Lead Stakeholder	Key Partners	Time Horizon	Expected Outcome
Green Compute Zones	U.S. hyperscalers (Microsoft, AWS, Google) and KenGen	Government of Kenya, infrastructure investors, data-Center operators	Medium term	Increased local compute capacity, construction activity and digital-sector investment
Middle-Mile Fiber Expansion	Fiber operators and network-equipment providers	ISPs, MNOs, development financiers	Short to medium term	Improved inland connectivity, lower

[9] Communications Authority of Kenya. (2026). *Sector Statistics Report: Third Quarter of the Financial Year 2025/2026*. Communications Authority of Kenya. Available at: Sector Statistics Report Q3 2025/2026.

Opportunity	Lead Stakeholder	Key Partners	Time Horizon	Expected Outcome
				bandwidth costs and increased network resilience
Rural Connectivity Expansion	Local wireless ISPs (e.g. Mawingu)	DFC, impact investors, county governments	Medium term	Expanded rural connectivity and greater digital participation

6. PILLAR 2: DIGITAL GOVERNMENT & SME EMPOWERMENT

Kenya converts cloud and cybersecurity infrastructure into public and enterprise value by digitizing government services and MSME operations, thereby increasing revenue collection, reducing transaction costs, and strengthening business resilience.

Input (Digital Infrastructure)	→	**Localization (User Adoption)**	→	**Application (Digital Transformation)**	→	**Economic Value (Business & Public Sector Impact)**
Cloud Infrastructure & Cybersecurity Solutions	→	GoK Systems & MSME Adoption	→	Service Digitization & Secure Digital Operations	→	Increased Revenue, Enterprise Survival & Operational Resilience

Digital government platforms and enterprise technologies create economic value by reducing transaction costs, improving operational efficiency and enabling greater participation in the formal economy. The economic significance of these technologies lies not in the platforms themselves, but in their ability to improve public service delivery, strengthen business resilience and support enterprise growth.

6.1. DIGITAL GOVERNMENT AS A PLATFORM FOR ECONOMIC ACTIVITY (ECITIZEN)

Kenya's digital-government transformation demonstrates how technology infrastructure becomes a foundational economic platform when integrated into core administrative processes. The NBS 2025–2030 mandates the onboarding of 100% of public-facing government services onto digital platforms as a core target under the catalyze digital transformation in key sectors goal. The Government of Kenya's priority to digitize over 20,985 public services and mandate the Treasury Single Account (PayBill 222222) represents a structural shift in public administration.[4]

Cloud architecture, enterprise technologies and advanced cybersecurity capabilities provided by American technology companies, alongside other private-sector players, form part of the wider technology stack supporting secure digital public infrastructure.

▪ **Public Sector**

+281% E-CITIZEN REVENUE SURGE

Impact: Centralised digital payments and secure cloud infrastructure eliminated transaction friction, helping tax and fee collections surge from KSh. 26.4B to KSh. 100.8B in one fiscal year.

The observed outcome of this GoK-led digitization policy is highly significant. The digitisation and consolidation of government services coincided with a substantial increase in revenue collected through the eCitizen platform, from approximately KSh 26 billion in the 2022/23 financial year to KSh 100.8 billion in the 2023/24 financial year. This represented an increase of approximately KSh 74 billion within one financial year[10]. This increase is largely attributable to the broader GoK-led digitization and payment-integration programme, rather than to any single technology provider. The revenue surge is therefore the direct result of Kenyan domestic policy and local payment integrations (such as M-PESA), which are enabled and secured by global enterprise technology. The significance of Kenya's digital government transformation extends beyond service digitization. By reducing administrative friction and improving the efficiency of public transactions, digital platforms can lower the cost of compliance for businesses while improving revenue collection and service accessibility.

Cybersecurity and national cyber resilience

As Kenya digitises public services, financial systems and critical infrastructure, cybersecurity becomes a foundational enabler of trust, resilience and digital adoption. The National Cybersecurity Strategy

[10] Kimani, B. (2024, October 2). *eCitizen revenue increased by KSh 74 billion in one year: Mbadi*. Citizen Digital. https://citizen.digital/article/ecitizen-revenue-increased-by-ksh74b-in-one-year-mbadi-n350596

recognises cyber resilience as an essential component of digital transformation, requiring strengthened institutional capabilities, public-private collaboration and coordinated incident response mechanisms. American technology companies contribute to this objective through cybersecurity technologies, threat intelligence, institutional partnerships and capacity-building initiatives that strengthen Kenya's ability to manage evolving cyber risks.

Microsoft

Secure digital transformation requires national institutions to be able to anticipate, coordinate, and respond to cyber incidents. Microsoft works with the Government of Kenya to strengthen these foundations through complementary cybersecurity initiatives focused on **trust, transparency and national cyber resilience**.

Kenya's National Computer and Cybercrimes Coordination Committee (NC4) joined Microsoft's **Government Security Program (GSP)**, a global trust and transparency program through which participating government agencies can access confidential security information and transparency resources relating to Microsoft products. The program supports greater technical assurance and information sharing between Microsoft and participating government institutions.

Microsoft's **Advancing Regional Cybersecurity (ARC) Initiative** complements this work by strengthening practical cyber preparedness through public-private collaboration. In Kenya, Microsoft, NC4 and RiskSight convened a national roundtable and tabletop exercise bringing together stakeholders from government, regulators, the private sector, academia and civil society to test decision-making, information sharing and cross-sector coordination during complex cyber incidents.

The resulting **ARC Kenya Exercise Report and Toolkit** provides a practical resource to support stronger national cyber preparedness, leadership coordination and crisis decision-making. Together, GSP and ARC illustrate how sustained public-private cybersecurity partnerships can strengthen the trust and institutional resilience needed to underpin Kenya's digital transformation, including greater adoption of cloud services, digital government and artificial intelligence.

Cisco Cyber Security Experience Centre

Cisco has also contributed to Kenya's national cybersecurity capability through the Cisco Cyber Security Experience Centre in Nairobi. Launched in April 2024 in partnership with the University of Nairobi, the ICT Authority and the Ministry of Information, Communications and the Digital Economy, the Centre was Cisco's first Cyber Security Experience Centre on the African continent.

The Centre is intended to strengthen in-country cybersecurity capabilities through the Cisco Networking Academy and the Country Digital Acceleration Programme. It provides a platform for showcasing cybersecurity and threat-intelligence solutions, supporting government cybersecurity initiatives through architecture and validated designs, and strengthening awareness of evolving cyber risks. The Centre also uses artificial intelligence and virtual-reality tools to provide interactive cybersecurity-awareness experiences for government officials and other stakeholders.

The initiative demonstrates how public-private partnerships can contribute to national cyber resilience by combining technical infrastructure, practical training, awareness creation and institutional collaboration. Its broader economic significance lies in strengthening the trust and security required for wider adoption of cloud services, digital government platforms and other technology-enabled services.

6.2. THE CLOUD ENABLEMENT ENGINE (OVERCOMING MSME MORTALITY)

Kenya's economy is fundamentally driven by its 7.4 million Micro, Small, and Medium Enterprises (MSMEs). This sector accounts for approximately 85% of all non-farm employment, meaning national productivity is inherently tied to MSME performance.[11]

[11] Strathmore Business School. (n.d.). *Kenya's MSMEs power 85% of new jobs, yet policy gaps keep millions of businesses from growing*. Strathmore Business School. https://sbs.strathmore.edu

However, the sector faces a severe structural challenge: 46.6%[12] almost half of all MSMEs fail by their second year of operation, and only 2% successfully transition from micro to medium-sized enterprises. Digital platforms also provide important commercial channels for small businesses. An independent study conducted by Public First and published in May 2026 estimated that approximately 2.7 million Kenyan small businesses used Meta platforms and contributed approximately US$550 million to Kenya's GDP in 2025. This finding illustrates how messaging, social-media and digital-advertising platforms can support customer acquisition, business visibility and commercial activity. However, platform presence alone does not resolve the wider operational constraints facing MSMEs, and sustainable enterprise growth also depends on capabilities such as inventory management, financial record keeping, access to finance and business-performance visibility.

Kenya's policy framework increasingly supports this transition. The **Kenya Cloud Policy 2024** establishes a cloud-first approach to ICT investment and identifies cost savings, reduced total cost of ownership, scalability, innovation, cybersecurity and improved resource utilisation among the principal benefits of cloud adoption. Its emphasis on moving from traditional capital expenditure (CAPEX) towards more flexible operational expenditure (OPEX) models is particularly relevant to MSMEs, for which large upfront technology investments can represent a significant barrier to digitalisation.

This policy direction is reinforced by the **Revised MSME Policy 2026**, which identifies **digitalisation, innovation and research and development** as priorities for strengthening the MSME sector. The Policy promotes the adoption of digital technologies to improve business operations and market reach, alongside e-commerce capabilities, technology modernisation and digital transformation.

The **Kenya National Digital Master Plan 2022–2032** similarly identifies cloud services for government and the private sector as a flagship digital infrastructure programme, providing a broader foundation for shared hosting, interoperability and scalable digital services.

American technology companies are contributing to this emerging cloud ecosystem through investments in infrastructure and the provision of scalable cloud services. Cloud service providers such as AWS, Microsoft and Oracle enable Kenyan MSMEs to access enterprise-grade tools, including Enterprise Resource Planning (ERP) systems, without significant upfront investment. By shifting technology costs from capital expenditure (CAPEX) to more flexible operational expenditure (OPEX) models, cloud-based solutions can help businesses improve operational efficiency, strengthen decision-making and build greater resilience as they scale.

6.2.1. Creating a local services multiplier

Cloud adoption by Kenyan enterprises generates secondary economic value by creating demand for domestic technology support businesses. An industry study on the AWS partner ecosystem provides an illustrative benchmark, estimating that partners may generate up to US$7.13 in associated services revenue for every US$1 of AWS core technology sold.[13]

Approximately 61% of this wider cloud-services opportunity arises after the initial technology purchase, generated through ongoing system management, optimization, and technical support. The AWS ecosystem benchmark illustrates the potential scale of the services layer surrounding cloud adoption. The proportion captured by Kenyan firms will depend on local systems-integration capability, managed services capacity, technical skills, and procurement structures.

This illustrates how technology investment can generate secondary economic activity beyond the initial sale of technology products. Local systems integrators, managed service providers, software developers and technical support firms can all benefit from increased demand for cloud implementation, optimization and support services. The extent to which this value is retained within Kenya will depend on the depth of

[12] Kenya National Bureau of Statistics. (2016). *Micro, small and medium establishment (MSME) survey: Basic report*. View the KNBS report.
[13] Amazon Web Services, *Report Shows Kenya's Cloud Firms Can Multiply AWS Revenue 7 Times Using AI* (2025).

domestic digital-service capabilities and the ability of local firms to participate in these technology ecosystems.

