

Poverty in the Eyes of Poor Kenyans

An Insight into the PRSP Process

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1. Introduction

- 1.1 Poverty, the undignified material deprivation that afflicts so many people in the world, when stated in statistical terms is but an aberration. It is the lives of the poor people and their heart-rending tales that bare the depth of poverty. The Poverty Reduction Strategy Paper (PRSP) process in Kenya brought out the reality in people's lives and made it easier to understand what the 56 per cent of Kenyans living in abject poverty go through. On becoming a republic in 1964, Kenyan leaders vowed to eradicate poverty, disease and illiteracy. Today the proportion of the population living on less than one US dollar a day, that is the poverty line, is higher than that of thirty-eight years ago.
- 1.2 The recently concluded stakeholder consultations for the development of the PRSP provided a good opportunity to review the needs and aspirations of Kenyans. Failure in Kenya's development process has in many cases arisen, not from lack of good policy recommendations, but from a hopeless absence of the political will to implement policy.
- 1.3 The PRSP process provided a good opportunity for the private sector, Civil Society Organisations (CSOs) and common people to participate in policy formulation.
- 1.4 The private sector, which simply describes all private efforts aimed at wealth creation as delineated from public services by government plays a vital role in economic growth and national development. It is the engine of the economy as it were. Government policy can depress or stimulate private sector activities and thereby the rest of the economy. It is for this reason that the private sector should be involved in policy formulation and in monitoring implementation of such policies.
- 1.5 CSOs work with, and represents a huge constituency comprising most of the poor and marginalised people. Their participation in the process was vital.
- 1.6 The Government of Kenya (GOK) has stated its commitment to the PRSP and that the document formed the basis of the 2001/02 budget and is expected to influence the three-year rolling Medium Term Expenditure Framework (MTEF).
- 1.7 Whereas lack of adequate funds is a major obstacle to the implementation of the PRSP, the government has to make a real effort to achieve the priority objectives outlined by the people in the document.
- 1.8 Pragmatic strategies have to be put in place to ensure that given the limited resources, hard choices based on the top priorities are made. Measures to shift funding from personal emoluments to operations and maintenance in the civil service are crucial. In a nutshell, political correctness should not be the criteria for allocating resources but rather, national priorities outlined in the PRSP should form the basis for government expenditure.
- 1.9 Government and development partners have to pay more attention to crosscutting issues. Efforts need to be invested in improving governance, making the private sector vibrant,

reforming the civil service, managing the HIV/Aids pandemic and creating a working partnership with stakeholders in the development process.

1.10 There is a great need to widen space for engagement between government and other stakeholders in efforts to reduce poverty. This would entail:

- (a) Establishment of a legitimate institutional framework for poverty reduction at the national, district and sub-district levels;
- (b) Assessment and enhancement of the institutional and organisational capacity of government and stakeholders to effectively engage in poverty reduction efforts;
- (c) Appraisal, mobilisation and use of resources to achieve poverty reduction;
- (d) Analysis and dissemination of the PRSP, national, local authority plans and budgets at the district and sub-district levels to empower people;
- (e) Negotiation and implementation of an effective framework for participatory poverty reduction monitoring and evaluation.

2. Background

- 2.1 Poverty in Kenya has been growing at an alarming rate. In 1990 Kenya had a Gross Domestic Product (GDP) per capita at current prices of US \$ 355². This declined to an estimated US \$ 294 in 2000. The population living on less than one US dollar per day, that is those who are below the overall poverty line, has risen drastically from 40 per cent in 1994³ to an estimated 56 per cent in 2000.
- 2.2 Some comparisons between Kenya and developed countries help put poverty levels in perspective. According to the UNDP reports, life expectancy at birth in Kenya stood at 51 years in 1998 compared to 76 years in the Organisation for Economic Co-operation and development (OECD) countries. In the same year, adult literacy in Kenya was 81 per cent of the population of 15 years and above compared to 97 per cent in the OECD countries.
- 2.3 The economy has been in a steady decline for the last five years, with GDP growth slowing from 4.6 per cent in 1996 to -0.3 in 2000⁴. Over the same period, annual population growth has averaged 2.5 per cent, implying that real GDP per capita has been seriously eroded⁵.
- 2.4 Over the years, GOK has launched many policy papers designed to spur sectoral and overall economic growth but apparently, most have come to naught. Many analysts and observers now agree that the root cause of policy failure is lack of political will and the institutional framework to implement policy, monitor progress and take corrective action in a timely fashion.

