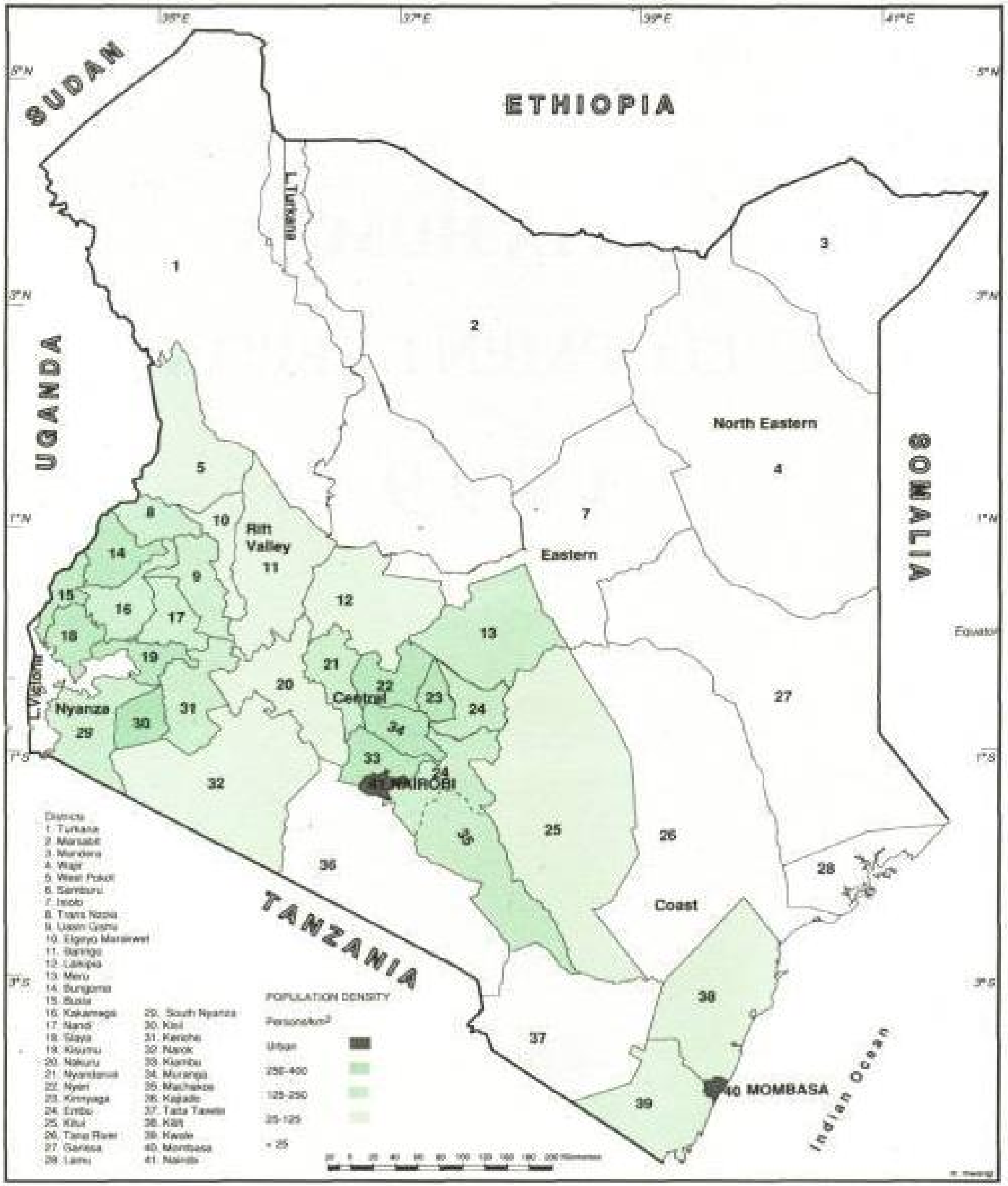
KENYA HUMAN DEVELOPMENT REPORT 1999

KENYA HUMAN DEVELOPMENT REPORT

1999

Population and Administration in Kenya



Foreword

Since 1990, the United Nations Development Programme (UNDP) has published the annual global Human Development Reports (HDR) which focus on the human dimensions of development and present new approaches,, definitions and methods of its measurement. The purpose of this first National Human Development Report (NHDR) for Kenya is to present an overview of the state of human development in the country and the issues that merit consideration by all Kenyans and their development partners.

Both UNDP and the Government of Kenya accord high priority to poverty eradication as one of the critical entry points for promoting human development. The introduction of the human poverty index with its new approach to the measurement of the state of poverty among nations, in the 1997 global Report, generated a lively debate in countries across the world and further confirmed the HDR as an important advocacy document on poverty eradication and sustainable human development. The 1997 HDR also intensified dialogue on the state of human conditions within countries.

The NHDR for Kenya presents benchmark data and lays the groundwork for future reports. The data generated through this report were useful during the preparation of the National Poverty Eradication Plan for Kenya, and the United Nations Common Country Assessment. Together these two documents have formed the framework for the Government's proposals in the Country Co-operation Framework (CCF) for UNDP's support in the next five years (1999 - 2003). In addition, the data provided in this NHDR is expected to enrich the coverage of Kenya in future global HDRs.

The primary focus of this NHDR is poverty and gender. According to recent estimates, almost half the Kenyans are poor and their plight is not improving. The pertinent issues include the causes and consequences of increasing poverty, the inequities confronted by women and girls, the access of the poor and women to social services, and the lack of opportunities for economic, social and political participation. The domestication of inter-national conventions and the implications of increasing globalisation for poor Kenyan women and men are also important. The report analyses the factors responsible including rapid population growth, increasing inequality and poverty, slow economic growth, and traditional beliefs and practices.

Despite efforts to equalise opportunities between men and women in Kenya, the most persistent disparities have been in the area of gender. Although women constitute a majority (53%) of the labour force, they bear a disproportionately large share of the burden of poverty. They are the majority of the poor and their poverty is more intense than that of their male counterparts. Gender differences within the household, in the communities and in markets in terms of access to opportunities and services and in decision-making continue to impede women's advancement. Thus, although women constitute slightly over half of Kenya's population they occupy only 4.9% of managerial and administrative jobs and hold only 3% of parliamentary seats and no Cabinet positions.

The report reflects the significant differences in economic and social development across provinces and districts, between rural and urban areas and among men and women. It demonstrates that the gap between the GDF index, reflecting economic progress, and the human development index (HDD, a more comprehensive measure of people's welfare, increases the further one moves away from major urban centres. This explains the inequality in opportunities and choices faced by the Kenyans in the countryside. It underscores the significance of socio-economic policies and governance aspects in targeting the provision of improved social and economic services to the disadvantaged regions and peoples.

The report should be of interest to Kenyans in all walks of life and to Kenya's development partners. It should generate a national debate on the future of human development in Kenya and promote dialogue on the ways in which poverty and gender inequalities should be addressed. It is timely in refocusing the attention of Kenyans on the plight of their poor sisters and brothers as they look forward to a brighter future in the next century.

Preface

As Kenya approaches the new millennium, it is opportune to look back and take stock of what has been accomplished on human development in the 35 years since independence and explore the opportunities and constraints for furtheT progress in the new century. One might question why we need another report when we have the National Development Plans, sector development plans (e.g., Education Master Plan and Health Sector Reform Flan), Sessional Papers, and reports of various Commissions and Task Forces. The focus of these plans, papers and reports has been either macroeconomic and sector issues or specific themes such as HIV/AIDS, *Jua Kali* and industrialisation. This first National Human Development Report (NHDR) for Kenya brings together the information on how the various development efforts have impacted on Kenyans - women, men and children; poor and rich; rural and urban - and the prospects for improving their lot. Thus, people are the central focus of this Report.

The main themes of this first report are poverty and gender. The two groups, the poor and women, each constitute half of the total population of Kenya.[1] Their limited participation in the mainstream of Kenya's development is of serious concern for the groups themselves on the one hand and for the country on the other. Full participation and contribution of these groups is crucial for Kenya to achieve sustainable development. Thus, the choice of these dual themes is considered appropriate. Other important areas, such as environment and natural resources management, which also impact on and are in turn affected by poverty and gender inequality may be considered for coverage in future NHDRs.

The objective of this Report is to inform, inspire and promote dialogue among Kenyans and with their development partners on human development in general and poverty and gender in particular. Also, the Report is seen as a vehicle for compilation and dissemination of information, education and advocacy on human development.

Teams of consultants who are familiar with Kenya's development experience have prepared the report. Stakeholder representatives in formal and informal forums have reviewed different drafts. Their comments and inputs have greatly enriched the final report. The deliberate, consultative, and participatory process adopted in the preparation of this report has proven to be worthwhile even if it required more time. It is hoped that, in preparing future reports, this process would be extended to the province, district and grassroots levels.