Table 10: Decision Framework: The MSME Value Transition

Structural Challenge	American Technology Company Input	Domestic Conversion (Application)	Economic Value (Outcome)
High Mortality Rate (Approximately 46.6% fail by their second year of operation)	Scalable Cloud Infrastructure & OPEX-based ERP software.	MSMEs digitize inventory, automated bookkeeping, and supply chain tracking.	Enhanced operational efficiency and business continuity, reduced administrative waste, and lower upfront CAPEX.
The Missing Middle Funding Gap	Algorithmic underwriting tools and secure cloud data storage.	Fintech platforms process transaction data to establish verified creditworthiness.	Thin-file SMEs access working capital, transitioning from informal survival to formal growth.

6.2.2. STRATEGIC OPPORTUNITIES: DIGITAL GOVERNMENT & SME EMPOWERMENT

- **Co-Developed B2B SaaS Platforms:** U.S. enterprise software companies (e.g., Salesforce, Oracle, Microsoft) have the opportunity to collaborate with Kenyan telecommunications operators to white-label localized, mobile-first Software-as-a-Service (SaaS) suites bundled directly with SME broadband packages.

  Expected Outcome: Increased SME formalization, improved business productivity, stronger record-keeping, and growth in local software-service revenues.

- **Cybersecurity & Cloud Managed Services:** As MSMEs transition to cloud accounting to comply with KRA eTIMS mandates, demand for managed cloud security is surging. U.S. cybersecurity firms can partner with local Managed Service Providers (MSPs) so that they can deliver subscription-based endpoint protection and threat management to the SME sector.

  Expected Outcome: Growth of local cybersecurity-service markets, improved enterprise resilience, creation of high-skilled digital jobs and increased demand for local technology support services.

- **Digital Public Infrastructure (DPI) Integration:** U.S. cloud providers can partner with the GoK to build secure, interoperable data exchange registries so that different ministries can share citizen data efficiently, further accelerating eCitizen revenue collection and reducing bureaucratic duplication.

  Expected Outcome: Reduced administrative costs, improved public-service efficiency, increased digital-government revenue collection and lower compliance costs for businesses.

Taken together, these examples demonstrate how digital infrastructure creates value when translated into practical applications for government and business. Digital government platforms, cloud services and enterprise technologies can improve efficiency, strengthen resilience and support broader economic participation. However, the next stage of value creation increasingly depends on how advanced technologies such as artificial intelligence are adapted to address specific Kenyan development and productivity challenges. The next pillar therefore examines the role of applied AI in generating real-economy outcomes.

7. PILLAR 3: APPLIED ARTIFICIAL INTELLIGENCE

Kenya can derive sectoral value from foundation models by adapting them to local data, languages and institutional contexts to improve service delivery, productivity and outcomes across sectors such as healthcare, agriculture and education.

Input (AI Foundation Layer)	→	**Localization (Context Adaptation)**	→	**Application (Sector Solution)**	→	**Economic Value (Development Impact)**
Foundation Models	→	Local Data & Local Languages	→	Sectoral AI Tools	→	Service Efficiency, Productivity Gains & Improved Yields

7.1. FROM GENERAL-PURPOSE TECHNOLOGY TO KENYAN ECONOMIC VALUE

Artificial intelligence (AI) is rapidly emerging as a general-purpose technology with applications across government, agriculture, healthcare, and education. Kenya's National AI Strategy 2025–2030 provides the official policy framework for deploying these capabilities while actively strengthening the country's digital talent and data governance frameworks.[14]

Kenya's **National AI Strategy 2025–2030** sets out a transition from broad access to AI technologies toward the development and deployment of localized, sector-specific AI capabilities. Its three core pillars—**AI Digital Infrastructure; Data Ecosystems; and Localized AI Research and Innovation**—are supported by enabling measures covering governance, talent, investment and responsible AI. The infrastructure, language-data, research and product-development activities of American technology companies support these priorities by expanding access to computing, strengthening locally relevant data and models, building technical capability and enabling sector applications that can improve productivity and service delivery.

For Kenya, the economic opportunity lies not in AI adoption as a technological status symbol, but in the rigorous Localization of AI into specific Kenyan workflows, local languages (such as Swahili), and established institutions. American technology firms are relevant at multiple points within this value chain. Cloud platforms provide scalable computing environments, while open-weight foundation models (such as Meta's Llama) reduce development costs and the time required to build complex applications.

The distinction between AI capability and AI impact is critical. The availability of a foundation model or high-performance compute demonstrates technology access; it does not automatically demonstrate an increase in Kenyan GDP, employment, or productivity. Economic value is only generated when local developers adapt these models using Kenyan data so that local institutions can achieve application-level outcomes, such as reduced processing time, increased service utilization, or improved agricultural yields.

American technology companies are contributing to this emerging AI ecosystem through investments in infrastructure, research, language technologies, open datasets and partnerships with Kenyan and African institutions. In doing so, they are helping build several of the underlying capabilities required for Kenya to move from AI consumption to AI development, deployment and innovation**.**

1.2.1. AI Digital Infrastructure: Building the Foundation for AI Adoption

The Strategy identifies **cloud and edge infrastructure, AI-ready data centres, expanded connectivity and distributed digital innovation infrastructure** as foundational to Kenya's AI ambitions. This builds on the infrastructure investments and contributions of American technology companies discussed earlier in this report, particularly the expansion of cloud capacity, data-centre infrastructure and high-capacity connectivity, indicating their implementation of the AI Strategy.

[14] Ministry of Information, Communications and the Digital Economy, *Kenya National AI Strategy 2025-2030: Implementation Roadmap* (2025).

1.2.2 Localized AI: Building Intelligence for Kenyan Languages and Use Cases

Infrastructure alone does not create locally relevant AI. The Strategy therefore places significant emphasis on **Kenyan data, local languages, localized models and sector-specific AI applications**, including in agriculture, health, education, financial services, public administration and MSMEs.

This is an important economic distinction. Much of the world's AI infrastructure and foundational models have been developed around data and languages that do not fully reflect African contexts. Building AI that works effectively in **Kiswahili and other Kenyan languages**, and that responds to local conditions and sectoral needs, expands the range of people and businesses able to use these technologies productively.

American technology companies are contributing to this layer through research partnerships, open datasets, language models and AI-for-good programmes that bring together global technology capabilities and African research communities

American technology companies are contributing to this localization layer through a combination of AI research, language datasets, speech technologies, open-source tools and partnerships with African research and technology communities.

Microsoft Research Africa's **Paza** initiative, for example, is developing speech-recognition capabilities for low-resource African languages, with associated work covering **Kiswahili and five Kenyan languages—Dholuo, Kalenjin, Kikuyu, Maasai and Somali**. PazaBench provides a benchmark covering 39 African languages, while the models have also been tested with farmers using ordinary mobile phones under real-world conditions such as background noise and inconsistent connectivity. This moves language AI beyond laboratory development toward applications that reflect the conditions in which Kenyan users actually access technology.

Microsoft is also a partner in **LINGUA Africa**, alongside Google.org, the Gates Foundation and Masakhane, which is supporting the development of open datasets, speech resources and language technologies across African languages. The initiative's 2026 open call selected projects spanning more than 50 African languages, including Kenya-based work in health, agriculture, education and financial capability. These include **AFYA-LINGUA, AntuGrow's SemaShambani and Algedi Intelligence Labs' RADA**.

Complementing these efforts, Microsoft-supported local research has contributed to technologies such as **Sauti**, an open-source Swahili text-to-speech system associated with MsingiAI. Such initiatives expand the foundational language resources available to Kenyan researchers, developers and startups to build applications for local users.

Google is contributing to the same ecosystem through its support for the **Masakhane African Languages AI Hub**, including a reported **US$3 million commitment** to expand research and open-source tools across more than 40 African languages. Its work on datasets, translation models and voice technologies adds to the foundational resources available for African-language AI development. Google has also supported the development of open African speech datasets, including through the **WAXAL project**, helping expand the data available for speech and language technologies.

Google's support for African-language research, including the WAXAL project and related work on speech datasets, translation models and language technologies, contributes to addressing gaps in the availability of high-quality data for Kiswahili and other African languages. These resources can support the development of large language models and applications that respond more effectively to Kenyan linguistic contexts. This directly reinforces the report's identified opportunity around vernacular dataset curation by expanding the technical resources available for locally relevant education, agriculture, health and enterprise applications.

Together, these efforts are helping build an African-language AI layer spanning data collection, speech recognition, translation, text-to-speech and application development. The economic significance lies in expanding the potential user base and use cases for AI while creating reusable technical assets that local developers and institutions can build upon.

1.2.3 From Localized AI to Applied Research and Product Development

The localization opportunity extends beyond language. American technology companies are also applying AI research to **Kenya-specific and Africa-specific challenges**, while developing local engineering capacity capable of contributing to globally deployed technology. Google's research activities in Nairobi include work on applications such as **flood prediction, mapping and agricultural technologies**, illustrating how global AI capabilities can be applied to local environmental and economic challenges.

At the same time, Google's **Product Development Center in Nairobi**, its first product engineering hub in Africa, brings together software engineers, product managers, UX designers and researchers working on products deployed globally. This places Kenyan technical talent within the product-development lifecycle of a global technology company and expands Kenya's role beyond technology consumption toward **engineering, product development and intellectual-property creation**. This is complemented by the development of local technical capacity through other American technology-company investments and partnerships. Together, these activities create a pathway from **AI infrastructure and skills to research, product development and commercially deployable technology**.

Taken together, American technology companies are contributing across multiple layers of Kenya's emerging AI value chain:

AI infrastructure → Data and language resources → Local research and models → Product development → Enterprise and sectoral applications → Productivity, innovation and new digital value

Locally grounded AI research and development

Kenya is also a base for locally grounded artificial intelligence research. Microsoft Research Africa and Microsoft's AI for Good Lab in Nairobi develop cloud and artificial intelligence technologies designed around African languages, communities and real-world contexts. Their work includes research on culturally aware artificial intelligence, multilingual and speech-first systems, responsible AI evaluation, small-business productivity, health and agriculture.