3. PRSP Implementation challenges in Kenya

- 3.1 Policy formulation and implementation has hitherto been done without involving all stakeholders, resulting in the hopeless situation of policies that are disowned by the beneficiaries and implementation agents. It is in recognition of this anomaly that lately, and with the support of development partners, participatory methods of policy formulation have become vogue. The development of the PRSP in 2001 was the first major case of this approach in Kenya where all stakeholders, notably the poor people themselves, marginalised groups, civil society, the private sector and government came together to consult and write a policy paper.
- 3.2 The next stage in this process is the implementation of strategies to reduce poverty based on the priorities identified by stakeholders in the PRSP and monitoring progress. This is the most critical stage of the entire process and participation of stakeholders is vital.

² United Nations Development Programme (UNDP) (2000), *Human Development Report 2000*.

³ Ministry of Finance and Planning, Republic of Kenya (2000), *Second Report on Poverty in Kenya*. Volume I.

⁴ Ministry of Finance and Planning, Republic of Kenya (2001), *Economic Survey 2001*.

⁵ See Annex I to this document for further details on the economic factors underlying poverty in Kenya.

- 3.3 Government has indicated willingness to ensure the participation of all stakeholders in the implementation and monitoring exercises⁶.
- 3.4 The growing problem of poverty in Kenya emanates from two major underlying causes. Firstly, policy formulation has not been adequately consultative and implementation has in many cases been haphazard with policy reversals sometimes occurring for no good reason. Secondly, due to civic inertia people and their representatives have failed to influence decisions and allocation of resources leaving central government administrators as the sole decision makers in pertinent matters at the national, local authorities and community level. This has to be reversed for policy implementation to be successful.
- 3.5 The National Poverty Eradication Plan (NPEP) outlines the goals GOK hopes to achieve in poverty alleviation, notably a drastic reduction in the proportion of people living below the overall poverty line by 2015. The PRSP and MTEF budgets provide, respectively, the tactical and operational strategies to achieve this goal. However, these plans can only work if the institutions and organisations performing this onerous task are effectual. It behoves government and development partners to help create an institutional framework to enable all stakeholders to be involved in efforts to alleviate poverty in Kenya.
- 3.6 In recent policy pronouncements, GOK has stated that it intends to pursue a balanced budget regime starting from the end of the 2001/03 MTEF period. The main difficulty in alleviating poverty in Kenya lies in attempting to achieve the PRSP objectives without upsetting the macro-economic fundamentals. Despite the short-term gains of running budget deficits for social objectives, a balanced budget could result in sustainable growth and social welfare in the longer term. It is clear then that the efforts and resources of development partners, civil society and the private sector are desperately required to augment severely limited GOK resources in order for poverty to be reduced.
- 3.7 Empowerment of people to participate in this process not only sits well with current development thinking, but has also been accepted by the government as a cause of past policy failings and therefore an approach to be pursued now⁷. Participatory processes are known to empower people and enable development agents to identify effective strategies for poverty reduction⁸.
- 3.8 Poverty reduction in Kenya can be achieved if the following key implementation and monitoring tasks are carried out properly:
- (a) Establishment of a legitimate institutional framework for poverty reduction at the national, district and sub-district levels. The institutions thus created should facilitate engagement between government, civil society, private sector and other stakeholders and

⁶ Ministry of Finance and Planning, Republic of Kenya (2001), *Poverty Reduction Strategy Paper for the Period 2001-2004, Volume I*.

⁷ Republic of Kenya (1999), *National Poverty Eradication Plan 1999-2015*.