Kenyans in all walks of life - ordinary citizens, politicians, policy makers, government officials, academicians, private sector, NGOs, and CBOs - are the primary audience for the report as it focuses on their past, present and future. Kenya's development partners including UN agencies, bilateral and multilateral donors, foreign investors and international NGOs are among other important audiences.

Human development should be of concern to all Kenyans as it touches on their wellbeing and that of their children and grand children. While government has often been the dominant actor, other stakeholders and organisations also play a critical role in promoting human development. As such, every citizen

[1] *There* is *a significant overlap between the two groups - poor and women - with women constituting a majority of the poor.*

has a right and an obligation to work towards improving her/his wellbeing. Therefore, it is the individual and collective responsibility of the different actors to participate in and contribute to the debate on the appropriate ways and means of advancing human development in Kenya.

Acknowledgements

The preparation of this first National Human Development Report CNHDR) for Kenya is carried out under the guidance of Dr. Kangethe W. Gitu, Permanent Secretary, Ministry of Planning and National Development (MPND) and his predecessor, Mr. Edwin Osundwa, and Mr. Frederick Lyons, Resident Representative, UNDP. It reflects their strong support and commitment to human development in Kenya.

The Report benefited from background research and statistical information prepared by the Central Bureau of Statistics (CBS), under the guidance of the then Director of CBS, Ms. Margaret Chemengich. It drew upon the data and publications of the Food and Agriculture Organization (FAO), United Nations Children's Fund <UNICEF), World Bank, Action Aid, and the National Human Development Reports for other countries in Africa and Latin America. Several technical working groups prepared and shared information on such crosscutting areas as macroeconomic trends, gender, education, health, and domestication of international conventions.

A team of three consultants - Messrs. J.T. Mukui, Olum Gondi and Tared O. Abagi - prepared the first draft of the Report in August 1997. Their rich experience, research and dedication to quality work are recognised.

The first draft of the Report was discussed at a dissemination workshop attended by representatives of Government Ministries and Departments, NGOs, academa, and civil society. The valuable feedback from the workshop has been fully integrated in the subsequent draft of the Report by a team of senior officers from different Government Departments. The team also reorganised and gave focus to the original draft. Their good work is warmly acknowledged.

The report was further enriched by an editorial team comprising Dr. Kangethe W, Gitu, then Director of Planning, MPND, Prof. Shanytsa Khasiani, NGO representative, Ms. Dorothy Munyakho, professional editor, and Prof. Karega Mutahi, representative from academia. They submitted the semi-final draft in September 1998. Their valuable inputs are well appreciated.

Considerable time had elapsed between the preparation of the first draft and the submission of the semi-final draft. Meantime, a number of important developments on the political and economic fronts that impinge on poverty, gender and overall human development in Kenya have taken place. Therefore, it was considered necessary to update the information and refocus the report on poverty and gender. Accordingly, a team of three consultants was engaged to accomplish this task. The team comprised Mr. Olum Gondi, a member of the team that prepared the first draft, Prof. Karega Mutahi, a member of the team which prepared the semi-final draft, and Dr. Musunuru Sam. Rao, a member of the National Poverty Eradication Plan preparation team. The final Report incorporates their inputs and insights.

The Report preparation was financed by the UNDP under the Management of Development Process (MDP) Programme. Throughout the exercise, the UNDP Country Office provided strong administrative support and invaluable comments and suggestions. Special thanks go to Mr, Frederick Lyons for his unwavering personal commitment and unstinting support to the whole process- The guidance and encouragement of Mr. Macleod Nyirongo, Deputy Resident Representative, and his predecessor, Ms. Nancy Asanga, have been invaluable. The constant support and contributions of Ms. Grace Okonji, Programme Analyst, is gratefully acknowledged.

A number of government officials, colleagues in UN agencies (including UNDP, UNIFEM, UNCHS and UNICEF) and compatriots in academic and civil society organisations including NGOs, shared ideas, insights, information and Teports with the consultant teams. They should be applauded for their generous help.

The findings, conclusions and recommendations in the Report have emerged from the inputs of various stakeholders and the insights of the consultants. They may not be attributed to either the Ministry of Planning and National Development, Government of Kenya, or to the UNDP.

Abbreviations/Acronyms

AE	Adult Equivalent
ASAL	Arid and Semi-Arid Lands
CBK	Central Bank of Kenya
CBO	Community-Based Organisation
CBS	Central Bureau of Statistics
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CMR	Child Mortality Rate
CPM	Capability Poverty Measure
CSO	Civil Society Organisation
CSRP	Civil Service Reform Programme
DFI	Development Finance Institution
DFID	Department for International Development (UK)
EIA	Environmental Impact Assessment
FAO	Food and Agriculture Organisation of the United Nations
FAWE	Forum for African Women Educationists
FIDA	International Federation of Women Lawyers (Kenya)
GDI	Gender Development Index
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GOK	Government of Kenya
HDI	Human Development Index
HDR	Human Development Report
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMR	Infant Mortality Rate
IPPG	Inter-Party Parliamentary Group
IRS	Integrated Rural Survey
KANU	Kenya African National Union
KCPE	Kenya Certificate of Primary Education
KDHS	Kenya Demographic and Health Survey
KEPI	Kenya Expanded Programme on Immunisation
MCH	Maternal and Child Health
MHCSS	Ministry of Home Affairs, National Heritage, Culture and Social Services
MLRRWD	Ministry of Land Reclamation, Regional and Water Development
MOE	Ministry of Education and Human Resources Development
MPND	Ministry of National Planning and Development
MOH	Ministry of Health
MP	Member of Parliament
MRT	Ministry of Research and Technology
NASCOE	National AIDS and Sexually Transmitted Diseases (STD) Control Programme
NFE	Non-formal Education
NGO	Non-Governmental Organisation
NHDR	National Human Development Report
NIC	Newly Industrialised Country

NPEP	National Poverty Eradication Plan
OVP&MPND	Office of the Vice-President and Ministry of Planning and National Development
PHC	Primary Health Care
PPA	Participatory Poverty Assessment
SAP	Structural Adjustment Programme
SDD	Social Dimensions of Development
SSJKE	Small Scale and Jua Kali Enterprises
STD	Sexually Transmitted Diseases
TVE	Technical and Vocational Education
UNCCD	United Nations Convention to Combat Desertification
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
U5MR	Under-Five Mortality Rate
UPE	Universal Primary Education
VAD	Vitamin A Deficiency
WDR	World Development Report
WMS	Welfare Monitoring Survey
WSSD	World Summit for Social Development

Glossary of Human Development and Poverty

A. Human Development

Human Development is the process of widening people's choices and their level of well-being. The choices change over time and differ among societies according to their stage of development. The three essential choices for people, no matter where they are located, are (i) to lead a long and healthy life, (ii) to acquire knowledge and (iii) to have access to the resources needed for a decent standard of living. Other choices, highly valued by many people, include political, economic and social freedom, access to opportunities for being creative and productive and enjoying self-respect, and guaranteed human rights.

The Human Development Index (HD1) is based on three indicators: longevity as measured by life expectancy at birth; educational attainment as measured by a combination of adult literacy (two-thirds weight) and combined primary, secondary and tertiary gross enrolment ratios (one-third weight); and standard of living, which is measured by real GDP per capita expressed in purchasing power parity.

Life expectancy is defined as the number of years a new-born infant would live if prevailing patterns of mortality at the time of birth were to stay the same throughout the child's life.

Adult literacy rate is defined as the percentage of people aged 15 and above who can, with understanding, both read and write a short, simple statement on their everyday life. Enrolment rates are based on the reference school cycle and the reference age cohort for each cycle. The gross *primany enrolment rate* is the total number of children (irrespective of their age) currently attending primary school as a percentage of the total number of children of primary school age (6 to 13 years in Kenya). The *net primary enrolment rate* is the total number of children of primary age currently attending school as a percentage of the total number of children of primary school age. The relevant age cohort for Kenya's *secondary education* would be 14 to 17 years.[2]

The *tertiary enrolment ratio* is calculated by dividing the number of students enrolled in all post-secondary institutions and universities by the population in the 20 to 24 year age groups. Students attending vocational schools, adult education programmes, two-year training colleges, and distance education centres (primarily correspondence courses) are included. UNESCO adopted the age cohort 20 to 24 years as the denominator since it represents an average tertiary cohort even though people above and below this group may be registered in tertiary institutions.