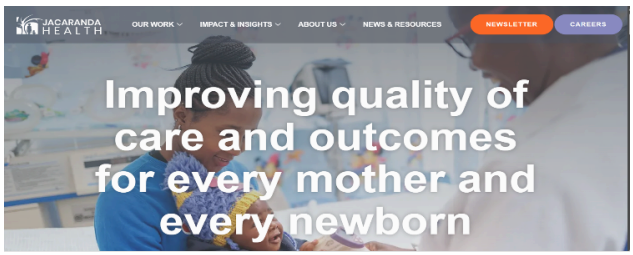
This locally based research capability strengthens Kenya's position in the artificial intelligence value chain by supporting the development and evaluation of technologies within African contexts, building local research expertise and connecting Kenyan and wider African priorities to globally deployed technology development..

7.2. REAL ECONOMY SECTORAL IMPACT

The application of AI to real-economy constraints is demonstrating measurable, verifiable outcomes across critical development sectors.

7.2.1. Healthcare: Low-bandwidth digital triage (Reported operational results)

Maternal healthcare illustrates how AI-enabled services can be delivered through basic communications infrastructure. High patient-to-nurse ratios can delay rural obstetric triage. Jacaranda Health's PROMPTS service addresses this challenge through a two-way, SMS-based platform that provides maternal-health information and supports the identification and escalation of potential danger signs.



CASE 1: HEALTHCARE (Jacaranda Health)

- **Problem: High patient-to-nurse ratios delaying rural obstetric triage.**

Jacaranda Health's PROMPTS platform combines **Meta's Llama** and **AWS cloud** infrastructure to deliver offline-first obstetric triage in local languages, serving **3.8M users**, processing **10K–12K daily queries**, answering **70% through AI**, and **increasing prenatal clinic visits by 20%.**

Built on Meta's open-weight Llama models and supported by AWS cloud infrastructure, the service uses AI to respond to routine queries while escalating potentially high-risk cases to qualified clinical personnel. Jacaranda Health reports that PROMPTS operates across Kenya's 47 counties and has reached millions of mothers. Any specific statistics on daily queries, autonomous response rates or changes in prenatal clinic attendance should be presented as company-reported results and confirmed against a primary Jacaranda Health source before publication[15].

The case demonstrates how globally developed technology can be adapted by a Kenyan-led health organisation and delivered through low-bandwidth channels. Its economic and developmental significance lies in expanding access to maternal-health information, improving the efficiency of routine query management and enabling clinical personnel to focus greater attention on higher-risk cases.

Evaluations indicate that this AI-driven triage system drove a 20% increase in prenatal clinic visits among users. This demonstrates how U.S. foundational technology can be localized to support a Kenyan-led service delivered through low-bandwidth channels so that public health outcomes are measurably improved.[15]

7.2.2. Agriculture: Illustrative agricultural technology mechanism (Applied Productivity Use Case)

Agriculture illustrates how artificial intelligence, satellite data and locally grounded information can support better public- and private-sector decision-making. ADAPT-Kenya (AI-enabled Data for Agriculture Products and Transformation) is led by Kenya's Ministry of Agriculture and Livestock Development with support from the Gates Foundation and Microsoft's AI for Good Lab.



CASE 2: AGRICULTURE & CLIMATE

- **Problem: Climate variability and fragmented farm data constrain timely, evidence-based agricultural decisions.**

Microsoft Research's Project FarmVibes combines AI with **satellite, drone**, **sensor**, **weather**, and **farm data** to generate daily cloud-free imagery and climate-smart agricultural insights, with its technology demonstrated on a **7,500-acre farm** and capable of processing the **15–20 GB generated by a 30–40-minute drone flight**

The initiative brings together public, private, research and development partners to co-create agricultural data products that combine local knowledge with satellite observations. Intended applications include crop monitoring, harvest forecasting, market and trade analysis, agricultural insurance and disaster-risk reduction. The initiative demonstrates how artificial intelligence infrastructure can be translated into nationally relevant data capabilities and practical agricultural decision-support systems.

[15] Amazon Web Services. (n.d.). *Jacaranda Health scales equitable maternal and newborn health using AWS*. AWS case study.

7.2.3. Education: Expanding access through AI platforms (Strategic Opportunity)

Education represents a significant future opportunity for AI deployment within Kenya. Current policy initiatives and digital-education objectives suggest substantial potential to expand access to educational content, support teachers and strengthen digital-skills development. At the 2026 AmCham Business Summit, the Ministry of Information, Communications and the Digital Economy outlined the need for an AI-powered learning platform capable of delivering standardised educational content and supporting broader access to learning resources.

American technology firms have a strategic opportunity to deploy foundational AI models and training architectures to empower Kenyan educators. By utilizing platforms like Google Gemini for Educators or IBM SkillsBuild, teachers can generate contextualized lesson plans, automate administrative grading, and provide personalized tutoring to students in local dialects. Integrating these tools into the national curriculum aligns directly with the GoK's objective to digitally upskill 20 million citizens and civil servants, establishing a nationwide pipeline of digital talent that begins at the primary education level.

This ambition is formally anchored in the ***National Digital Master Plan (2022–2032),*** which establishes statutory mandates to connect all education and government institutions with 1 Gbps broadband and operationalize 1,450 Citizen Digital Hubs across all 47 counties[16].

Table 11: Decision Framework: Real-Economy AI Sectoral Impact

Sector & Constraint	American Technology Company Input	Kenyan Localization	Observed Result / Opportunity	Economic Transmission
Healthcare: High patient-to-nurse ratios delay rural obstetric triage.	Meta's open-weight Llama models and AWS cloud infrastructure.	Jacaranda Health's PROMPTS offline-first, SMS triage system in Swahili/local dialects.	Reported nationwide reach through an SMS-based maternal-health platform, with routine questions supported through AI and higher-risk cases escalated to clinical personnel; 10k-12k daily queries processed; 70% answered autonomously via AI; 20% increase in prenatal visits.	Lower-cost health information delivery and improved early care-seeking behavior.
Agriculture: Climate-driven yield unpredictability & information gaps	Microsoft AI for Good Lab, ADAPT-Kenya, Gates Foundation and agricultural data partnerships.	Predictive analytics are integrated with local soil moisture and weather data.	Equips local farming cooperatives with data-driven planting and irrigation strategies.	Resource efficiency and reduced smallholder climate exposure.
Education: Performance disparities between urban and rural schools.	Google Gemini for Educators / IBM SkillsBuild.	Localized teacher workflows and Swahili-language lesson generation.	Strategic Opportunity: GoK mandates to deploy AI platforms across 1,450 Citizen Digital Hubs to capacity-build 20 million citizens.	Expand access to quality curriculum and enhances teacher productivity.

7.2.4. STRATEGIC OPPORTUNITIES: APPLIED ARTIFICIAL INTELLIGENCE

- **Vernacular Dataset Curation:** U.S. AI developers have a commercial imperative to partner with Kenyan computational linguistics startups to build proprietary Swahili and regional dialect datasets so that global

[16] Ministry of ICT, Innovation and Youth Affairs. (2022). *The Kenya National Digital Master Plan 2022–2032: Kenya digital blueprint*. View the master plan.

Large Language Models (LLMs) can function accurately within East African commercial contexts, grow locally owned digital assets, and increase participation of Kenyan firms in the AI value chain. **Existing initiatives supported by Google, Microsoft and African research communities, including WAXAL, LINGUA Africa and the Masakhane African Languages AI Hub, provide a foundation upon which Kenyan researchers and developers can build more locally relevant language technologies.**

- **Agri-Tech AI Integration:** Opportunities exist for U.S. IoT sensor manufacturers to partner with local agricultural distributors to deploy low-cost hardware. Localized compute allows real-time crop disease detection algorithms to serve Kenyan smallholders instantly without incurring costly international data transit fees, improve agricultural productivity, reduce crop losses, stronger climate resilience and increase demand for local agri-tech services
- **AI Public-Private Educational Partnerships:** U.S. tech firms can structure public-private partnerships with the Ministry of Education to pilot AI-assisted grading and curriculum generation tools within targeted county schools, creating a scalable model for national rollout expanding access to digital learning resources, and accelerating development of future digital talent.

Taken together, these examples illustrate that the economic value of AI depends less on access to technology and more on the ability to localize, deploy and continuously improve AI-enabled solutions. Realizing this value requires not only computing infrastructure and digital platforms, but also the skills, research capability and innovation ecosystems needed to adapt these technologies to local needs. The next pillar therefore examines how Kenya can translate technology access into skills development, employment opportunities and locally owned innovation.

8. PILLAR 4: SKILLS, JOBS & INNOVATION

The **Kenya National Digital Master Plan 2022–2032** identifies **Digital Skills** as a core pillar for building a digitally skilled workforce capable of supporting Kenya's digital transformation. Its targets include equipping **20 million citizens** with digital skills, alongside specialized training for public officers, civil servants, and teachers, and expanding youth employment through initiatives such as the **Presidential Digital Talent Graduate Internship** and **Ajira Digital**. The Master Plan also links digital skills development to **entrepreneurship, innovation, and software development**, positioning talent development as a key enabler of Kenya's ambition to become a regional digital hub.

Table 12: AmCham Digital Taskforce Skilling Initiatives Supporting Kenya's Digital Skills Agenda

Company	Key Skilling Programme(s)	Skills Focus	Target Beneficiaries	Kenya-Relevant Focus
Microsoft	Microsoft Elevate / AI Skilling; Microsoft Learn	AI & GenAI; cloud; cybersecurity; digital productivity	Students; professionals; developers; public servants; startups	AI-ready workforce; public-sector digital transformation; cybersecurity
Google	AI Research Foundations; Hustle Academy; Gemini for Students; Government AI Campus	AI; software development; cloud; data analytics; digital productivity	Students; developers; researchers; startups; educators; public officials	AI-ready graduates; applied AI; startup innovation; government AI capacity
Meta	AI Academy Kenya; Llama Impact Accelerator	AI; GenAI; prompt engineering; AI application development, open-weight AI models and AI application development	Students; developers; startups; entrepreneurs	Practical AI adoption; developer capability; AI-enabled entrepreneurship and innovation
Cisco	Cisco Networking Academy	Networking; cybersecurity; IT; programming; data science; AI	Students; educators; jobseekers; early-career talent	ICT and cybersecurity workforce; industry-aligned technical skills
Apple	Apple Developer learning programmes; Swift education	Coding; Swift; app development; app design	Students; aspiring developers; educators; developers	Developer and app-creation skills; building software and digital-product capabilities
Oracle	Oracle Academy; Cloud & AI training	AI; cloud; databases; Java; data science; application development	Students; educators; aspiring technology professionals	AI and cloud skills; technology education; university and educator capacity
IBM	IBM SkillsBuild	AI; GenAI; cybersecurity; data analytics; cloud; workplace skills	Students; educators; jobseekers; professionals	AI and cybersecurity skills; employability; industry-recognised digital credentials

As reported by **AmCham Kenya**, its Digital Taskforce—comprising **Microsoft, Google, Meta, Apple, Oracle, Cisco and IBM** —has collectively reached over one million learners and professionals in Kenya in 2026 through coordinated skilling initiatives. Together, these initiatives contribute to the National Digital Master Plan's wider ambition to equip 20 million citizens with digital skills. Their economic value depends on whether the skills gained translate into employment, business adoption, innovation and technology-enabled exports.