⁸ Tegemeo Institute, Egerton University (2000), *Policy Analysis for Participatory Poverty Alleviation*. A Paper for Non Governmental Organisations.

ensure participation of poor and marginalised people in the poverty reduction efforts. An appropriate policy and legislative framework to ensure this has to be put in place;

- (b) Assessment and enhancement of the institutional and organisational capacity of government and stakeholders to effectively engage in poverty reduction efforts. This should be geared towards ensuring that the institutions and organisations involved in the process demonstrate improved capacity to carry out poverty reduction tasks and strategic partnerships with other stakeholders are developed;
- (c) Appraisal, mobilisation and use of GOK resources, both national and local, private sector and civil society resources to achieve poverty reduction. This would lead to improvements. Support should also be lend to efforts to organise people around common interests to influence decision making and resource allocation;
- (d) Analysis and dissemination of the PRSP, national and local authority plans and budgets at the district and sub-district levels to empower people to understand and influence resource allocation and use;
- (e) Negotiation and implementation of an effective framework for participatory poverty reduction monitoring and evaluation. A framework for participatory monitoring and evaluation should be established, engagement broadened and information systems developed to ensure effectiveness.

3.9 The challenge of poverty reduction in Kenya is enormous. The enthusiasm displayed by stakeholders in developing the PRSP can be built upon and sustained to ensure successful implementation and monitoring of poverty reduction strategies.

4. Appraisal Issues

4.1 Institutional appraisal

4.1.1 The greatest challenge in this project lies in establishing an institutional framework and building the capacity of institutions and organisations to participate in the implementation and monitoring of poverty reduction strategies. The poor people have to be empowered to break through local barriers in the government decision-making organs in order to articulate their aspirations in policy making and implementation.

4.1.2 The institutional capacity to successfully implement the PRSP hinges on an unwavering focus on the strategic vision of poverty alleviation. Progress towards this should be monitored closely and a review of strategies based on objective evaluations conducted regularly.

4.1.3 Linkages between stakeholders is important to ensure that the strategies designed to alleviate poverty are practical and satisfactory to the greatest number of people and groups.

- 4.1.4 The need to develop social capital further in communities cannot be gainsaid. Poor people have been unable in the past to influence resource allocation in Kenya. Deliberate efforts should be made to organise and empower people to have a say in decisions on resources allocation and use at the community level and, through effective linkages and representation, at the district and national levels too.
- 4.1.5 Government policies have in some cases failed due to lack of an institutional framework that allows wider participation of stakeholders. The strategies designed in such processes are, as a consequence, disowned by key stakeholders and development agents. The District Focus for Rural Development (DFRD) strategy in Kenya failed for this reason⁹. The remnants of DFRD structures, especially the District Development Committees (DDCs) are active but do not have wide representation and government officials wield disproportionate clout at the cost of inclusiveness in decision-making. The structures established for the PRSP process were quite participatory and represent a good alternative as a framework for development planning, implementation and monitoring of poverty reduction strategies.
- 4.1.6 There is a great need to entrench the institutions established in the policy and statutory framework of the country. This will help focus efforts on set goals and give decisions legal force, hence more effectiveness.
- 4.1.7 Most transitional economies have experienced costly setbacks in their development due to inadequate institutional development manifested in weaknesses in policy formulation, public service delivery, oversight and accountability¹⁰.
- 4.1.8 Broad-based rapid growth requires effective government and community-based institutions. Such an approach inevitably entails civil service reforms to improve efficiency of public services and broad decentralisation to influence the way in which resources are allocated¹¹.
- 4.1.9 Weak social capital and dissolution of bonds of trust between individuals and social groups and a weak civil society are detrimental to economic growth. Prosperity for a majority of people can only be attained if investment in social capital is made¹². It follows that institutions that provide access and representation to all people are the

⁹ Republic of Kenya (1999), *National Poverty Eradication Plan 1999-2015*.

¹⁰ The World Bank/International Bank for Reconstruction and Development (2000), *The Road to Stability and Prosperity in South Eastern Europe*. A Regional Strategy Paper.

¹¹ The World Bank/International Bank for Reconstruction and Development (1996), *Uganda: The Challenge of Growth and poverty reduction*. A World Bank Country Study.

¹² The World Bank/International Bank for Reconstruction and Development (2000), *The Road to Stability and Prosperity in South Eastern Europe*. A Regional Strategy Paper.

underpinning for multi ethnic, socially diverse societies to operate in a peaceful and sustainable manner.