Grass Domestic Product (GDP) is the total output of goods and services for final use produced by an economy, by both residents and non-residents, regardless of the allocation to domestic and foreign claims. It does not include deductions for depreciation of physical capital or depletion and degradation of natural resources, hence the reference to gross rather than net product. The United Nations International Comparison Programme (ICP)

[2] *The difference between the gross and net enrolment ratios may be used as an indicator of the proportion of pupils in a cycle who are outside the legal age group,*

has developed measures of GDP on an internationally comparable scale, using purchas ing power parities instead of exchange rates as conversion factors. The 1CP defines the purchasing power of a country's currency as the number of units of that currency required to purchase the representative basket of goods and services that the reference currency would buy in the United States.

Gender refers to the socio-cultural classification of men and women and contrasts with sex, which is a biological classification of females and males.

The Gender Development Index (GDI) measures gender disparities in the level of achievement in human development. It has been developed in recognition of the disparities in achievement between men and women particularly in the Least Developed Countries (LDCs), which are characterised by low income per capita, poor economic growth, low levels of human resource development and massive reliance on foreign assistance.

The GDI uses the same variables as the Human Development Index. However, separate indices are computed for both men and women. The maximum value for male life expectancy is 82.5 years and the minimum value is 22.5 years, while the corresponding values for female are 87.5 and 27.5 years, reflecting biological differences in survival rates favouring women. In the case of literacy, school enrolment and income, the potential of the two groups do not differ and the maximum and minimum values are the same as for the HDI.

The Gender Empowerment Measure (GEM), which was introduced in the 1995 HDR, shows the relative empowerment of men and women in political and economic spheres. This measr ure has been developed to help address the discrepancy in political and economic empowerment, participation and decision making by both men and women in society. The Least Developed Countries are characterised by low female participation in the political arena and in managerial, administrative, technical and professional positions.

The Capability Poverty Measure (CPM), introduced in the 1996 HDR, is a multi-dimensional index of poverty based on capabilities, namely, a life free of avoidable morbidity (as measured by the percentage of births unattended by trained health personnel), being informed and educated (adult illiteracy), and proper nourishment (underweight children under age five). The three variables are given equal weight in the composite index.

(Source: UNDP, *Human Development Reports')*

B. Poverty Definitions

Absolute poverty is often defined in money terms by a fixed standard such as the international one-dollar-a-day poverty line, which is designed to compare the extent of poverty across different countries. A number of countries have defined their own national poverty lines. Often, these incorporate a certain minimum level of consumption at which the basic needs (such as food, literacy/education, health and shelter) are fulfilled. Although Kenya does not yet have a national poverty line, the 1994 Welfare Monitoring Survey (WMS II) conducted by the Central Bureau of Statistics (CBS) defined absolute poverty lines for rural and urban areas. These are Ksh. 978 per capita per month per adult equivalent (AE) for rural areas and Ksh. 1,490 per capita per month per AE for urban areas. The terms absolute poverty and overall poverty are used interchangeably in the Kenyan context.

Extreme Poverty or Hard Core Poverty characterises indigence or destitution, usually expressed in terms of inability to satisfy even minimum food needs.

Food Poverty is defined as food consumption below a normative minimum level, which takes into account nutritional standards that are necessary for a healthy growth and main-

Table of Contents

List of Boxes

List of Charts

List of Figures

List of Tables

Executive Summary

A. Introduction

Preparation of annual global *Human Development Reports* (HDKs) has been initiated by the United Nations Development Programme (UNDP) in 1990 to draw the attention of member countries and their citizens to the different dimensions of human progress and the tenuous link between economic growth and social indicators in particular. More than 100 developing countries have prepared national human development reports (NHDRs) during the past decade. This first NHDR for Kenya is timely and focuses on the two priority themes of gender and poverty.

Human development encompasses the process of enlarging people's choices to develop their full potentials and lead a productive and fulfilling life as well-functioning members of their families and communities. It puts people at the centre of development as the key agents of change. Other important aspects include equity, empowerment and respect for all peoples.

B. Economic Growth and Human Development

During the first twenty-five years after independence, Kenya has achieved considerable progress in human development as reflected in improvements in social indicators. Also, it achieved an overall economic growth of more than 4.5% per annum on average during the period, which compares quite favourably with that of its neighbours. However, the fruits of economic growth have been captured by a few leaving the position of the rest either largely unchanged or deteriorated. This combined with rapid population growth has resulted in increasing poverty. Also, the status of Kenyan women within and outside the household has not advanced in consonance with overall development and they form a disproportionately large proportion of the poor. The pace of economic growth slowed down considerably during the past decade and the gains in social indicators have begun to be eroded.

Both economic and social progress is crucial for advancing human, development. Jobs are the bridge between economic growth and people's lives. Women form about 53% of the labour force in Kenya. The majority of women and the poor depend on small-scale agriculture and rural and urban informal sectors for their livelihood. The two sectors are the backbone of the Kenyan economy and together account for more than two-thirds of total employment. Improving the productivity of people in these sectors through increased investments, innovative technologies, expanded access to support services including credit, better physical infrastructure, and a more enabling environment is necessary to reduce poverty and improve the status of women.

The Eighth National Development Plan (1997-2001) sets the goal of Kenya becoming a newly industrialised country (NIC) by the year 2020 through rapid industrialisation. The manufacturing sector contributes only about 13% of GDP and is highly capital intensive with labour accounting for less than 20% of gross cost of production. Its capacity to generate jobs is extremely limited. While industrialisation should continue to receive attention, it may be premature to see this sector as the primary engine of rapid and sustainable growth for Kenya to become a NIC by 2020. It is necessary to re-examine the medium and long-term growth strategy and explore avenues to adjust the production structure to be a more labour-intensive and job-friendly system. This is also a pragmatic way of addressing the growing problems of poverty and gender inequality.

C. Good Governance

Good governance is a key ingredient for advancing human development. The recent initiatives to improve political governance are a good start. The processes should be nurtured and the participation in it expanded to more stakeholders. Also, it is necessary to expedi tiously implement agreements and legislation so that the progress on paper gets translated into actions and impact on the ground. Good political governance is encouraged and facilitated when the decision-making processes and institutions are responsive to the needs and aspirations of all stakeholders and involve their full participation.

On economic governance, significant beginnings in improving macroeconomic management have been made drawing upon the advice of the IMF and the World Bank as well as other donor partners. However, attention to gender inequality and poverty eradication seem to be either missing or considered largely as peripheral problems requiring remedial action. Economic liberalisation and state divestiture of productive enterprises (especially the loss making ones) should continue. At the same time, it is necessary to integrate poverty reduction and gender into the mainstream of economic strategies, plans and programmes. Kenya's development could be sustained only if the creative and productive potentials of all its citizens including women and the poor (who form the majority) are mobilised and effectively utilised. This is a valuable lesson that Kenya could learn from the Asian NICs.

The ongoing civil service reform is addressing some of the efficiency and effectiveness aspects to improve administrative governance. Improved transparency and accountability require a further fillip. Also, the orientation of the civil service to poverty reduction and gender equity on the one hand and responsiveness to client needs on the other require improvement. This will involve considerable strengthening of the capacity of a leaner civil service.

In regard to systematic governance, the processes and structures of Kenyan society need to be moulded to facilitate popular participation in the economic, social and political spheres. Popular participation.is a cornerstone of good governance. Laws, regulations, rules and practices thatimpede individual and community participation should be dismantled. Decentralisation of decision-making to the people and their communities and strengthening their institutions are important means of enhancing popular participation.

Kenya has been rich in resources (particularly trained people), systems (including a traditionally competent and effective civil service), and workable economic and financial institutions. Rejuvenating the systems and institutions, better utilisation of the resources including trained people, and redirecting the ingenuity of Kenyans to more productive purposes would yield handsome returns and promote human development.

O. Poverty Eradication

The poor constitute almost half the population of Kenya. Women form a majority of the poor. More than three-quarters of the poor are in rural areas. The bulk of the poor are located in districts within a belt stretching South-to-South East from the shores of Lake Victoria to the Coast and straddling the rail and road corridors. It would be difficult for Kenya to achieve and sustain rapid economic growth without the full participation of its poor and women.

The *National Poverty Eradication Plan* (NPBP) provides an overall framework and workable approaches to involving the poor in the economic and social arenas to improve their own welfare *on* the one hand and to contribute to national development on the other. *The Charter for Social Integration* in the NPEP and the *Basic Needs are Basic Rights Charter* being developed by civil society organisations are important rights-based approaches for poverty eradication. They should be translated into appropriate legal instruments and incorporated in the revised Constitution of the country. Simultaneously, full implementation of the NPEP should commence in partnerships with the poor, their organisations, NGOs, the private sector and willing donor partners.

In particular there is a need to closely link governance and poverty eradication to enable the people to seek solutions to their development problems and exploit the opportunities. Kenya should create conducive political, social, economic and legal environments for the poor to mobilise their resources and potentials and build sustainable livelihoods and self-reliance.