Kenya can translate global curricula and developer tools into higher-value employment and locally owned innovation by embedding them within TVETs, digital-work programmes and domestic research and development ecosystems.

Input (Knowledge & Technology Assets)	→	**Localization (Capability Development)**	→	**Application (Economic Activity)**	→	**Economic Value (National Outcomes)**
Global Curricula / Developer Tools	→	TVETs, Ajira & Local R&D Ecosystems	→	Technical Employment & Software Creation	→	Export Revenue, Sovereign IP & Digital Competitiveness

8.1. SKILLS AS PRODUCTIVE DIGITAL INFRASTRUCTURE

Digital infrastructure creates economic potential, but skilled people determine how much of that potential can be converted into productive activity. Kenya's digital transformation creates an urgent requirement for capabilities in software development, cloud engineering, cybersecurity, data analytics, artificial intelligence, and business-process services.

Each of the seven American technology companies operates distinct and expansive skilling initiatives in Kenya, spanning artificial intelligence, cloud, cybersecurity, software development, digital productivity and employability. These company-led programmes are set out in Table 12. Across the seven American technology companies, these initiatives expand access to technical and applied digital capabilities through training programmes, professional certifications and partnerships with Kenyan institutions. The central economic test is whether participants convert these capabilities into employment, enterprise productivity, innovation and exportable digital services.[17].

At the institutional level, government reporting indicates that the Ajira Digital platform has registered 658,546 participants. Independent tracer studies report a 33% active online earning rate among trained cohorts[18].

The opportunity extends beyond direct employment within the ICT sector. Digital skills increasingly serve as a driver of productivity across the wider economy. A logistics operator using platform-based routing, a financial institution applying data analytics, or an MSME adopting cloud-based enterprise software can all generate additional value through enhanced digital capabilities. The strategic test for Kenya is therefore one of skills-to-income conversion: ensuring that investments in digital skills translate into higher-value employment, stronger Kenyan firms and greater participation in technology-enabled exports. Relevant indicators include certification completion, job placement, income progression, enterprise adoption, locally delivered technology services and export revenue generated by digitally enabled work.

8.2. THE BPO AND DIGITAL EXPORT TRANSMISSION MECHANISM

Kenya is actively moving up the digital value chain. Beyond foundational digital literacy, the ecosystem is generating high-value employment through the export of IT-enabled services. Recent market intelligence indicates that Kenya's Global Business Services (BPO and IT Outsourcing) sector generates approximately US$709 million[19] in annual export revenue, supporting 36,394 formal jobs[19]. When broader IT-enabled services and platform-based gig work are included, industry operators estimate direct employment exceeds 60,000 workers.

While job creation and export earnings remain important, Kenya's longer-term strategic objective is to move beyond labor-intensive outsourcing towards higher-value digital exports. The greatest economic

[17]American Chamber of Commerce, Kenya. (n.d.). *Today, the AmCham Digital Taskforce and the U.S. Embassy engaged with the Cabinet Secretary for Information, Communications and the Digital Economy* [LinkedIn post]. LinkedIn.
[18]Ajira Digital. (n.d.). *Ajira Digital*. Retrieved September 11, 2026, from Ajira Digital website
[19] Genesis Analytics. (2025). *Kenya's outsourcing sector: Emergent and accelerating*.

gains are likely to arise from services such as software engineering, data analytics, cybersecurity, cloud management, AI operations and other knowledge-intensive digital services. Consequently, the key policy challenge is not only increasing the number of digital jobs, but also increasing the value created per worker through higher skills, greater specialization and stronger participation in global digital value chains.

U.S. technology platforms, combined with Kenya's English-speaking workforce and reliable subsea connectivity, provide the foundational infrastructure so that local operators can deliver exportable business services. For example, Sama has expanded its Kenyan operations with 2,000 new artificial intelligence computer vision data annotation roles[20].

However, remaining primarily focused on labor-arbitrage models limits long-term value capture. Kenya's strategic objective is therefore to move from labor-intensive outsourcing towards higher-value digital exports, including software engineering, data analytics, AI operations and specialized cybersecurity services.

Alongside formal IT-enabled services, Kenya's creator economy represents an emerging form of digital work and export activity. As discussed under Pillar 5, digital platforms enable Kenyan creators to reach regional and global audiences while generating demand for supporting creative, production and marketing services.

8.3. SOVEREIGN INTELLECTUAL PROPERTY AND PRODUCT DEVELOPMENT

Kenyan developers and technology startups are increasingly using foundational American technologies to develop proprietary applications for domestic, regional, and international markets. Global platforms lower the cost of development, testing, and AI experimentation so that Kenyan developers can focus on local languages, customer needs, and sector applications while retaining the ultimate value through locally owned code and IP.

High-salary software engineering is actively expanding domestically. This is evidenced by the 570 engineers employed at the Microsoft Africa Development Center (ADC) in Nairobi, who are building globally deployed products (including identity systems and mixed reality tools)[21].

Beyond infrastructure and connectivity investments, Google maintains a Product Development Center (PDC) in Nairobi, its first product engineering hub in Africa. The PDC brings together software engineers, product managers, user-experience designers and researchers who contribute to the development of globally deployed Google products. This positions Kenya not only as a market for digital services, but also as a source of high-value engineering and product-development talent contributing to Google's global product portfolio. The investment reinforces Kenya's growing role as a regional hub for product development, technical expertise and participation in global technology value chains, alongside similar investments by other major technology companies.

Table 13: Decision Framework: Technology Platforms Enabling Kenyan Digital Innovation

Platform / Partnership	Kenyan Use Case / Application	Measured Reach or Operational Result	Economic Transmission	Economic Value Created
Google Product Development Center, Nairobi	Product engineering, software development, user-experience design and technology	Google's first product engineering hub in Africa, bringing together engineers, product managers, user-experience designers and researchers working on	Integrates Kenyan technical talent into global product-development processes and builds advanced engineering and product-	High-value technical employment, knowledge transfer, stronger product-development capabilities and greater Kenyan

[20] Staff Writer. (2023, September 6). *Sama to train 2,000 youth & women with AI skills*. CIO Africa. View the CIO Africa article
[21] Lutta, G. (2022, March 25). *Job opportunities as Microsoft opens KSh3 billion facility in Kenya*. Kenyans.co.ke. View the Kenyans.co.ke article

Platform / Partnership	Kenyan Use Case / Application	Measured Reach or Operational Result	Economic Transmission	Economic Value Created
	research undertaken from Nairobi.	globally deployed products.	management capabilities.	participation in global technology value chains.
NVIDIA Inception	Startups (Hisa and Pariti) building AI-enabled financial services.	Equips local firms with deep-learning tools, training, and investor linkages.	Cultivates sovereign IP and connects local developers to global venture capital.	Growth of locally owned digital products, improved access to venture capital & higher-value technical employment
AWS & Safaricom	AI-supported social-engineering fraud detection.	Improved fraud detection accuracy to an F1 score of up to 89%[22].	Lowers enterprise revenue leakage through advanced machine learning integration.	Reduced fraud-related losses & enhanced customer trust and service quality
Visa & Kenswitch	Domestic payment routing and connectivity.	Interconnects more than 29 financial institutions[23].	Enhances interoperability and reduces the cost of domestic digital transactions.	Lower transaction costs & increased financial-system interoperability
iHUB EdTech Fellowship	Product development and sector access for education startups.	Supported 36 firms reaching 580,000+ learners, 8,800 educators, and 2,000 schools by Nov 2025[24].	Accelerates the commercialization of locally owned educational technology products.	Growth of locally developed EdTech solutions & expanded access to digital learning

STRATEGIC OPPORTUNITIES: SKILLS, JOBS & INNOVATION

- **Global Capability Centers (GCCs):** U.S. multinationals can establish Global Capability Centers in Nairobi, bypassing traditional BPO models to hire Kenyan data scientists, cloud architects, and cybersecurity analysts directly, so that high-value intellectual property development occurs within the local market. In addition to creating high-value employment, GCCs can generate digital export earnings, strengthen local technical capabilities, facilitate knowledge transfer and support the development of higher-value digital services within the Kenyan economy.
- **Startup Cloud Acceleration:** U.S. cloud providers (AWS, Google Cloud) can expand dedicated credit programmes and architectural mentorship for Kenyan agri-tech and health-tech startups, reducing early-stage CAPEX so that local founders can scale their operations regionally before seeking Series A funding. This can support the growth of locally owned digital businesses, accelerate innovation, strengthen technology entrepreneurship and increase the contribution of digital products and services to the economy.

Skills, innovation and digital employment represent important channels through which Kenya can capture greater value from technology investments. However, the ability of businesses and individuals to

[22] Safaricom PLC. (2025, June 4). *Safaricom set to transform Kenyan consumers' digital experience on AWS*. View the Safaricom press release
[23] Wanjala, K. (2026, April 7). *Kenswitch and Visa partner to accelerate payment innovation in Kenya*. TechArena. View the TechArena article
[24] iHUB. (2025, November 25). *Kenya's Mastercard Foundation EdTech Fellowship startups reach over half a million learners, expanding access to underserved communities*. View the iHUB article

participate fully in the digital economy ultimately depends on access to financial services, digital payments and financing mechanisms that support economic activity and growth. The next pillar therefore examines how digital finance translates technology adoption into broader economic participation, enterprise development and financial inclusion.

9. PILLAR 5: DIGITAL MEDIA, DIGITAL FINANCE & THE REAL ECONOMY

Digital Media, Content and the Digital Economy

Kenya's digital transformation agenda recognises digital infrastructure, digital content, digital skills and technology-enabled enterprise as important drivers of economic growth. The **National Digital Master Plan 2022–2032** seeks to expand digital access and infrastructure, develop digital skills and talent, promote digital innovation and enterprise, and strengthen Kenya's capacity to create and monetise digital products and services. The **Kenya Cloud Policy 2024** complements these priorities by promoting scalable, accessible and cost-effective cloud services across the economy.

American technology companies are contributing to these priorities through a range of consumer digital platforms, content-distribution services, creator ecosystems and cloud-enabled products. Their activities are generating value not only through direct consumption of digital services, but also by increasing demand for connectivity, supporting digital businesses and creators, creating new distribution and monetisation channels, and expanding the market for digital skills and services.

