

Poverty Reduction Efforts in Kenya: Institutions, Capacity and Policy

1. Introduction and Context

As part of its development objectives, the government of Kenya has continued to direct its efforts towards fighting disease, ignorance and poverty since 1963. However, poverty levels continue to rise, with the poor increasingly being unable to afford adequate food and nutrition, access to basic services viz. education, health, safe water and decent housing. The launch of the National Poverty Eradication Plan (NPEP 1999) and the Poverty Reduction Strategy Paper (PRSP) 2000-2003 was intended to guide poverty alleviation efforts.

The stated commitments to poverty alleviation by 2015 require adoption of a multi-sectoral approach, incorporating harmonization of policies and strategies and joint ownership of programmes. A systematic analysis of poverty reduction efforts in the country shows that the role of institutions has neither been given attention nor examined. Little effort has been made to relate policies, institutions and poverty alleviation efforts. Policy decisions such as the enactment of the Non-Governmental Coordination Act in 1990 could not bear meaningful results due to lack of conducive environment for team efforts in policy formulation and implementation.

Unfortunately, information on programmes run by various stakeholders on poverty alleviation including their concentration, capacity, networking and collaboration, or involvement of communities in identification and management of such programmes is often lacking or scattered. In addition, an analysis of the capacity of development institutions in poverty alleviation, participatory planning, budgeting and implementation of development programmes is wanting. This inadequacy has resulted in duplication of programmes, which do not address the needs of the local communities.

This study has, therefore, assessed policies put in place in the fight against poverty since 1952, and the role and capacity of institutions involved in poverty alleviation programmes. The study has also examined the existing institutional structures, which constrain successful implementation of poverty alleviation programmes. To address these issues, the study has recommended a number of social and institutional approaches that could be adopted to significantly reduce poverty levels.

2. Poverty Profiles

Poverty, especially food poverty, has been on the increase in Kenya. Incidences of poverty have increased from 3.7 million Kenyans in 1972 to 12.5 million in 1997, with 47% in rural areas and 29% in urban areas. Poverty distribution differs in various regions. For example, poverty levels have been decreasing in Central province, but increasing in Nyanza and Coast provinces. The distribution of poverty is also uneven with majority of the poor people being in the rural areas and slums in major cities and towns. The hardest hit districts are Marsabit with an incidence of 88%, Samburu-84%, Makueni-76%, Turkana-74%, Machakos-69%, Mandera-69%, Kilifi-67% and Embu-63% according to the Welfare Monitoring Surveys (WMS).

Women are amongst the poorest, yet, they could be the most instrumental in poverty reduction. Lack of legal protection of women's rights to have control over productive resources, personal security, and access to education have greatly contributed to this situation. Urban migration reveals that women are left in rural areas to handle a disproportional burden of feeding for the family, mainly by engaging in subsistence agriculture. More importantly, women contribute more labour than men (according to research), yet, decisions on household expenditure (even on resources generated by women) and strategic investment choices are made by men.

3. Challenges in Poverty Alleviation

The numerous policies formulated by the government to eradicate poverty have failed due to: lack of political will to implement the policies; donor syndrome - policies forced on Kenya so as to qualify for aid; weak resource base among institutions supposed to implement the policies; policies neither serious nor authentic - formulated to appease the public at crucial times; policies exclude institutions involved in poverty alleviation programmes; and policies lack realistic poverty alleviation strategies. Indeed, poverty reduction efforts have not yielded much impact partly due to: (i) duplication of efforts by institutions involved in poverty reduction programmes including the government, civil society organisations, and

the private sector; (ii) inadequate coverage by region and sector; (iii) lack of adequate resources; (iv) lack of clear and consistent policy direction; (v) lack of transparency and accountability; (vi) lack of stakeholder participation; and (vi) lack of effective governance.

3.1 Duplication of efforts

The stakeholders in poverty alleviation continue to make minimal impact on poverty status of the communities. There are weak linkages within and between institutions involved in poverty alleviation programmes. Sectoral collaboration remains largely ineffective or non-existent. The situation is compounded by duplication of services to communities. Most of the institutions are giving handouts rather than empowering the communities to initiate and sustain their own development.

3.2 Inadequate coverage by region and sector

Lead institutions in the fight against poverty are concentrated in urban centres, whereas poverty is mainly a phenomenon of the rural areas. Hence, the services of these institutions do not get to the poor. Most institutions have not invested in vital sectors such as agriculture, education, etc. These sectors are critical to poverty reduction and cannot be ignored any longer.