D. Gender and Women's Empowerment

Most Kenyans do not yet seem to fully appreciate women's rights and embrace gender equality. Women (including girls) continue to be discriminated against in the ownership of assets, access to social and economic services, and participation in making decisions affecting their lives. Simultaneous prevalence of *a* multitude of traditional laws and practices alongside statutory laws makes the identification and enforcement of women's rights difficult. The ingrained orientation of men on the traditional roles of women in Kenyan society needs to be changed through education and sensitisation. A massive campaign of education and awareness raising on gender throughout the country and particularly in rural areas is necessary. Gender awareness and equity should be incorporated in school curricula. The print and audio-visual media should be mobilised to get the message across to the different corners of the country. Enforcement of existing statutory laws prohibiting discrimination and violence against women and girls is weak and should be strengthened. Civic and political leaders and opinion makers can set role model examples in their personal behaviour promoting gender equity-Gender inequality is the surest way to transmit poverty to future generations of men and women. Therefore, reducing gender inequality and enhancing women's productivity should be integral elements of the country's development strategy.

The femalo participation rate in education at primary level has improved (and is close to parity with that for males) but that at secondary and tertiary (including university) levels needs improvement. Successful experiences from other developing countries could be drawn upon and adapted to suit the conditions in Kenya. Health facilities that serve the specific needs of women require considerable improvement. Maternal and child health services are critical not only for mothers but also the children (boys and girls). Resource allocation to these services is inadequate and should be augmented. Women are at greater risk from the HIV/AIDS pandemic than men because of their subordinate position within the household. The campaign to arrest the spread of HIV/AIDS should pay particular attention to the vulnerable situation of women, their reproductive role in transmission of the virus to children, and their special needs.

The agreements arrived at in the Inter-Parties Parliamentary Group (IPPG) providing for gender equality in the nomination of MPs should be faithfully implemented. Voter education, particularly among women, on the benefits of increased representation of women in elected positions should be supported. The *1998 draft National Policy on Gender Equity and Sustainable Development* should be finalised, adopted and implemented. Similarly, the report of the *1993 Task Force* that reviewed all the laws affecting women should be finalised and the recommendations should be implemented.

F. Social Services for Human Development

1. Education

The gross enrolment rate in primary schools has declined from 95% in 1989 to 77.5% in 1996.

Also, primary completion and secondary participation and completion rates have begun to decline over the past decade. Factors contributing to this decline include the high cost of education, crippling poverty, socio-cultural values and early marriages and pregnancies. The introduction of cost sharing arrangements in 1989 has had an adverse impact on the access to education for children from poor families, especially for girls. The *Education Master Plan* emphasises improvements in the quality of education and in the delivery of services. A detailed examination of the demand for and affordability of primary education, and educational achievement and impact is necessary. Also, a comprehensive mechanism for addressing the needs of children from poor families (particularly girls) is needed to make primary education accessible and affordable to them.

The critical and urgent issues in tertiary education are relevance, access, gender disparities and financing. There is a mismatch between the skills acquired by graduates from the technical and vocational education (TVE) institutions and the skills required by the industrial sector. Also, the quality of skills training in the TVE system does not seem to be adequate to enable graduates to compete with those trained on-the-job in the informal sector. The stagnation in university enrolment is likely to continue due to rising poverty, which has made university education unaffordable for many middle and low-income families. Coordination between literacy, post-literacy and continuing education programmes is weak or lacking. These issues need attention.

Kenya seems to be spending more on education than its neighbours but the benefits/impact appear to be less. The salaries of personnel (including teachers) are absorbing over 90% of the resources leaving very little for complementary supplies such as teaching and learning materials. Other critical issues requiring attention include efficient and effective use of available resources and exploring avenues to increase the allocations to basic education (primary education and literacy). At the same time, improvements in the quality and reach of the services and achieving gender parity should receive priority. Concerted efforts are needed to reach the goal of universal primary education by at least 2010.

2. Health

The positive achievements in reducing mortality rates between 1960 and 1992 began to be eroded thereafter. Infant mortality increased from 51 per 1,000 live births in 1992 to 74 in 1998; under five mortality from 74 per 1,000 live births in 1992 to 112 in 1996; maternal mortality from 150-300 per 100,000 births in 1992 to 365-498 in 1995; and crude death rate from 10 per 1,000 population in 1992 to 12 in 1996. The underlying factors include a deterioration in the quality and quantity of hea lth services and their reduced access to the poor following the introduction of fees, an overall decline in food availability (from 2,010 calories per capita per day during 1987-89 to 1,916 calories during 1992-94) and nutrition, decrease in immunisation coverage, increased incidence of HIV/AIDS and increasing poverty. A strategy to stop the decline and put the system back on a positive course needs to be formulated and implemented.

The HIV/AIDS prevalence rate in urban areas appears to have stabilised at about 12% since 1994. However, it has doubled since 1992 in rural areas reaching around 8% by 1997. Children with AIDS in the age group 0-4 accounted for more than 7% of all reported AIDS cases in 1997. As infant and child mortality is directly related to maternal mortality, HIV-related mortality of mothers is an important factor in the rising rate of child mortality in Kenya. Poverty seems to increase the incidence of the epidemic and in-turn the epidemic intensifies poverty. Full implementation of the strategies and programmes in the 1997 *Sessional Paper on HIV/AIDS,* with particular attention to mothers and children, should be pursued actively in partnership with all stakeholders including donors.

Introduction of user fees has made basic health services less affordable to the poor. Also, the fee rates seem regressive with health centre users (often the rural poor) paying 20% toward their care while hospital patients (the majority of whom are non-poor) pay only 7.6% of the cost of care. A detailed examination of the fee structure and its impact on the poor should be undertaken with a view to evolving a more equitable sharing of costs and making the services more affordable to the poor.

The volume of resources allocated by the Government to the health sector is only 60% the requirements. Also, the bulk of these resources go to curative services leaving less than 20% for rural, preventive and promotive health care (P/PHC) services which are most used by the poor. Out of the amount allocated to P/PHC, about 80% of the expenditure is estimated to go to personnel which indicates that very little is left for running costs. The impact of this pattern of funding manifests in poor quality of services and frequent shortages of essential inputs (including drugs) to health delivery. Ways and means should be found to increase the overall budgetary allocations to the health sector. Simultaneously, the within sector allocation of resources should be adjusted in favour of rural, P/PHC services.

3. Public Utilities and Shelter

Only 42% of Kenyans have access to safe water with the proportion much lower (32%) in rural areas. It is also low in urban slums and squatter settlements, where 80% of the residents pay between five to ten times the legal price for water bought from vendors. Women and children (especially girls) spend considerable time locating and fetching water. The access to safe water and sanitation in rural areas should be improved in tune with the targets set out in the *National Poverty Eradication Plan,* Involvement of rural communities including women and the poor in rural water supply and sanitation schemes should be a must. Access to piped water for urban slum and squatter residents should be made more affordable through expansion of community standpipes as well as plot connections. Support to community groups in urban slums and squatter settlements for improving sanitation and solid waste disposal as well as overall hygiene should receive priority. Use of the school system for hygiene education should be expanded.

The private sector should be mobilised to provide services for those who could pay. The Government should concentrate its efforts on the hitherto under-served and unserved groups and areas in regard to water supply, sanitation, and serviced land and housing in urban areas.

G. Basic Social Services and the 20/20 Compact

Government expenditure on basic social services (primary education and adult literacy, basic health care, safe water and sanitation) declined from 20% of the budget in 1980 to about 13% by 1995. This needs to be restored to 20%. This will also be compatible with Kenya's undertaking on the 20/20 Compact at the World Summit for Social Development, The Compact calls for developing countries to increase the share of their budget devoted to basic social services to at least 20% and donors to channel 20% of aid to support the delivery of these services. Donor support for basic social services in Kenya fluctuated widely from year to year. Donor support should be put on a more firm footing with assured flow of resources with no strings attached. The feasibility of debt swaps to augment the Government's allocation of resources to basic social services should be explored.

H. Human Development Indicators

The human development index (HDD value for Kenya is estimated at 0.504 (range of values for the index is (1 to 1). The HDI values for Nairobi and Mombasa are 0.721 and 0.537

respectively. The HDI values for the provinces range from a low of 0.311 for North Eastern to a high of 0.573 for Central Similar wide variation is observed across districts. This indicates a high degree of geographic inequality. The values for the gender development index (GDI) closely correspond with those for the HDI. This is puzzling in light of the subordinate position of women in Kenyan society as indicated by the low value (0.3750) for the gender empowerment measure (GEM).