Messaging Platforms as Commercial Infrastructure for MSMEs

Messaging and social-media platforms increasingly function as practical commercial infrastructure for Kenyan micro and small enterprises. Businesses use platforms such as WhatsApp, Facebook and Instagram to display products, communicate with customers, receive enquiries, coordinate deliveries and support repeat sales. These capabilities can reduce the cost of establishing a digital presence and enable small businesses to reach customers without investing in standalone websites or complex e-commerce systems.

The economic contribution arises through improved market visibility, lower customer-acquisition costs and increased participation in digital commerce. An independent Public First study published in May 2026 estimated that approximately 2.7 million Kenyan small businesses used Meta platforms and contributed approximately US$550 million to Kenya's GDP in 2025. The estimate should be interpreted as economic activity associated with businesses using the platforms rather than economic output directly attributable to Meta alone.

Digital platforms as an economic-value transmission mechanism

The interaction of these platforms illustrates how digital infrastructure can translate into broader economic activity. **Google**, through YouTube, Google Play, Android, Search and advertising services, provides infrastructure for content distribution, digital commerce, software development and creator monetisation. Google estimates that its ecosystem enabled approximately **US$900 million in economic activity in Kenya in 2023**, including activity associated with businesses, publishers, creators and developers.

Meta, through Facebook, Instagram and WhatsApp, similarly provides digital channels through which Kenyan SMEs, creators and entrepreneurs market products, engage customers and distribute content. These platforms therefore function not only as social and communications services but also as **commercial infrastructure for digital businesses and creators**, supporting customer acquisition, advertising and digital entrepreneurship. An independent Public First study published in May 2026 estimated that approximately 2.7 million Kenyan small businesses using Meta platforms contributed approximately US$550 million to Kenya's GDP in 2025, illustrating the potential scale of platform-enabled commercial activity.

Apple's September 2026 expansion in Kenya provides another example of this platform-to-value pathway. Apple introduced Apple TV and Apple Arcade to Kenyan consumers through iCloud+, with the

services included at no additional cost to iCloud+ subscribers. The entry-level iCloud+ plan is priced at US$0.99 per month, while the expanded service combines cloud storage and backup with access to premium video content and more than 200 games. Apple TV was introduced in Kenya for the first time through this rollout.

The immediate economic contribution is principally enabling rather than directly quantified. Expanded access to cloud storage, streaming and gaming increases demand for connectivity and digital distribution, broadens consumer participation in subscription-based digital services and can stimulate complementary activity across app development, digital payments, marketing, customer support and content-related services. The extent of value retained in Kenya will depend on local developer participation, payment integration, creator access and the use of Kenyan supporting services.

The significance for Kenya's digital economy is not simply the availability of additional entertainment content. Apple's model brings cloud storage, digital content, gaming and subscription services into a single consumer digital ecosystem, increasing the range of services delivered over Kenya's connectivity infrastructure and creating additional demand for digital distribution, app ecosystems and related services. Apple also states that the service supports Family Sharing for up to five family members, further extending access within households.

Netflix contributes further along the creative-economy value chain through the production, acquisition and global distribution of African content. Its partnership with Kenya's Ministry of ICT has included commitments around local content, skills development and capacity building, while its broader investment across Kenya, Nigeria and South Africa demonstrates the potential for global streaming platforms to create activity across production, creative services and employment.

The Creator Economy as an Income and Export Channel

Digital platforms are also expanding opportunities for Kenyan creators to produce, distribute and monetise content for domestic and international audiences. Social-media, video and digital-advertising platforms can provide pathways for creators to earn income through advertising, brand partnerships, subscriptions, digital services and audience-supported business models. Where Kenyan content reaches audiences outside the country, these activities can also contribute to digital export earnings.

The economic value of the creator economy extends beyond individual creators. Content production generates demand for photography, video production, editing, graphic design, digital marketing, music, performance and other supporting services. However, the scale of locally retained value depends on platform monetisation access, digital skills, intellectual-property protection, payment infrastructure and the ability of creators to build sustainable enterprises around their audiences.

Taken together, these activities illustrate a common **technology-to-value transmission pathway**: digital infrastructure and platforms expand access to digital services, which in turn creates demand for connectivity, cloud, digital skills and supporting services, enabling creators, developers and businesses to produce, distribute and monetise digital goods and services. This contributes to employment, productivity, enterprise activity and broader digital-economy growth.

These contributions support Kenya's digital priorities by widening access to digital services, strengthening content creation and distribution, building demand for digital skills and enabling creators and small businesses to monetise digital products and reach wider markets. The resulting economic value includes increased business activity, creative-sector employment, demand for supporting services and potential digital export earnings.

Digital Finance

Digital finance provides one of the clearest examples of how technology translates into economic activity. By enabling payments, expanding access to financial services and supporting alternative lending models, digital platforms can reduce transaction costs, improve financial inclusion and unlock opportunities for enterprise growth.

Kenya's **National Financial Inclusion Strategy (NFIS) 2025–2028** and the **Draft National Payment System Policy and Bill, 2026** establish priorities for a more **affordable, accessible, secure, interoperable and inclusive digital payments ecosystem**, alongside greater innovation, consumer and data protection, and broader participation by banks, fintechs and other payment providers. The Draft NPS Policy specifically seeks to strengthen interoperability across payment platforms, promote innovation and safeguard consumers while supporting Kenya's integration into regional and global payment systems.

Technology and financial-services companies are contributing to these priorities through payment infrastructure, digital acceptance solutions and financial technology deployed in the Kenyan market.

Input (Technology Infrastructure)	→	**Localization (Market Adaptation)**	→	**Application (Value Creation)**	→	**Economic Value (Development Impact)**
Payment Rails / Cloud Infrastructure	→	Mobile Money / Fintech Platforms	→	Algorithmic Credit Solutions	→	Liquidity, Asset Ownership & Financial Inclusion

9.1. TURNING TRANSACTIONS INTO ECONOMIC PARTICIPATION

Digital finance represents one of Kenya's clearest examples of technology being embedded directly into economic activity. Unlike infrastructure that provides an enabling layer, digital financial platforms participate in everyday transactions involving households, businesses, government, and workers.

Kenya's mobile-money ecosystem processed approximately Ksh 8.7 trillion in transfers across 2.682 billion transactions in 2024, demonstrating the immense scale at which digital payments are embedded in the economy[25].

American technology and financial services companies participate across multiple parts of Kenya's digital finance ecosystem.

GoK priority:

The NFIS 2025–2028 and Draft NPS Policy explicitly prioritize **affordable, accessible and inclusive payment acceptance solutions** for micro-merchants, informal traders and MSMEs, and encourage innovation that lowers barriers to digital payment acceptance. Solutions such as Visa and Mastercard Tap to Phone enable smartphones to function as merchant Point-of-Sale (POS) terminals, reducing upfront technology costs for micro-merchants. As digital transactions become more accessible, small businesses can build formal transaction records, improving their visibility within the financial system and potentially expanding access to credit and other financial services. By lowering barriers to payment acceptance, **Visa and Mastercard Tap to Phone** solutions directly operationalize the NFIS's call for **innovative, low-cost merchant acceptance tools** and the Draft NPS Policy's emphasis on **inclusion, competition and market integrity** in payment services. By reducing the cost of accepting digital payments, these solutions can increase digital transactions, strengthen business records and improve access to formal financial services and productive credit for micro and small enterprises.

9.2. THE GIG ECONOMY AS A FINANCIAL BRIDGE

Global mobility platforms (such as Uber) deploy advanced, cloud-based matching algorithms, dynamic pricing engines into the Kenyan market and quick-commerce delivery create vital income-generating opportunities. Kenya's ride-hailing sector was valued at approximately US$345 million and supported an estimated 93,875 workers in 2023, reflecting its growing contribution to urban mobility, employment and livelihoods[26]. Driven by rapid urbanization, widespread M-Pesa integration, and accelerated fleet

[25] DHL. (2025, April 17). *The future of finance: How Kenya is leading Africa's digital payment boom*. View the DHL article
[26] Omolo, J. (2025). *Road safety and safe rates in the Kenyan ride-hailing sector: Case study*. International Transport Workers' Federation. View the ITF report

electrification, Kenya's ride-hailing market is projected to grow steadily at an annual rate of 4.8% to 11%, expanding revenues beyond KES 7.3 billion.[27]

While participation in platform-based work does not necessarily constitute formal employment, it can serve as an important pathway into the formal financial system. Digital platforms generate verifiable transaction and earnings records that can be used by alternative financiers, such as Asaak, to assess creditworthiness and extend financing for productive assets. This can enable workers to transition from renting assets to owning them, supporting income generation and investment in the real economy.

The economic significance of Kenya's ride-hailing ecosystem extends beyond consumer convenience and market competition. By generating consistent, digitally recorded income streams, these platforms create valuable financial data that can support risk assessment by lenders and fintech providers. In turn, this can improve access to vehicle financing, micro-insurance and other financial products for individuals who may have limited access to traditional banking services.

9.3. ALGORITHMIC CREDIT AND ASSET FINANCE (THE MISSING MIDDLE)

Traditional banking institutions often struggle to serve MSMEs due to a lack of audited financial histories (thin-file customers) and physical collateral. Digital platforms create a pathway from basic participation to financial visibility.

By utilizing digitally recorded transaction and income data, fintech platforms (such as Tala and 4G Capital) establish verifiable credit scores without requiring traditional collateral. Tala alone reports having disbursed approximately KSh 300 billion in cumulative digital credit to around 3.5 million Kenyan customers over the past decade[28]. The Central Bank of Kenya identifies credit scoring as one of the leading applications of artificial intelligence and machine learning among Kenyan financial institutions, alongside fraud detection and personalized customer engagement[29].

Furthermore, digital finance enables third-party asset financing. The U.S. International Development Finance Corporation (DFC) provided a US$51 million loan facility to M-KOPA to support affordable smartphone access and digital connectivity. Pay-as-you-go (PAYG) energy companies, such as Sun King and d.light, similarly combine off-grid solar hardware, IoT controllers, and mobile payments to lower the initial cost of energy access[30]. These models lower upfront cost barriers by converting large capital purchases into manageable recurring payments, enabling households and small businesses to acquire productive assets that may otherwise be inaccessible.

While digital credit provides critical working capital, financial access is not strictly equivalent to productive inclusion. Surveys indicate that up to 58% of users have utilized digital loans to meet emergency household expenses rather than to finance enterprise growth[31]. While digital lending can expand access to finance, its economic impact depends on how credit is used and the conditions under which it is provided. Productive borrowing that supports business growth or asset acquisition is more likely to generate sustainable economic value, while responsible lending practices and transparent data use are essential to preventing unsustainable debt cycle.