3.3 Lack of adequate resources

Granted, poverty alleviation requires adequate capacity in physical, human and financial resources, meaning that well-endowed institutions are likely to have significant impacts in poverty reduction than otherwise. Deficiencies in human, physical, financial and infrastructural capacities of the institutions involved in poverty alleviation weaken their potential impact. Almost all institutions are not adequately equipped with the requisite facilities and resources for effective implementation of programmes, except international and some national NGOs that exhibit expertise in their focal areas and have adequate resources for outreach activities. Such organisations are well networked, have skilled personnel and considerable infrastructure. Most of them receive donor funding.

3.4 Lack of transparency and accountability

Most of the institutions are often not transparent and accountable to the people in many respects. The Community Based Organisations (CBOs) have simple operations and are generally open to public scrutiny. Religious organisations are fairly transparent to their faithful. However, many national and international NGOs are generally less transparent. Very few involve the communities in project cycle management. Evidence of lack of transparency and accountability among many NGOs include:

- (a) Diversion of funds to less priority areas;
- (b) Pilferage i.e. embezzlement/theft;
- (c) Poor record keeping and failure to involve beneficiaries in financial management;

- (d) Exemption from tax and waivers and failure to extend the same to beneficiaries;
- (e) Requesting for land from the community without transferring derived benefits to them; and
- (f) Charging relatively high interest rates with limited grace period especially micro-finance institutions leading to high default rates.

Communities hardly question the operations of NGOs fearing that they might withdraw their support. They regard them as 'saviours', who assist them to accomplish what they could not have achieved on their own.

3.5 Lack of effective governance

Legislative governance as it relates to the formation of laws and institutions that guarantee access to resources by all participants is lacking. For instance, many women are not allowed access to family property, thereby weakening their position in poverty alleviation efforts. Instituting legislation to fight corruption, which is a hindrance to poverty reduction, should emanate from political establishment. The judicial system should facilitate mitigation on corruption cases efficiently.

3.6 Lack of stakeholder participation

Most development programmes have been conceptualised and implemented without soliciting the participation of the beneficiaries. This has resulted in projects that do not address the real problems of the beneficiaries, and cannot be sustained since they are not owned by the beneficiaries.

3.7 Lack of clear policy direction

A number of policies formulated by the government lack clear direction and realistic poverty alleviation strategies. Indeed, research shows that there has been an implicit assumption that the benefits of rapid growth of key sectors such as industry, service and agriculture will automatically trickle down to the people, yet this is not the case.

4. Recommendations

The following recommendations, if implemented, will go along way in reducing the alarmingly increasing incidences of poverty.

4.1 Strengthening institutional capacities

The greatest urgency lies in building long-term capacity of local institutions. Analysis of existing policies and reassessing poverty reduction efforts is required. Again, inter-organisational collaboration within sectors needs to be strengthened with guidance and infrastructural support from the government and well-endowed NGOs. There is also the need to improve on governance and make public institutions work for the poor. There is need to decentralise power, enforce the rule of law, encourage private sector investments, manage resources transparently and deliver services efficiently.

Efforts aimed at improving the capacity of the poor to internalise their own situations and participate in their own development should be encouraged. Weak partners should be supported to improve their capacities to effectively handle challenges in poverty alleviation. NGOs need to further coordinate, integrate and streamline their activities. They should enter into partnerships with local CBOs and involve the communities in project conceptualisation, identification, design, implementation, monitoring and evaluation (project cycle management).

Religious organisations should expand outreach programmes beyond members of their faiths and train communities in specialised management skills such as planning, budgeting and management. National institutions and the government should be involved in the provision of various infrastructural facilities, financial support, training and promotion of group dynamics for development.

Enhancing the capacities of CBOs in basic project management, financial systems management, marketing, networking and partnerships is critical for sustainability. Increased financial support and recognition as legitimate development actors would boost performance. In addition, efficient communication channels between CBOs and development partners should be strengthened. The donors should also share the vision of addressing poverty with other stakeholders to facilitate coordination of programmes.

Encouraging private sector participation by creating an enabling environment for entry and exit should be given priority. In particular, consideration should be given to tax incentives, creating legal framework for the operation of Micro and Small-Scale Enterprise (MSE) credit schemes and security, as they would raise performance levels. Other relevant measures would include simplifying licensing procedures, involving stakeholders in policy formulation and decision-making processes.