The values for the capability poverty measure (CPM) are 26.5 for Kenya, and 14.0 and 28.1 for Nairobi and Mombasa respectively (the range for CPM values is 0 to 100 with a low value indicating high human capability). The CPM values range from 67.2 for North Eastern Province to 16.8 for Central Province. Comparison between HDI and CPM indicates a low degree of congruence between the two with several rank reversals for provinces and districts. A more detailed analysis of the data is necessary to identify the factors that contribute to the consistencies and inconsistencies between the estimated values for the different human development indicators.

I. Human Development in a Global Context

The global community is increasingly moving from a welfare approach to development to a rights-based approach where people are the central actors in improving their wellbeing. Popular participation is seen as the building block for good governance and sustainable development. Kenya has made efforts to translate the global conventions, agreements and action plans into laws, strategies and policies. However, many of these have remained largely on paper. Implementation of these should be a high priority. Legislation on children and women's rights should be expedited and enforced. Implementation of NPEP should begin immediately.

J. Conclusions

Virtually all the human development indicators show a negative trend during the past decade. It should be a matter of serious concern to every Kenyan. Increasing globalisation is opening new opportunities and challenges. It is up to the people, their institutions and the Government to discuss and agree upon a pragmatic and progressive path that leads to popular participation, poverty reduction and gender equality, increased economic prosperity, and sustainable human development. Development partners should help Kenyans in progressing in this direction.

Chapter I: Introduction

A. Genesis of Human Development Reports

Since 1990, the United Nations Development Programme (UNDP) has supported the preparation and publication of annual global Human Development Reports (HDRs) that reviewed progress on different facets of human development. The first global HDR introduced the concept of human development, some indicators of its measurement, and the relationship between economic growth and human development. The Report showed that there was no automatic link between economic growth and human progress gauged by such indicators as life expectancy, school enrolment and literacy.

Successive issues of the global HDR focussed on specific themes of human development. The 1991 Report examined the role of public expenditure and international aid allocations in financing basic human priorities and concluded that political will, rather than shortage of financial resources, was responsible for neglect of these priorities. The 1992 Report reviewed the global dimensions of human development and the external environment for national human development efforts. It concluded that reform of international trade and finance was more critical than aid in enhancing human development in developing countries. The 1993 Report emphasised people's participation in activities and processes that shape their lives. It drew attention to markets, national and global governance, and international co-operation as means to promote people's participation. The 1994 Report introduced new dimensions of human development that contribute to human security and advancement. The 1995 Report analysed gender disparities and the under-valuation and under-counting of women's work. It introduced composite indices for capturing gender in human welfare and empowerment. The 1996 Report revisited the links between economic growth and human development and concluded that short-term changes in human development are possible but cannot be sustained without economic growth. At the same time, the Report asserted that economic growth is not sustainable without human development. It advocated a strategy of economic growth that emphasised people and their productive potential as the engines of such growth.

The 1997 Report assessed the challenge of poverty eradication from a human development perspective. It focussed not just on income poverty, but poverty as a denial of choices and opportunities to lead a tolerable life. The Report also introduced a composite measure of human poverty based on three dimensions: the vulnerability to death at an early age, exclusion from the world of reading and communication (knowledge deprivation), and inadequate living standard in terms of overall economic provisioning. The 1998 Report examined the phenomenal growth in global consumption and its unequal distribution across countries and among population groups within countries. It argued for a different pattern of consumption that promotes human development and is sustainable.

The first National Human Development Report for Kenya draws extensively upon the concepts and methodologies presented in the 1997 global HDR.

B. Efforts of Other Countries

More than 100 developing countries have produced NHDRB as a means to translate the global human development concept and approach to their country situations. About 30 countries in Sub-Saharan Africa have prepared NHDRs and other countries are following suit. Some countries (e.g., Cameroon, Madagascar, Namibia, Nigeria and Uganda) have already produced more than one NHDK. In addition, regional and sub-regional human development reports have been produced including one for Africa in 1995. Thus, the preparation of the first NHDR for Kenya is overdue.

C. Human Development Concept

The World Summit for Social Development (Copenhagen, 1995) reiterated that people should be at the centre of development and development should involve all people. The goal of development is to improve the well-being of people and enable them to lead productive and fulfilling lives as well-functioning members of their families and communities. The concept of human development evolved from these basic principles.

Human development is seen widely as a process of enlarging people's choices. It includes the expansion of human capabilities and the access to opportunities, including those in the economic, social and political arenas, to be creative and productive. It enables people to enjoy self-respect, empowerment and a sense of belonging to a community.

D. Human Development vs Other Development Approaches

The concept of human development is d ifferent from other approaches to development. It differs from traditional neo-classical economics, which viewed people largely as contributors of labour **to** production; from socialism, which emphasised equity and the role of people as agents of change, but misconstrued the state as the sole purveyor of public interest; and from redistribution with growth in which the focus is on economic growth and the incremental redistribution of the fruits of such growth. It is more encompassing than the basic needs approach, which viewed people as beneficiaries rather lhan agents of development.

The trends in economic growth and human development in the past three decades point to throe important policy lessons: first, economic growth is a necessary but not sufficient condition for human development; second, economic growth and human development can be mutually supportive in the long-term if accompanied by expanding basic education, literacy and health care; third, equity is not an obstacle to growth, contrary to the conventional wisdom that early stages of economic growth are inevitably accompanied by widening income disparities; and fourth, creation of remunerative jobs through employment-friendly policies is the essential bridge between economic growth and people's lives. Also, the importance of increasing human capabilities and the social and political space to release the latent creative potential of people is emphasised.

E. Focus on Gender and Poverty

Gender refers to the socio-cultural roles and functions of men and women. Women (including girls) comprise slightly more than half the people of Kenya. However, they are considerably disadvantaged compared to their male counterparts in virtually every sphere of life. In addition to cultural and institutional barriers, Kenyan women face special problems in access to education and health care, land and other economic assets and services, and employment. The productive and reproductive roles and needs of women have been the focus of research over the past two decades. The results show that there arc significant positive economic and social returns to investment in female human capital. For example, female educational attainment is positively correlated with nutrition and health of children. Time and again, women small entrepreneurs have proven to be better stewards of credit utilisation and repayment than their male counterparts. As in many other African countries, Kenyan women are the main food producers and small farmers. Yet, their participation in the mainstream of Kenyan society is severely constrained and their potential remains untapped.

According to recent qualitative and quantitative surveys, about half the Kenyans consider themselves to be poor and/or are classified to be poor. Poverty is debilitating and discouraging to the affected individuals and their families. It is also a drag on the social and economic progress of the country. Women constitute a majority of the poor and their poverty burden is more intense. Kenya's development can be sustained only if it mobilises the creative and productive potentials of all Kenyans, including women and the poor. Therefore, the policy mix that addresses human development must be not only gender-sensitive and responsive but also pro-poor aimed at eliminating absolute poverty.

Chapter II. General Overview

A. The People

The people of Kenya belong to more than 40 tribes with a mosaic of customs, traditions and cultural norms. Their number has grown from about *9* million at independence in 1963 to 15.3 million in 1979, 21.4 million in 1989, and around 30 million by 1999, It is projected to reach 32 million in 2001. The population growth rate had declined from3,97%per annum during 1969-79 to 3.4% during 1979-89. It was estimated to have declined to 2.9% in 1995 and to 2.6% in 1996. The population growth rate is projected to decline further to 2.5% by the end of the Eighth Plan (2001). Rapid growth in population during the early stages of development is not an uncommon experience.)However,in most cases, the population growth rate would decline with growth in per capita income, facilitating a demographic transition. In the Kenyan context, this transition may occur during the first quarter of the next millennium.

The age structure of the Kenyan population is skewed towards the youthful with those aged less than 15 years accounting for48% or almost half of the total. This has resulted in high dependency ratios. Also, it has placed high demands on social services such as primary education and basic health care. As the age structure of the population changes over the next25 years, Kenya should be able to reap the benefits of a demographic bonus, i.e., the largest proportion of the population in the labour force with a low dependency ratio. Generating suitable remunerative opportunities to capture the demographic bonus will be an important challenge in the first quarter of the next century.

Almost four-fifths of the people are located in rural areas and the majority of them are dependent on agriculture. The level of urbanisation has been projected to increase from *17%* in 1989 lo 23% in 2001. The urban population increased from 4.1 million (or 18% of total) in 1990 to 5.3 million (19.2%) in 1995, and is projected to reach 7.4 million (23.4%) by 2000, Demand pressures on urban services will continue to increase and intensify, particularly for serviced land and other infrastructure. Other developing countries (e.g., in Asia) have turned to the private sector to provide essential services to meet the expanding demand. At the same time, the public and civic sectors must continue to cater to those groups and areas where there are inadequate incentives for the for-profit private sector to operate.