[27] Ride-hailing boom: Top drivers' pocket Sh1.2m in six months
[28] Ngugi, B. (2024, June 23). *Digital lender Tala dishes out Sh300 billion in loans to Kenyans*. TNX Africa. View the TNX Africa article
[29] Central Bank of Kenya. (2025). *Survey on artificial intelligence in the Kenyan banking sector*.
[30] Contributor. (2024, May 24). *U.S., Kenya advance shared priorities: Surpassing $1 billion in DFC exposure, intent to open Nairobi office*. Capital FM Kenya. View the Capital FM Kenya article
[31] Otinga, R. (2026, July 13). *58% of Kenyans rely on digital loans in emergencies, report*. Kenyans.co.ke. View the Kenyans.co.ke article

Table 14:Decision Framework: The Digital Finance Transmission Pathway

Financial Constraint	American Technology Company Input	Kenyan Localization	Economic Transmission Mechanism	Economic Outcomes
High Hardware Costs for POS Acceptance	Visa/Mastercard Tap-to-Phone technology.	Local banks and fintechs deploying to micro-merchants.	Eliminates hardware CAPEX, allowing informal businesses to accept digital payments and build financial histories.	Greater merchant formalization, increased digital transactions and improved participation in the formal economy.
Lack of Physical Collateral for Credit	Cloud telemetry, data storage, and Machine Learning algorithms.	Fintech platforms (Tala, 4G Capital) algorithmically underwriting thin-file SMEs.	Uses digital transaction data to support credit scoring and facilitate access to working capital for underserved borrowers.	Expanded access to working capital, improved business growth opportunities and greater financial inclusion for underserved borrowers.
Inability to Afford Productive Assets	DFC Debt Financing & IoT controllers.	PAYG asset financiers (M-KOPA, Sun King) integrating with mobile money.	Breaks down large CAPEX barriers into daily micro-payments so that off-grid users can acquire smartphones and solar systems.	Increased asset ownership, improved productivity and expanded access to income-generating opportunities.

Taken together, these examples demonstrate how digital finance converts technology infrastructure into tangible economic participation by enabling transactions, expanding access to capital and supporting asset ownership. However, maximizing the value created from these technologies requires understanding how that value is generated, distributed and retained within the Kenyan economy. The next section therefore examines the pathways through which technology investments translate into broader economic value and the factors that determine how much of that value remains in Kenya.

The extent to which technology investments translate into long-term economic value depends not only on the technology itself, but on the broader enabling environment within which firms and institutions operate. Regulatory certainty, skills availability, infrastructure readiness and investment incentives all influence how much value is ultimately created and retained locally. The next section therefore examines the policy and market conditions required to support the next wave of digital investment and economic growth.

Table 15: Decision Framework: Digital Media and Finance Value Pathways

Platform or financial input	Kenyan application	Economic transmission	Observable outcome	Evidence classification
Cloud-enabled consumer content and app ecosystems	Kenyan consumers access cloud storage, streaming, gaming and app-based services through integrated digital platforms.	Increases demand for connectivity, digital distribution, app ecosystems, payments and complementary support services.	Wider availability and use of subscription-based digital services	● **Observed service expansion, broader economic contribution is enabling.**
Messaging and social-media platforms	Kenyan MSMEs use WhatsApp, Facebook and Instagram to display products, communicate with customers, coordinate	Reduces customer-acquisition and communication costs while enabling small businesses to establish a digital commercial	Approximately 2.7 million Kenyan small businesses use Meta platforms; an independent study estimated that these businesses contributed	▲ **Independently modelled estimate**

	orders and market their businesses.	presence without investing in standalone e-commerce infrastructure.	approximately US$550 million to Kenya's GDP in 2025.	
Creator platforms	Kenyan creators use video, social-media and content-distribution platforms to reach domestic and international audiences and monetise digital content.	Creates income opportunities through advertising, brand partnerships, subscriptions and digital services, while generating demand for production, editing, design and marketing services.	Expanded opportunities for creator income, digital entrepreneurship and export earnings through access to regional and global audiences.	**◇ Reported ecosystem contribution / emerging opportunity**
Digital merchant acceptance	Visa and Mastercard Tap to Phone solutions enable Kenyan micro-merchants to use smartphones as Point-of-Sale terminals.	Reduces the upfront cost of accepting electronic payments and creates digital transaction records that can improve merchants' visibility within the financial system.	Greater merchant participation in digital payments, stronger transaction histories and potential pathways to formal financial services.	**● Observed technology deployment; outcome contribution not independently attributed**
Algorithmic credit	Fintech platforms such as Tala and 4G Capital use digitally recorded transaction and income data to assess thin-file borrowers.	Reduces information asymmetry and supports credit assessment for individuals and MSMEs without audited financial histories or conventional collateral.	Expanded access to working capital and digital credit, including approximately KSh 300 billion reportedly disbursed by Tala to around 3.5 million Kenyan customers over a ten-year period.	**◇ Company-reported operational result**
PAYG asset finance	M-KOPA, Sun King and d.light combine mobile payments, connected devices and recurring instalments to finance smartphones, solar systems and other productive assets.	Converts large upfront capital costs into smaller recurring payments, enabling underserved households and businesses to acquire assets that may otherwise be unaffordable.	Increased access to smartphones, off-grid energy and other productive assets, with potential benefits for digital participation, resilience and income generation.	**● Observed business model; broader economic outcome is contributory**
Gig-economy income and transaction records	Ride-hailing and delivery platforms generate digitally recorded earnings and transaction histories for Kenyan drivers and other platform workers.	Provides income-generating opportunities and creates verifiable financial records that alternative lenders can use to assess creditworthiness and finance productive assets.	Participation in platform-based work, increased financial visibility and potential access to vehicle finance, micro-insurance and other financial products.	**◇ Reported market activity; financial-inclusion pathway is contributory**

Evidence key: ● Observed | ◇ Reported | ∆ Modelled | → Forecast | Strategic opportunity

Note: Observable outcomes reflect reported, observed or modelled ecosystem indicators and should not be interpreted as economic impacts attributable solely to the named technology companies or platforms.

STRATEGIC OPPORTUNITIES: DIGITAL MEDIA, DIGITAL FINANCE & THE REAL ECONOMY

- **Digital Merchant Enablement:** Payment networks, banks, telecommunications operators and technology platforms can expand affordable payment-acceptance, messaging-commerce and digital-record solutions

for micro and small enterprises. **Expected outcome:** Increased merchant formalisation, stronger transaction records and improved access to financial services.

- **Creator-Economy Development:** Digital platforms, creative-industry organisations and financial institutions can strengthen creator-skilling, monetisation, intellectual-property management and cross-border payment mechanisms. **Expected outcome:** Increased creator income, growth in supporting creative services and expansion of digital export earnings.
- **Responsible Alternative Credit:** Fintech providers and financial institutions can strengthen transparent credit-scoring, affordability assessments and consumer-protection mechanisms for thin-file borrowers. **Expected outcome:** Improved access to productive credit while reducing the risk of unsustainable borrowing.
- **Productive Asset Financing:** Development-finance institutions, PAYG providers and mobile-payment companies can expand financing for smartphones, solar systems, electric mobility and other income-generating assets. **Expected outcome:** Greater productive asset ownership, digital participation and household and enterprise resilience.



THE ENABLING ENVIRONMENT: CONDITIONS FOR THE NEXT WAVE OF INVESTMENT

10. THE ENABLING ENVIRONMENT: CONDITIONS FOR THE NEXT WAVE OF INVESTMENT

Kenya has established a relatively advanced digital policy and regulatory environment, supported by comprehensive data-protection legislation, a national artificial intelligence strategy and evolving digital taxation frameworks. However, the economic benefits of digital infrastructure and technology investment are shaped not only by the technologies themselves, but also by the regulatory environment within which they operate. Well-designed regulatory frameworks can support innovation, investment and value creation, while uncertainty or administrative complexity may slow adoption and discourage capital investment.

The opportunity is therefore not one of deregulation, but of regulatory stability, procedural clarity and regional interoperability. Strengthening these foundations across key policy areas can help local enterprises scale, support innovation and provide investors with greater confidence to commit long-term capital.

10.1. DIGITAL READINESS DIAGNOSTIC: THE 2025 NETWORK READINESS BENCHMARK

The Network Readiness Index (NRI) evaluates national digital performance across four pillars: Technology, People, Governance, and Impact. In the 2025 benchmark, Kenya ranks 77th out of 127 economies globally and 3rd in Africa (behind Mauritius and South Africa, and ahead of Morocco)[32].

[32] Portulans Institute. (2025). *Countries: Network Readiness Index*. Network Readiness Index.

Table 16: Africa Digital Readiness Scorecard (NRI 2025)[32]

NRI Pillar / Indicator	Kenya Score (0–100)	Global Rank (/127)	Regional Position & Structural Diagnostic
Governance	**60.02**	**66th**	**Relative Strength:** Reflects progressive trust frameworks, data protection laws, and national digital strategies.
Future Technologies	**41.65**	**42nd**	**Competitive Advantage:** Strong foundational adoption of cloud architecture, AI exploration, and developer activity.
Technology (Overall)	**42.09**	**70th**	**Moderate Position:** Strong international bandwidth (ranked 14th globally) counterbalanced by middle-mile transmission gaps.
Economic & Social Impact	**46.70**	**92nd**	**Conversion Gap:** Indicates that digital infrastructure has not yet been translated into broad-based economic productivity.
People (Workforce Readiness)	**34.26**	**90th**	**Primary Bottleneck:** Highlights persistent gaps in formal digital skills, advanced technical training, and corporate technology adoption.

Kenya's diagnostic profile reveals a distinct divergence: the country scores highly in Governance (60.02) and Future Technologies (ranked 42nd globally) but performs poorly in People (34.26) and Impact (46.70). This confirms that the primary constraint facing Kenya is no longer policy design or technology availability, but domestic human capability and commercial conversion.

10.2. THE FIVE POLICY LEVERS FOR INVESTMENT ACCELERATION

Closing the conversion gap will require policy frameworks that align public-interest objectives with commercial operating realities. Across the five priority areas, the focus should be on maintaining appropriate safeguards while improving regulatory clarity and supporting responsible investment.

The following policy considerations are derived from the report's independent analysis of publicly available evidence and are presented for discussion. They should not be interpreted as representing the approved policy position of any individual AmCham member, American technology company or investor unless expressly attributed to that organisation.