4.2 Expand institutional location and geographical coverage

There is a tendency to locate many poverty-related projects in urban areas or certain rural areas where infrastructure is better developed. There is need to equalize representation to cover all the groups affected by poverty. Consequently, appropriate incentives such as free land and waivers should be introduced to encourage institutions to expand to rural areas.

4.3 Strengthen the presence of institutions by area/sector

There should be greater intra and inter-sectoral collaboration among development institutions to minimize duplication of services. Second, local stakeholders' forums ought to be initiated where they do not exist and strengthened where they already exist. Likewise, community empowerment with survival skills, for instance, to recognize and exploit local potential sources of income, need to be considered. There is also need for regular stakeholder consultation and mobilisation of communities to ensure sustainability of projects.

4.4 Enhance participatory planning and development

Communities should be involved in all the stages of development intended to improve their situation. Therefore there is need to encourage communities to identify their needs, prioritise, plan and budget for desired projects. To ensure ownership of the projects, beneficiaries should contribute a specific or agreed proportion of the budget for the project. Likewise mobilisation of community resources (labour, materials, finance, etc.) would complement support for projects. Ownership will promote and assure project sustainability.

4.5 Re-engineer the DFRD Strategy

Reforming the District Focus for Rural Development (DFRD) should focus on encouraging and justifying the transition from centralised to decentralised institutional operations. This will help overcome the difficulties embedded in the original "blue" document including:

- (a) The fact that the DFRD is running parallel to the local county councils, often would produce conflicting results.
- (b) Inappropriate legislation to back support for poverty alleviation strategies and de-linking itself from state-led poverty alleviation programmes.
- (c) Failure to harmonize its existence with the participation of development partners at local level.
- (d) Lack of more responsive and flexible district plans and budgets drawn from the felt or priority needs of the local communities.
- (e) Failure to provide technical backstopping to the various programmes managed by the communities.

DFRD (or a similar approach) should be revamped to make it relevant to poverty alleviation. There is need to create committees at village level to promote participation and democratise decision-making to local units. District plans and budgets should be drawn from the needs of the communities as identified by them. Participatory approach should be used to solicit their views, which should be harmonised by sharing information on sustainable development, and develop district plans.

4.6 Utilization of poverty reduction funds

To guard against misappropriation, creating a poverty reduction fund at district level coloured by sector to specific project(s) and communities, and development partners is critical. The managing committee of the fund should be electorally drawn from representatives of all key stakeholders. Monitoring and evaluation should be a continuous process with periodical reporting to the stakeholders' forum. The role of the government should be limited to regulation and coordination of development partners, but in an independent and non-partisan manner.

4.7 Enhancing sectoral performance

There is need to identify sectors which are relatively more vital in poverty alleviation and which could be used to stimulate development of other sectors. Such sectors should receive increased allocation of financial and physical resources from poverty reduction funds. Such sectors include: micro and small enterprises (MSEs), health, education, income generating activities and agriculture. MSEs should have wider coverage and easy repayment terms. They should create or promote rotating savings, credit schemes and village banks to encourage savings and stimulate sustainable development.

The establishment of Bamako Initiatives (BIs) or community pharmacies would take health services closer to the people. Such pharmacies need to be adequately stocked with requisite drugs and managed by qualified personnel. The BIs could diversify their activities by initiating Income Generating Activities (IGAs) to boost

their financial base, while assisting those infected and affected by HIV/AIDS.

Particular emphasis should be placed on empowering individual entrepreneurs, people with disabilities (PWDs) and youth groups through capacity building and financial support.

Diversification of agriculture to reduce over-reliance on specific crops, expanding cottage industries, water management for irrigation and domestic use, marketing facilities and trade would raise food level and boost household incomes and should be greatly encouraged.

For detailed discussion of the issues contained in this Brief, refer to IPAR Discussion Paper No. 033/2002: **Poverty Reduction Efforts in Kenya: Institutions, Capacity and Policy** by J. Omiti, W. Owino, W. Otieno and P. Odundo. ISBN 9966-948-38-4

A copy can be obtained from:

Institute of Policy Analysis and Research (IPAR)

P. O. Box 45843, 00100 GPO Nairobi, Kenya.

Tel: (+254 2) 251179/252885/331767

Fax: 251162

Email: info@ipar.or.ke

World wide web: <http://www.ipar.or.ke>

Visiting address:

15th Floor Ambank House, University Way