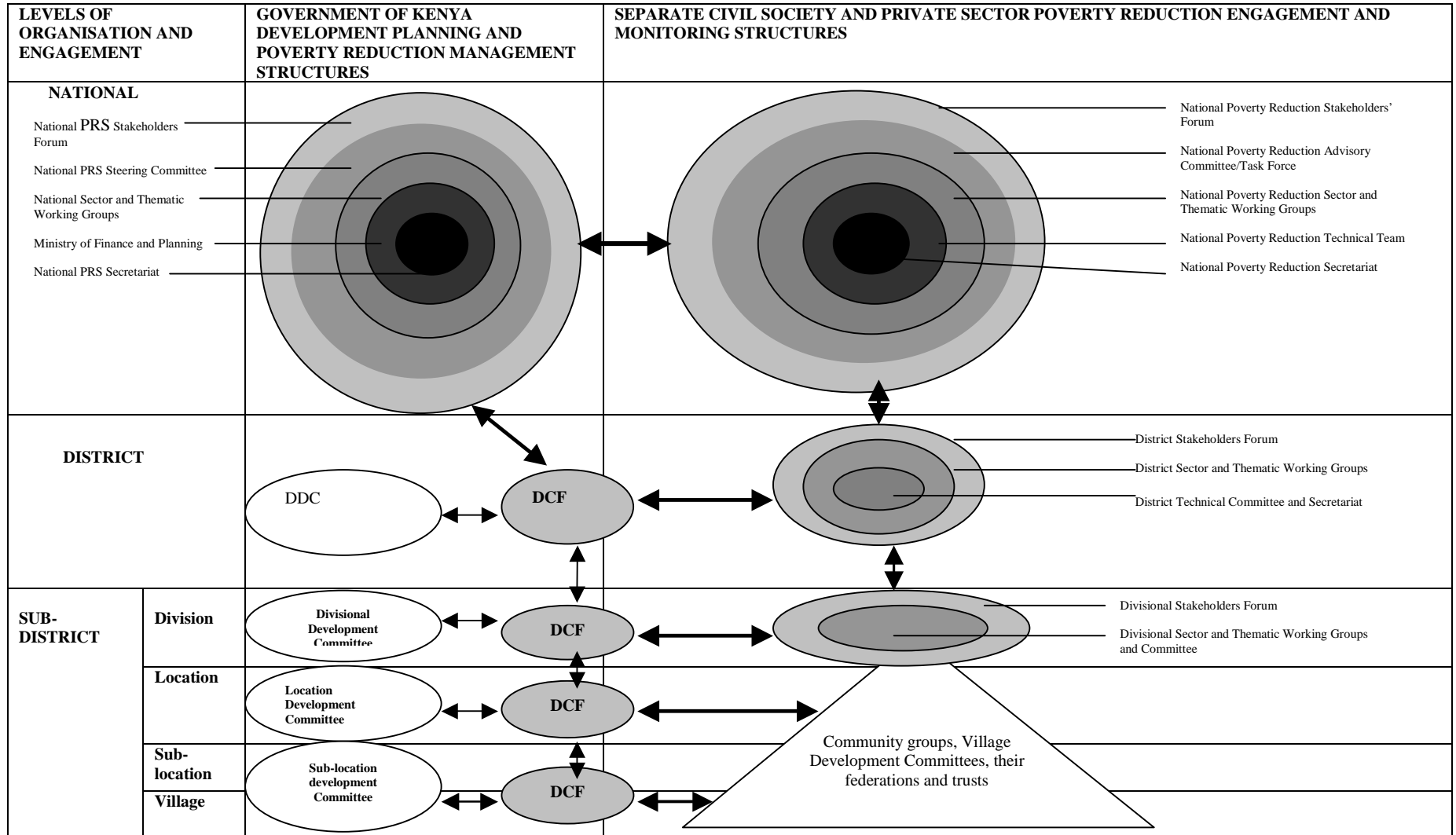
4.1.10 A recent study conducted in different sites in Kenya by policy researchers at Egerton University found that it is not possible for central government to effectively plan for poverty alleviation while excluding the people from the process¹³. The study asserts that involving the poor people themselves results in improved setting of priorities. Poverty reduction strategies should therefore:

- (a) Make poverty the overriding objective;
- (b) Deepen decentralisation to lower levels of local government to promote bottom-up and top-down planning and budgeting;
- (c) Empower people to take part in planning and implementation strategies.