B. Economic Performance and Prospects

1. Overall Growth

It is now widely accepted, that economic growth is necessary for poverty reduction and sustained human development. Examining the economic performance is relevant for understanding human development in Kenya. Following independence in 1963, economic growth in Kenya reached an all-time high of 6.6% per annum during 1964-73. The rapid growth was fuelled by successful rural development policies such as expansion of land under cultivation and a switch to high-value crops that led to higher agricultural output-Growth was also spurred by import-substituting industrialisation, which enjoyed access to the markets in the former East African Community. However, the good performance was not sustained. The rate of growth of gross domestic product (GDP) declined to an average of 5.2% per annum during 1974-79, to 4.1 % during 1980-85, and to 2.5% during 1990-95 (see Chart 2.1). Although the growth performance has been respectable as compared to other countries in Sub-Saharan Africa, its impact on poor women and men has been modest and limited largely to improvements in the social indicators (see sub-section D.I in Chapter III for a discussion on inequality in income/expenditure distribution in Kenya).

The rate of growth recovered to 4.8% in 1995, and declined marginally thereafter to 4.6% in 1996.[3] It slowed down considerably to 2.3% in 1997 due to drought and other factors.[4] It was estimated to have declined further during 1998 due to the devastation caused by the *El Nino* weather phenomenon and significant reductions in development expenditures and investment. According to a recent Economist Intelligence Unit (UK) *Business Africa Report*,[4] the GDP growth rate in Kenya will be only around 1.6% in 1999 and 2.0% in 2000. If true, the performance of the economy will be far short of the projected GDP growth rate of 5.9% per annum during the Eighth National. Development Plan period (1997-2001). A review of the Plan and investment programmes is necessary to redirect the economy to a more robust growth path.

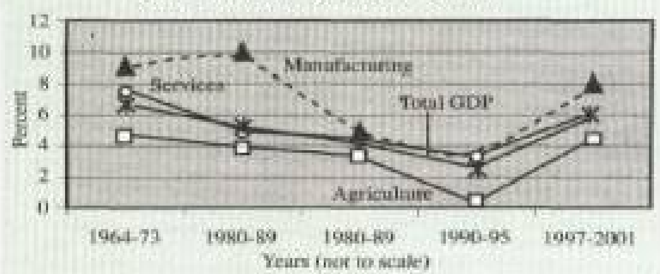
2. Sector Performance

The agriculture sector grew on average at a slower pace than overall GDP during the past 30 years (see Chart 2.1). Although the sector's growth rate recovered to 4.4% in 1996 it declined precipitously to-1.2% in 1997. The data for the period 1997-2001 in the Charts are projections from the Eighth National Development Plan and overstate the real situation.

Food production accounts for the lion's share of small-scale agriculture with cash crops like tea and coffee following as a distant second. Recent data show that women manage at least 40% of Kenyan agricultural smallholdings and provide 75% of the required labour. In addition, gender disparities in the subsistence farmer category indicate that almost two thirds of the active female population are in subsistence farming compared to slightly over a third of the males.[6] Traditionally men have been primarily involved in cash crop cultivation on small farms. However, this has been changing over the past 15 years with the movement of men to urban centres in search of work. As a result, an increasing number of women are forced to look after cash crops on small farms. Livestock production is an important source of livelihood for significant segments of Kenyans, particularly in the Arid and Semi-Arid Lands (ASAL). A majority of these are poor and their women and children are highly disadvantaged because of the nomadic nature of the activities.

The small farm sector accounts for about three-quarters of total output in the agriculture sector. Growth of the small-scale agriculture sector has been stymied by lack of additional investments. Also, support services including research, extension, and credit, as well as ru-

Chart 2.1. Sources of GDP Growth



[3]*Republic of Kenya, Office of the Vice President and Ministry of Planning and National Development,* The Eighth National Development Plan for the Period 1997 to 2001, *Nairobi, 1997.*

[4]*Republic of Kenya, Ministry of Planning and National Development, Central Bureau of Statistics,* Economic Survey 1998, *Nairobi, May 1998.*

[5]*Quoted in "Kenya's 1999 growth outlook grim," The Daily Nation, Nairobi, 26 January* 1999, *page BW9.*

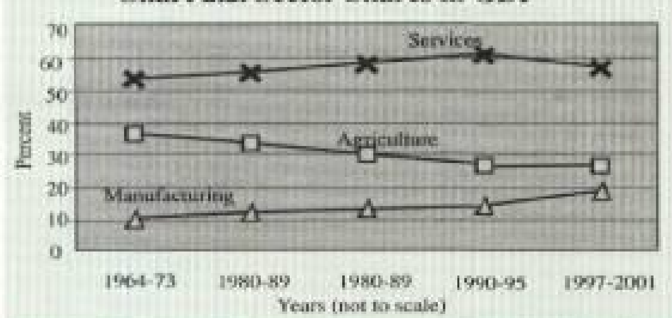
[6] *Econoinic Survey, 1998.*

ral infrastructure have been inadequate and often ineffective. The inefficiencies of public regulatory and support agencies such as marketing boards and co-operatives combined with peculation in these agencies have further burdened the small farmers, the majority of whom are poor women and men.

Large-scale and commercial agriculture (including coffee, tea, pyrethrum and horticulture) have also suffered in recent years due to rains and drought as well as fluctuations in world market demand and prices for the commodities. Also, the operation of co-operatives and other public regulatory and support agencies need to be improved considerably to help these sectors.

The share of agriculture in GDP declined from 36.6% during 1964-73 to 26.2% during 1990-95. The agriculture sector's share in GDP is projected to decline further from 27.9% in 1996 to 26.0% in 2001 (see Chart 2.2).

Chart 2.2. Sector Shares in GDP



The rate of growth of the manufacturing sector was well above that of GDP during the first 15 years after independence largely due to import substitution policies and huge investments in the sector (see Chart 2.1). However, its growth slowed down considerably thereafter. Its growth rate rose to 3.7% in 1996 and declined to 1.9% in 1997. The share of the manufacturing sector in GDP increased from 10.0% in 1964-73 to 13.6% during 1990-95 (see Chart 2.2). Its contribution to GDP was projected to increase from 16.5% in 1996 to 18.0% in 2001. However, its share remained at 13.3% in 1997. Many of the primary industries are dependent on agriculture and natural resources (including forests, fisheries, livestock, minerals and wildlife). Thus, the performance of these industries is tied to that of the agriculture sector.

The rest of the industries rely largely on imported raw materials and intermediate inputs. A significant portion of the output of these industries is re-exported (e.g., import of crude petroleum, refining in Kenya and exporting the products). However, a majority of the output is directed to the domestic market. Domestic demand for these products is in turn tied to overall economic growth including growth in the agriculture sector.

The services sector, comprising government services, private (including household) services, financial and real estate services, and other services including tourism, accounted for more than half of GDP. The sector grew faster than agriculture and manufacturing. Its share in GDP increased from 53.4% during 1964-73 to 55.0% in 1974-79, 57.4% in 1980-89, and to 60.2% in 1990-95 (see Chart 2.2). Its contribution to GDP is projected to stabilise at around 56.0% by 2001.

The services sector includes public services, financial services, transport storage and communications, and distribution and other services including tourism. Public (Government) services accounted for about 31% of the total services sector. It increased from 7.3% of GDP in 1996 to 20.4% in 1997. The share of financial services rose to 10% of GDP by 1996 and stood at 10.3% in 1997. Its growth at 5.2% in 1997 was the highest among other sub-sectors. The recent difficulties in the banking sector may have an adverse impact on the growth of this sub-sector. The transport, storage and communications sub-sector also experienced a considerable slowdown in its growth from 4.0% in 1996 to 1.8% in 1997.

The distribution and other services sub-sector (including tourism) had another difficult year during 1997. The sub-sector's growth declined for a second consecutive year and stood at 3.9% in 1997. Its performance was constrained by reduced aggregate demand, rising inflation and a fall in tourism expenditures. Tourist arrivals stagnated at around one million during 1996 and 1997. Thereafter, civil disturbances, deteriorated/damaged roads and other infrastructure and increasing crime put a damper on the growth of the tourism sector. The performance of these sectors did not seem to have recovered to any significant extent and may have suffered further in some cases during 1998. As a large proportion of the labour force is dependent on the service sector, improvement in its performance is critical for their wellbeing.

3. Labour Force and Employment

As mentioned in Chapter I, jobs arc the essential bridge between economic growth and people's lives. It is instructive **to** assess how developments **in** the labour market have impacted on human development in Kenya. The labour force was estimated to be 7.7 million persons in 1985. It increased to 8.6 million in 1988 and to 10.2 million in 1991. It rose to 10.6 million in 1993 and to 11.5 million by 1996 (see *box* 2.1 for composition of labour force). Its annual average growth rate was 4.1 % during 1985-96.