1. **Data Governance & Cross-Border Mobility:** The current position is that the Data Protection Act, 2019 permits cross-border data transfers while maintaining targeted Localization requirements for strategic public interests, including civil registration and public healthcare under Regulation 26. The observed challenge is that multinational cloud providers and regional fintech platforms require clearer and more standardized compliance mechanisms to operate efficiently across jurisdictions. This is important because the Information Technology and Innovation Foundation estimates that a one-point increase in data restrictiveness reduces national gross trade output by 7% and productivity by 2.9% over five years[33]. The potential policy consideration is for the Office of the Data Protection Commissioner to publish standard Model Contractual Clauses aligned with the AfCFTA Digital Trade Protocol, improving regional data mobility while maintaining appropriate data-protection safeguards.
2. **Artificial Intelligence Governance:** The current position is that Artificial Intelligence Bill, 2026 proposes a dedicated AI Commissioner and regulatory sandboxes, but introduces penalties of up to KES 5 million and two years' imprisonment[34]. The observed challenge is to create a framework that encourages innovation while ensuring accountability, safety and appropriate safeguards for consumers, institutions and public trust. The potential policy consideration is to adopt risk-based

[33] Information Technology and Innovation Foundation. (2021, July 19). *Restrictions on international data flows have doubled in four years, with measurable economic consequences, ITIF reports*.
[34] CFL Advocates. (2026, March 25). *Architecting the future: The Artificial Intelligence Bill 2026 enters the Senate*.

enforcement and operationalize supervised sandboxes for agricultural, financial and health-related AI applications, enabling responsible experimentation under appropriate safeguards.

3. **Intellectual Property and Text/Data Mining (TDM):** The current position is that the Copyright and Related Rights Bill, 2026 provides a copyright exception for non-commercial research, but does not establish an equivalent statutory pathway for commercial machine learning[35]. The observed challenge is that training Swahili and other local-language foundation models requires access to substantial text and audio corpora, while the absence of a clear commercial Text and Data Mining framework creates uncertainty for developers and raises legitimate concerns regarding creator rights. A potential policy consideration identified through this assessment is for the Kenya Copyright Board to evaluate a regulated commercial Text and Data Mining framework with appropriate creator protections, including opt-out or licensing mechanisms.

4. **Predictable Digital Taxation:** The current position is that the Significant Economic Presence (SEP) Tax, enacted via the Tax Laws (Amendment) Act, 2024 and amended by the Finance Act, 2025, applies an effective 3% effective tax on gross turnover derived from Kenyan users, following the removal of the previous KES 5 million threshold[36]. Digital taxation plays an important role in protecting the national tax base and maintaining a competitive environment. The observed challenge is that stakeholders have highlighted the need for tax frameworks to remain predictable and proportionate, particularly for emerging digital businesses, as applying the tax to gross turnover without a minimum threshold may disproportionately affect early-stage platforms and low-margin software resellers. A potential policy consideration identified through this assessment is to evaluate the case for proportionate turnover thresholds and clearer administrative guidance on revenue attribution, while balancing revenue mobilisation with the need to support emerging digital businesses.

Table 17: Decision Framework: Priority Policy Levers to Unlock Digital Investment

Policy Lever	Current Position	Observed Challenge	Potential Policy Consideration	Intended Outcome
1. Data Governance	Cross-border transfers are permitted subject to data-protection and targeted Localization requirements.	Approval processes and compliance mechanisms may be unclear for regional cloud operations.	Publish standard Model Contractual Clauses aligned with the AfCFTA Digital Trade Protocol.	Improve regional data mobility while maintaining data protection.
2. AI Governance	The draft AI Bill proposes oversight institutions, sandboxes and statutory penalties.	Requirements must balance innovation with safety, accountability and public trust.	Adopt risk-based enforcement and operationalize supervised sector sandboxes.	Support responsible AI innovation and consumer protection.
3. Intellectual Property	Non-commercial research exceptions exist, but commercial Text and Data Mining remains unclear.	Legal uncertainty affects local-language AI development and creator rights.	Consider a regulated commercial Text and Data Mining exception with creator protections.	Enable domestic model development while protecting intellectual property.
4. Digital Taxation	Significant Economic Presence Tax applies to gross	The framework may disproportionately affect	Consider a turnover threshold and clearer	Maintain the tax base while supporting

[35] Global Law Experts. (2026). *Kenya Copyright and Related Rights Bill 2026: What businesses and rights-owners must do now*.
[36] Okeyo, J. (2026, April 9). *Draft SEPT Regulations 2025: Significant Economic Presence Tax*. Keldine LLP

Policy Lever	Current Position	Observed Challenge	Potential Policy Consideration	Intended Outcome
	turnover without a minimum threshold.	early-stage and low-margin businesses.	revenue-attribution guidance.	emerging digital businesses.
5. Content Regulation - Over-the-Top (OTT) and Online Streaming platform	Proposals to align video-on-demand services with local subscriber Terms & Conditions filing, consumer protection codes, and KFCB content classification.	Multi-layered local content classification and T&C filings create operational friction and censorship risks for global platforms.	Adopt co-regulatory models that recognize platform self-classification, global rating standards, and automated parental controls.	Ensure consumer protection and child safety while maintaining platform operational scalability.
6.Digital Competition & Market Power	The Competition (Amendment) Bill, 2026 introduces Strategic Market Position (SMP) and Superior Bargaining Position frameworks alongside existing dominance rules.	Overlapping dominance concepts, lack of clear evidentiary/designation thresholds, expanded administrative discretion, and a shift away from effects-based harm analysis create legal uncertainty and investment chilling.	Refine the Bill to mandate effects-based harm analysis, delete or clearly define SMP with objective CAK criteria/guidelines, clarify terms ("business consumer", "digital activity"), and maintain procedural safeguards.	Prevent regulatory overreach and enforcement uncertainty while fostering fair competition, dynamic platform innovation, and market power

10.2.1. STRATEGIC OPPORTUNITIES: ENABLING ENVIRONMENT & POLICY UNLOCKS

- **AfCFTA Digital Trade Hub:** Aligning domestic data-transfer templates with the AfCFTA Digital Trade Protocol could position Kenya as a preferred jurisdiction for regional data processing and cloud management.
- **National AI Testing Sandboxes:** Joint regulatory sandboxes established by the Ministry of ICT and sector regulators could enable fintech and health-tech firms to test AI models under controlled conditions, generating evidence to inform future regulation.
- **Regional Digital Hub Positioning:** Kenya can position itself as a regional Center for cloud services, AI innovation and digital trade, supporting increased investment, digital exports and employment.

The effectiveness of Kenya's digital economy will depend not only on technology adoption, but also on the policy certainty and institutional capacity needed to support long-term investment. A stable and predictable enabling environment provides the foundation for investors, technology companies and local enterprises to commit capital and scale innovation. The next section therefore examines the financing mechanisms and strategic partnerships that can accelerate digital investment and value creation.



STRATEGIC INVESTMENT & PARTNERSHIP OPPORTUNITIES

11. STRATEGIC INVESTMENT & PARTNERSHIP OPPORTUNITIES

Kenya's digital economy requires different forms of capital across the enterprise and infrastructure lifecycle. The central investment question is therefore not only how much capital Kenya attracts, but which forms of capital generate the greatest and most sustainable economic value. Venture capital supports innovation and early-stage scaling; growth equity enables established firms to expand; infrastructure capital strengthens connectivity and digital capability; and development-finance institution capital helps de-risk projects and mobilize additional private investment. Aligning these financing instruments with the needs of enterprises and infrastructure projects will be essential to translating investment into productivity, employment and long-term economic value.

11.1. THE VENTURE CAPITAL LANDSCAPE: NAVIGATING DEAL CONCENTRATION

In 2025, Kenya maintained its position as the premier destination for technology financing in Africa, attracting US$1.04 billion in total capital[37]. However, financing volume alone does not indicate whether capital is reaching the businesses and projects capable of generating broad-based economic value. The composition, maturity, risk tolerance and intended use of capital are equally important.

Table 18: Kenya's 2025 Technology Financing Profile

Financing Layer	Volume (US$)	Continental Context	Economic Function	Strategic Assessment
Total Funding	**US$1.04 billion**	**Ranked 1st in Africa** (Ahead of Nigeria, Egypt, and South Africa).	Provides capital for enterprise and infrastructure growth	Confirms Kenya's attractiveness to international technology investors, although the distribution and use of capital remain important.
Equity Financing	**US$539 million**	Ranked 2nd in Africa (South Africa led in total equity raised).	Supports innovation, business expansion and scaling	Indicates investor appetite for scalable businesses, although financing remains concentrated in later-stage firms.

[37] Partech. (2026). *2025 Africa Tech Venture Capital report*.

Financing Layer	Volume (US$)	Continental Context	Economic Function	Strategic Assessment
Debt Financing	**US$498 million**	Represents 47.9% of Kenya's total capital inflow.	Finances mature and asset-backed business models	Reflects the maturity of businesses such as M-KOPA and Sun King but may introduce repayment and foreign-exchange exposure.
Megadeals (≥$100m)	**4 Transactions** (~US$610m total)	Four of Africa's nine total megadeals were closed in Kenya.	Provides expansion capital for mature businesses	The four transactions absorbed 58.6% of total capital, indicating limited financing reach among early-stage enterprises.

While the headline US$1.04 billion figure signals strong international confidence, the concentration of capital within a small number of mature businesses highlights the continued importance of expanding financing pathways for early-stage innovators. More than half of Kenya's technology funding was absorbed by four large transactions, while nearly half of total capital was provided as debt. This limits the availability of risk-tolerant equity for pre-seed and seed-stage enterprises that may not yet have the revenues or assets required to access conventional financing.

Domestic institutional capital could help diversify these financing pathways. As of December 2025, Kenyan pension schemes held KES 2.81 trillion in assets, of which 52% was invested in government securities and only 1.1%, equivalent to KES 29.93 billion, was allocated to private equity and venture capital[38]. Appropriately structured co-investment vehicles could enable institutional investors to participate alongside experienced fund managers while directing more patient capital towards high-growth local technology businesses.

11.2. STRATEGIC CORPORATE & BILATERAL PARTNERSHIPS

The quality of investment is also shaped by the capabilities, infrastructure and market access that accompany financial capital. Corporate and bilateral partnerships can generate additional value by transferring technical expertise, supporting workforce development, reducing project-preparation risks and connecting local businesses to international technology ecosystems.