¹³ Tegemeo Institute, Egerton University (2000), *Linking Poor Households to National Policy Agenda*. PAPP Conference Paper No. 2.

4.1.11 A diagrammatic illustration on the institutional framework is shown below:

Institutional framework for participatory planning, management and monitoring of the poverty reduction strategies



4.2 Social appraisal

- 4.2.1 The social dimension of poverty in Kenya is manifested in an inability to engage in productive endeavour, poor access to essential needs, especially food, shelter, education and healthcare, among a host of other problems poor people grapple with. The social consequences of poverty permeate the entire society afflicting even the affluent, hence the need to involve all stakeholders to deal with this problem.
- 4.2.2 Policies in Kenya have in many cases depended on which group of people has the greatest influence in articulating its interests. For instance, structural causes of poverty in Kenya include poor market conditions arising from liberalisation of the economy carried out without adequate consultations with farmers, small-scale traders and other grassroots groups. Often, organised, well-connected groups get their way to the detriment of poor and marginalised people who are the majority. This is because most poor people are not well organised and have little influence over decisions at the local and national levels.
- 4.2.3 The social context of poverty reduction strategies based on a participatory approach is a more credible way of achieving ownership of policy and increasing the chances of the successful alleviation of poverty.

4.3 Financial and economic appraisal

- 4.3.1 Poor management of public resources in Kenya¹⁴ has contributed to economic decline and an increase in poverty. Financial probity, good management of public resources and accountability in public affairs are key to poverty reduction.

¹⁴ See various Auditor General's reports and Parliamentary Public Accounts Committee and Public Investments Committee reports released annually in Kenya.

5. Conclusion

- 5.1 The PRSP must be implemented to the letter for Kenya to prosper. The private sector and civil society should henceforth be continuously engaged in the process of formulation, implementation and monitoring of policy. Negotiation and implementation of an effective framework for participatory poverty reduction monitoring and evaluation.
- 5.2 Kenyans are waiting with bated anticipation to finally see the government shift the policy dispensation in favour of pro-poor initiatives. This country is brimming with human, entrepreneurial and natural potential. All that is needed is an enabling environment to exploit the opportunities that exist.

Annex I: Economic factors underlying poverty in Kenya

- 1.1 Kenya has registered a serious economic decline in the last five years with GDP growth in 2000 recorded at -0.3 per cent. All key sectors registered declines in the year 2000.
- 1.2 Agriculture remains the most important sector in the Kenyan economy and many of the poor people eke a living from agricultural activities. Agriculture directly contributes one quarter of the country's GDP and 70 per cent of all Kenyans are involved in the sector. Growth in agriculture was recorded at -2.4 per cent in the year 2000. All agricultural sub-sectors except coffee and horticulture registered decreased incomes and productivity. In the 1970s, Kenya was exporting processed beef and yet today, not a single beef processing plant in the country is operational, exports having stopped. In 1983, Kenya produced more sugar than it could consume and exported the surplus, proof that it could competitively be self-reliant in the product and sell abroad. Today, the country can barely meet half the domestic sugar demand and the product sells at an exorbitant price.
- 1.3 Manufacturing declined by 1.5 per cent in 2000. Production costs are high due to poor infrastructure and high energy costs. Profits and productivity in the sector are on the decline and job losses on the rise. The service sector has more or less stagnated.
- 1.4 Research done countrywide during the PRSP process by a consultant for private sector organisations revealed that the overriding constraints to private sector performance were high interest rates, limited access to credit and high taxation levels. Over-regulation of business, unfair competition, poor and costly physical infrastructure and insecurity were decried¹⁵.
- 1.5 During the district consultations problems afflicting people were outlined and several priorities identified. Generally, the urban poor were concerned with unemployment, constraints to small business, poor sanitation and healthcare and inadequate housing facilities. In the rural areas, people felt constrained by the difficulties they face in trying to satisfy their basic needs. Lack of agricultural extension and credit, poor roads and lack of good markets for produce were cited as major problems. People were also concerned with lack of affordable healthcare, the high cost of education and poor governance manifested in inefficient and corrupted public services. Kenyans want these obstacles removed urgently.

¹⁵ Raphael G. Mwai, Private Sector Forum (2001), *Private Sector Forum Submissions to the National PRSP Secretariat*.