Box 2.1. Composition of Labour Force

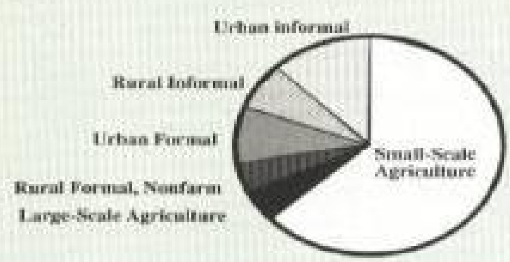
About 44% of the population (aged 15 years and over) in Kenya is considered to be active in the labour force ready to take part in the production of goods and services. These include the unpaid family workers. Of the total 11.5 million labour force, 42% is classified as poor. Almost 81% of the labour force is in rural areas. Women (females) constitute the majority (53%) of the labour force as their labour force participation rate of 46% is higher than that of men (41%).

(Source: *First Report on Poverty in Kenya, Volume II: Poverty and Social Indicators*, July 1998.)

The growth in employment required to absorb this growing labour force needed the generation of about 492,000 new jobs each year or an increase *of 4.3%* per annum. The actual rate of growth in employment ranged between 2.0% to 2.5% per annum during 1986-95. As a result, more than two million Kenyans were unemployed in 1995. Also, among those counted as employed, a significant proportion was under-employed, particularly in small-scale agriculture and the informal sector in rural and urban areas.

The small-scale agriculture sector is the single largest source of employment in Kenya absorbing over 51% of the labour force (see Chart 2.3). Most women in rural areas are involved in this sector providing 75% of the labour (80% of food crop production and 50% of cash crop production). It is the main source of livelihood for the majority of poor women.

Chart 2.3. Employment by Sector, 1994



The urban informal sector is the next largest source employing more than 10% of the labour force (see Box 2.2) followed by the urban formal sector, which accounted for 7% in 1994. About 18.5% of the total labour force of 11.5 million were unemployed in that year.

Wage employment in the agriculture sector (including forestry) averaged at around 305,000 jobs in recent years whereas that in the manufacturing sector was only about 212,000. Women accounted for *25%* of wage employees in agriculture and less than 17% in manufacturing. They held about 40% of the 293,000 jobs in education (including teaching)

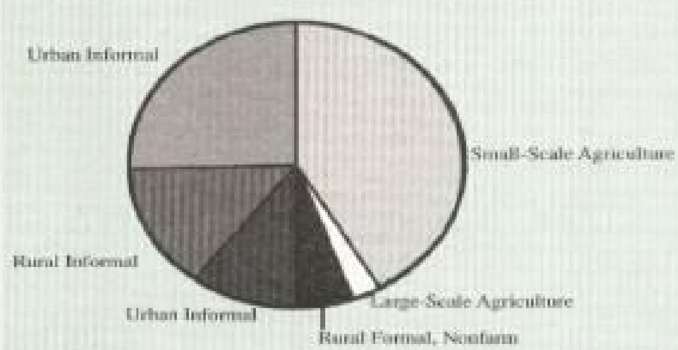
Box 2.2. Informal or *Jua Kali* Sector

The informal sector, also referred to as the *Jua Kali* sector, is an important component of the services sector. It covers all semi-organised and unregulated small-scale activities largely undertaken by self-employed or those employing only a few workers. It excludes all farming and pastoralist activities. It has grown considerably over the years providing employment to almost 2,987,000 people in 1997. The activities in the sector are carried out by artisans, traders and other operators under a variety of work sites such as temporary structures, markets, developed and undeveloped plots, residential premises or street pavements. The sector relies on simple technologies and the businesses are not registered with the Registrar of Companies. However, operators may be required to obtain licenses from relevant authorities for carrying out businesses. A majority of the informal sector activities are based in urban areas and account for 65% of employment in the sector with 24% of those in Nairobi. Wholesale and retail trades and the hotel and restaurant industry employed almost two-thirds of the persons engaged in the sector. It is the second largest source of employment after small-scale agriculture and a majority of poor urban women and men depend on this sector for their livelihood.

(Source: *Economic Survey, 1998*).

services in 1997. The participation of females in wage employment in the modern sector remained low, but their share increased marginally from 28.5% in 1996 to 28.7% in 1997. A majority of females employed in the modern sector (57.9%) were working in community, social and personal services in 1997. On average, women had access to less than 30% of wage employment in recent years.

Chart 2.4. Projected new Jobs



The Eighth Plan visualised the creation of *2,6* million new jobs or an annual growth rate of 3.5% during 1997-2001. Small-scale agriculture was expected to generate 1.1 million or 41.6% of the projected new jobs (see Chart 2.4). The urban informal sector was to generate 0.67 million or 25.6% while the rural informal sector would create 0.36 million or 13.8% of the total new jobs. Thus, the informal sector was projected to generate a total of 1.03 million new jobs. The urban formal sector was projected to generate only 0.27 million or a little over 10% of the new jobs. The rest of the jobs were to be created in the rural non-farm formal sector {0.36 million) and large scale agriculture (0.08 million). The share of agriculture sector employment in total employment was projected to decline from 67.1% in 1994 to 62.0% by 2001 while that of the informal sector would increase from 19.5% to 24.1% during the same period. The: share of formal sector employment (urban formal plus rural non-farm formal employment) was expected to decline marginally from 13.7% to 13.6%

Most of the additional jobs are expected to be in small-scale agriculture and the informal sectors. However, labour productivity in these sectors is low. For example, the average wage earnings per employee in agriculture and forestry were only about Ksh. 2,000 per month. Taking into account the seasonal nature of wage employment in these sectors and the high dependency ratios of rural households, the wage income of employees is not adequate to put their families above the rural poverty line (of Ksh. 970 per month per adult equivalent). It is no wonder that the majority of the poor are to be found in the agriculture and the rural and urban informal sectors. At the same time, the growth of more remunerative jobs in the formal sector is projected to lag behind the overall growth in the economy.[7] This combined with the substantial shortfall In overall economic growth during the Highlh Plan period indicates that poverty will grow.

4. Eighth Plan Expectations

The Eighth National Development Plan (1997-2001) was visualised to lay the foundation for the transformation of Kenya into a newly industrialised country by the year 2020. The Plan reiterated poverty reduction, eradication of ignorance and disease and the creation of employment for all Kenyans as important priorities. Industrialisation was seen as the quickest avenue (or generation of employment opportunities and incomes. The strong forward and backward linkages between the agriculture and industrial sectors were recognised. Thus, agriculture and manufacturing were seen as the *twin engines* of economic growth. However, it was recognised that the performance of the agriculture sector was tied to the vagaries of the weather, and to the price and demand fluctuations for Kenya's agricultural exports. As a result, the agriculture sector was considered an unreliable contributor to economic growth. Instead, industrial development was seen as a more stable avenue for sustainable economic growth.

At the same time, the Plan highlighted the important multiple roles of the agriculture sector in terms of food production, employment creation, foreign exchange earnings, supply of raw materials to industry, and its overall contribution to GDP. But the share of public expenditure allocations to the sector did not reflect the relative importance of the sector in the Kenyan economy. Thus, the proportion of expenditure on agriculture declined from 8,2% of total Government expenditure during 1980-87 to 5.2% during 1993-95. As a result, private capital formation has been the main driving force in the growth of the agriculture sector. However, the large-scale agriculture sub-sector and commercial crops such as tea, coffee and horticulture, accounted for the bulk of it. The small-scale agriculture sub-sector on which the bulk of the rural poor depend for their livelihood was neglected. It suffered considerably due to soil degradation, extension of cultivation to marginal areas, lack of access to credit and modern inputs, and inadequate support services including extension, storage, transport and marketing. Natural calamities such as droughts, floods, pests and livestock diseases further aggravated the plight of small farmers and the rural poor.

5. *Performance Assessment*

Assessment of the performance of the economy of Kenya may be made against two benchmarks; (a) comparison with the performance of other countries in the region, and (b) assessment against Kenyan expectations.

a. Comparison with Other Countries

A comparison of the performance of Kenya with that of its neighbours in Sub-Saharan Africa indicates that Kenya had performed much better than most of its neighbours, at least as well as some, and somewhat less well than a few countries (e.g., Botswana). Unlike its neighbours, the Kenyan economy did not experience any significant periods of sustained decline since independence. On average, the economy grew at more than 4.5% per annum during the first 25 years since independence. This is a commendable achievement and Kenyans should rightly be proud of it. However, although Kenya's overall economic performance during the first 25 years of independence was ahead of many countries in Sub-Saharan Africa, the bulk of the fruits of growth were captured by the non-poor leaving the plight of the majority of the population either

[7] In fact, the share of wages (labour) in gross value of manufacturing output ranged between 3% and 2.5% in recent years although it accounted for about 30% of the value added. The former points to the heavy capital intensity and very low labour intensity of production in the manufacturing sector.

virtually unchanged or deteriorated (see also sub-section D.1 in Chapter III). Kenya's performance in recent years has been much worse than a number of its neighbours.

b. Assessment against Kenyan Expectations

A second approach is to assess the performance of Kenya against the benchmarks it set for itself, in its national development plans and sector and sub-sector development strategies, and the expectations of its development partners at home and abroad. Viewed in this context, the performance had been significantly below the benchmarks and expectations for most of the years except during the first decade after independence (1964 to 1973). The factors contributing to the shortfall in performance include natural calamities such as droughts and floods, developments in the international markets (for example, the oil crises and deterioration in the terms of trade for primary export commodities), and internal management and governance problems. The Government and citizens have very little control over the adverse effects induced by the first two - weather and global markets - except to devise coping mechanisms to protect against undue hardships. However, they had substantial leverage on the third - internal management and good governance.