- **Safaricom & Amazon Web Services (AWS):** An enterprise-level partnership deploying advanced graph neural networks to automate fraud detection, achieving an F1 accuracy score of up to 89%, while upskilling local telecommunications engineers in cloud architecture[39].
- **Microsoft research, engineering and ecosystem partnerships:** Microsoft's locally based engineering, research, artificial intelligence, cybersecurity, connectivity and skilling initiatives illustrate how corporate investment can create value beyond technology sales. Through the Africa Development Center, Microsoft Research Africa, the AI for Good Lab, Sustainable and Connected Communities, and partnerships with government, industry and local organisations, Microsoft supports technical employment, locally relevant innovation, digital inclusion, institutional capacity and the development of Kenya's wider technology ecosystem**.** .
- **Semiconductor Technologies Limited (STL) & USTDA:** A bilateral engagement supported under the U.S. CHIPS and Science Act framework, providing feasibility and project preparation support to scale domestic semiconductor fabrication in Nyeri[40].

[38] Retirement Benefits Authority. (2026, March 4). *Kenya's pension assets rise to KSh2.81 trillion in 2025*.
[39] Safaricom PLC. (2025, June 4). *Safaricom set to transform Kenyan consumers' digital experience on AWS*.
[40] U.S. Trade and Development Agency. (2024, May 24). *USTDA partners with Kenya to boost semiconductor manufacturing*.

- **Startup Acceleration:** Programmes such as NVIDIA Inception (supporting local startups like Hisa and Pariti[41]) and the Google for Startups Accelerator inject technical resources, cloud compute credits, and architectural mentoring into the startup community.

These partnerships demonstrate that strategic investment can create value beyond the initial capital commitment. Their broader economic contribution depends on the extent to which they develop local skills, strengthen domestic supply chains, expand infrastructure and enable Kenyan enterprises to participate in regional and global markets.

11.3. THE US$500M U.S.–AFRICA STRATEGIC INVESTMENT PROGRAM: A CATALYTIC FINANCING MECHANISM

The U.S. Department of State's U.S.–Africa Strategic Investment Program (Notice of Funding Opportunity: DFOP0019410, updated 12 August 2026) provides an estimated total funding pool of up to US$500 million, with individual project awards ranging between US$5 million and US$50 million[42].

This initiative is not a direct sovereign grant or an infrastructure allocation earmarked exclusively for Kenya. Foreign governments are ineligible to apply directly as prime recipients. Instead, it functions as a catalytic public-financing facility designed to support private-sector and non-governmental consortia.

The strategic value of the programme lies not only in the grant funding provided, but in its ability to de-risk early-stage investments and unlock larger pools of private capital. For Kenyan project developers, this creates an opportunity to advance bankable digital infrastructure, clean-energy and technology projects that may otherwise struggle to attract commercial financing

Table 19: Strategic Digital Investment Pipeline Opportunities

Investment Area	Market Constraint	Appropriate Capital	Strategic Partnership Opportunity	Domestic Value-Creation Mechanism	Measurable Indicator
Geothermal Data-centres	High capital costs and power-interconnection risks	Blended infrastructure finance, equity and development-finance guarantees	U.S. hyperscale cloud providers and clean-technology vendors	Local construction, specialized electrical engineering and long-term utility contracts	Commissioned capacity and Power Usage Effectiveness below 1.3
Applied AI Workflows	Limited local-language datasets and domestic computing capacity	Venture capital and corporate accelerator support	Foundation-model developers and cloud providers	Technical employment in data curation, translation and application fine-tuning	Number of localized public-sector and SME applications deployed
SME Digital Enablement	High business mortality and reliance on manual processes	Growth equity and corporate venture partnerships	B2B software and enterprise-cloud providers	Improved productivity, reduced inventory losses and greater formalization	Number of active MSMEs using cloud-based enterprise systems
Algorithmic Credit Rails	Information asymmetry and collateral requirements	Development-finance and impact-investment facilities	Cloud-telemetry providers and payment networks	Working capital for thin-file merchants and informal traders	Total credit disbursed and change in default rates

[41] Kanali, N. (2022, May 19). *[Kenya] Fintech startup Hisa joins NVIDIA Inception Programme*. Africa Business Communities.
[42] U.S. Embassy in Cameroon. (2026, July 31). *U.S.-Africa Strategic Investment Program*.

Investment Area	Market Constraint	Appropriate Capital	Strategic Partnership Opportunity	Domestic Value-Creation Mechanism	Measurable Indicator
Exportable Digital Labor	Dependence on low-margin data-entry outsourcing	Growth equity and commercial joint ventures	Global technology companies seeking AI and technical services	Higher-value employment in model evaluation, cybersecurity and software development	Export revenue and full-time technical jobs created

11.3.1. STRATEGIC OPPORTUNITIES: INVESTMENT & CATALYTIC CAPITAL

- **Consortium Applications for DFOP0019410:** Kenyan infrastructure developers could partner with eligible U.S. engineering firms and technology providers to pursue project-preparation funding for bankable digital infrastructure and regional data-corridor projects.
- **Domestic Pension Fund Tech Allocations:** Specialized co-investment vehicles could enable domestic institutional investors to finance high-growth technology enterprises alongside experienced private-equity and venture- capital managers.
- **Stage-appropriate financing pathways:** Venture capital could support innovation and early-stage scaling, growth equity could finance firm expansion, infrastructure capital could strengthen connectivity and digital capability, and development-finance capital could de-risk projects and mobilize private investment.

Collectively, these opportunities demonstrate that Kenya's digital economy is supported by a growing ecosystem of investors, technology companies, development-finance institutions and local enterprises. Realizing their full economic potential will require coordinated action across investment, policy, skills development and innovation ecosystems. The final section therefore outlines the strategic priorities for strengthening technology-driven economic value creation in Kenya.



12. THE ROAD AHEAD

Translating Kenya's technology footprint into sustained economic growth requires coordinated strategic action between the Government of Kenya (GoK), the private sector, and international investors.

12.1. STRATEGIC POLICY AND INVESTMENT PRIORITIES

To secure the next wave of capital investment and maximize the domestic retention of economic value, stakeholders should focus on the following high-level strategic recommendations:

Table 20: Strategic Recommendations to Unlock Digital Investment

Strategic Priority	Recommended Action	Economic Rationale
1. Standardize Data Transfers	Provide clear guidance or approved Model Contractual Clauses (MCCs) for cross-border data flows, aligning with the AfCFTA Digital Trade Protocol.	Lowers compliance uncertainty for regional cloud providers and supports the export of Kenyan digital services.
2. Support Safe AI Innovation	Transition to a risk-based AI governance model and operationalize regulatory sandboxes for agricultural and clinical algorithms.	Accelerates domestic AI innovation and testing without exposing early-stage developers to disproportionate legal risk.
3. Enable Local AI Model Training	Establish a commercial Text and Data Mining (TDM) fair-use framework within current copyright reforms.	Reduces the legal friction of training locally relevant, Swahili-language foundation models, supporting domestic IP creation.
4. Ensure Tax Predictability	Clarify Significant Economic Presence (SEP) Tax attribution rules and evaluate minimum turnover thresholds for early-stage digital platforms.	Replaces unclear enforcement with predictable rules, encouraging market entry while insulating low-margin domestic startups.
5. Build Catalytic Pipelines	Structure bankable, consortium-led digital infrastructure projects targeted at catalytic	Mobilizes early-stage risk capital to de-risk high-CAPEX projects like cross-

Strategic Priority	Recommended Action	Economic Rationale
	facilities (e.g., the U.S.–Africa Strategic Investment Program).	border fiber and green-energy compute facilities.
6. Align Skills to Market Demand	Deepen partnerships between U.S. technology companies, TVETs, and the GoK to align digital curricula directly with exportable service demands.	Accelerates the transition of the workforce from basic digital literacy into high-value BPO and software engineering employment.
7. Modernise OTT and Digital Content Regulation	Adopt a co-regulatory approach that recognises platform self-classification, international content-rating standards and digital compliance mechanisms while maintaining appropriate consumer-protection safeguards.	Reduces regulatory uncertainty for streaming and digital-content providers, supports investment in Kenya's digital media ecosystem
8. Promote Competition Through Regulatory Certainty	Ensure competition frameworks remain evidence-based, proportionate and transparent by providing clear guidance on market-power assessments and digital-platform regulation.	Supports innovation and investment while safeguarding competitive markets, providing greater certainty for technology companies, investors and digital businesses operating in Kenya.

12.2. THE NEXT ANALYTICAL FRONTIER: PHASE II ECONOMIC IMPACT ASSESSMENT

This initial Snapshot establishes the evidence base for understanding the activities and technology footprint of American technology companies in Kenya and the structural mechanisms through which that footprint contributes to domestic value. However, public data cannot support a single aggregate GDP or employment multiplier attributable specifically to foreign technology inputs.

To move from contribution mapping to quantified impact measurement, a Phase II Economic Impact Assessment is recommended. This subsequent phase would utilize proprietary enterprise-level data, input-output tables, and localized econometric modelling.

A Phase II assessment would seek to quantify the following impact layers:

- **Direct & Indirect Impact:** Kenyan employment, payroll, local operational spending, capital expenditure (CAPEX), and spending on Kenyan supply chains (systems integration, construction, professional services).
- **Enterprise Productivity:** Cloud adoption cost savings, process cycle reductions, and revenue expansion among client MSMEs.
- **Fiscal & Trade Yield:** Direct tax contributions (Corporate, PAYE, VAT) and foreign exchange (FX) generated through digital exports.
- **Domestic Value Retention:** The net proportion of technology-driven wealth retained locally, measured through domestic reinvestment ratios and Kenyan ownership of intellectual property.

This report finds that Kenya has established many of the foundational conditions required for digital growth, including expanding connectivity infrastructure, growing cloud and data-Center investments, strengthening digital-government platforms, increasing digital-skills development and a vibrant technology ecosystem. American technology companies contribute to this ecosystem through infrastructure, platforms, finance, innovation and partnerships that support Kenya's digital transformation.

However, the findings consistently demonstrate that the country's primary challenge is no longer access to technology. The greater opportunity lies in converting technology investments into productivity gains, business growth, higher-value employment, innovation, exports and locally retained economic value. Across all pillars, the evidence suggests that the greatest returns arise when technology is adopted

productively, supported by skilled talent, embedded within local enterprises and linked to domestic supply chains and innovation ecosystems.

Infrastructure, adoption, skills, finance and value retention are therefore not separate priorities, but interconnected components of the same economic transformation process. The extent to which Kenya captures long-term value from digital investments will depend on its ability to strengthen these connections and ensure that technology deployment translates into broad-based economic participation and sustainable growth.


AMERICAN CHAMBER OF COMMERCE
KENYA