6. *Outlook and Prospects*

Kenya has been undergoing significant economic slow down during the past two years. The near-term prospects do not appear to be bright. The overriding emphasis on rapid industrialisation through both domestic and foreign direct investment has yet to yield significant results. The size of the manufacturing sector is still modest (at between 13 and 17% of GDP). It is heavily capital intensive and generates only a limited number of jobs. A 10% annual growth in the sector would contribute only between 1.3 and 1.7 percentage points to GDP growth. Rapid growth in GDP could be achieved and sustained only with substantial growth in the agriculture and services (including informal) sectors.

The majority of the labour force is engaged in the small-scale agriculture and informal sectors. Almost two-thirds of the total employed are in the small-scale agriculture sector. The urban and rural non-farm formal sectors and the large-scale agriculture sector together employ about the same number as the urban informal sector. Attention to the industrial sector should continue. At the same time, improving the productivity in those sectors where the majority of the labour force (and the majority of women are employed) and accelerating the growth of these sectors would contribute not only to the overall growth of the economy, but also to expansion of remunerative employment, improved labour productivity and better living standards for the majority of Kenyans.

The development strategy adopted in the Eighth Plan needs to be re-examined taking into consideration the economic performance during the first three years of the Flan period (1997-2001). Translating into action the assertion in the Plan that the *agriculture and industrial sectors are the twin engines of economic growth* is necessary. Accordingly a higher priority to investment in the small-scale agriculture sector would bean important first step. Simultaneously, the performance of the rural and urban informal sectors, tourism and other services sectors should be improved through the creation of a more favourable environment. This may include (i) the dismantling of restrictive laws, regulations and administrative rules that impede entrepreneurship, and (ii) strengthening the rule of law, improving transparency and accountability, and enhancing security for both people and property. In pursuing these goals, Kenyans need to appreciate that creating confidence for foreign investments depends on internal consensus and security.

Compared to its neighbours, Kenya is rich in resources, systems and institutions, particularly in human resources,, a traditionally competent civil service, and workable economic and financial institutions. Enhanced utilisation of the available skills and resources and redirection of the ingenuity of Kenyans towards productive purposes would strengthen self-reliance and build a strong base for sustainable development. The process of fine tuning the policies, reforming the systems and rejuvenating the institutions has already begun. It is also necessary to focus attention on creating the economic space and opportunities for all citizens to improve their lot. The future looks promising and it is up to all Kenyans to work toward realising the promise of a better life for them and their children. As a major actor, the Government has the mandate and obligation to accelerate this transformation.

C. Governance and Human Development

1. Background

It is necessary to recognise that economic growth alone does not automatically lead to sustainable human development. Cood governance, including the rule of law, participation by the governed, equity, effectiveness, efficiency, transparency and accountability, are all essential for human development. Governance is defined as "the exercise of economic, political and administrative authority in the management of a country's affairs at all levels, it encompasses the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences" (UNDP Policy Document, 1997). Kenya's governance record should be seen against the backdrop of the conditions that prevailed in the country at independence and the social, economic and political developments since 1963. The colonial Government had ruled Kenya for about 70 years, during which indigenous people had no political voice. They were economically marginalised and their civil society institutions were weakened, non-existent, or irrelevant to national development. National unity was sustained through the use of brute force and coercion.

2. *Political Governance*

Political governance embraces decision making and policy implementation by a legitimate and authoritative state, which represents the interests of the society and allows citizens to freely elect their representatives. Kenya gained its independence in 1963 as a multi-party democracy but legally became a one-party state in 1969. All through the past 35 years, even during the period of the one-party state, elections have been organised every five years. In 1992, Kenya reverted to a multi-party democracy after the repeal of section 2(A) of the Constitution. However, as experience from Kenya and elsewhere has shown, it is not just the holding of periodic elections that determines good political governance but rather the free and fair electoral processes through which leaders are elected. Good political governance requires the following minimum conditions: freedom to choose both the political party and the candidate to support, an electoral body which is independent from any of the interested parties, removal of constraints on political parties and voters, media freedom, and adequate security during political campaigns and voting exercises.

Based on the above conditions, all the elections held in Kenya between 1963 and 1997 would be subject to varying degrees of qualification. Some Kenyans would report that the political party or the candidates of their choice were not allowed to campaign freely in a given region or regions. Others would complain that their security was not guaranteed and, therefore, the elections were not free and fair. Finally, some Kenyans would complain that those who were responsible for the management of the electoral process were too closely linked to the Government in power and, therefore, could not be impartial to all parties.

The structural and institutional weaknesses of the Electoral Commission of Kenya (ECK), have played a significant part in deterring good political governance. A recent example is the Commission's failure to ensure adherence to the clause 5 (5) of the Constitution of Kenya (Amendment) Bill 1997 which led to the nomination of less women in Parliament and Local Authorities than is required by the Constitution.

Despite the above it is obvious that since 1992, when Kenya reverted back to a multi-party system, there; has been significant opening of political space. In the process some fundamental gains have been achieved. Further progress was achieved in the latter half of 1997 in building consensus on undertaking a review of the constitution. When political leaders get together in serious dialogue they are able to resolve even serious problems. This was clearly demonstrated in 1997, when the Inter-Parties Parliamentary Croup (IPPG) got together to discuss political reforms following increasing cases of mass action on Nairobi streets. They jointly arrived at a consensus on the objectives of Kenya's Constitutional review. The areas of agreement included the following:

a) guaranteeing peace, national unity and integrity of the Republic of Kenya in order to safeguard the wellbeing of the people of Kenya;
b) establishing a free find democratic system of Government that enshrines good governance, constitutionalism, the rule of law, human rights and gender equity;
c) recognising and demarcating the division of responsibility among the state organs of the executive, the legislature, and the judiciary so as to create checks and balances between them and to ensure accountability of the Government and its officers to the people of Kenya;
d) promoting the peoples' participation in the governance of the country through democratic, free and fair elections and the devolution and exercise of power;
e) respecting ethnic and regional diversity and communal rights including the right of communities to organise and participate in cultural activities and the expression of their identities;
f) ensuring the provision of basic needs of all Kenyans through the establishment of an equitable framework for economic growth and equitable access to national resources; and
g) promoting and facilitating regional and international co-operation to ensure economic development, peace and stability and to support democracy and human rights.

The Group (IPFG) also agreed on how **to** deal with gender issues and political empowerment of women. In particular they agreed on an amendment to section 82(3) of the Constitution to include sex to the list of factors (race, tribe, place of origin or residence or tocal connection, political opinion, colour or creed) based on which a person cannot be discriminated against.

However, it must be recognised and appreciated that the enactment of constitutional norms is not enough and may not lead to political Canaan unless much more fundamental changes occur in the society. As the Member of Parliament, Honourable K. Murungi (1997) puts it "paper equality under section 82 will not have significant effects on our women's lives unless we take specific steps to correct the imbalances of the present and past discriminations against women." He goes OH to quote the former American President, Lyndon B. Johnson, that

> *it is not enough to open the gates of opportunity. All our citizens must have the ability to walk through those gates ... Until we overcome unequal history we cannot overcome unequal opportunity.*

The fundamental message here is that the aim is not merely formal or paper governance but the practical opening of equal opportunities for all Kenyans to walk through the gates of human development. While the Government has a critical role to play in ensuring change towards good governance, every citizen and every Kenyan institution lias a role to play in the process. If everyone takes their role seriously and with commitment Kenyan Society will realise the full potential of its resources. Thus, good governance should encompass consensus building between the leaders and those they lead. This occurs when decision-making processes and institutions are responsive to the needs of all stakeholders and facilitate the strengthening of their capacities to play effective roles in their own governance.

3. Economic Governance

Economic governance tncompasses the process of decision making with respect to economic activities and as such influences societal issues such as equity, poverty and quality of life. Under the circumstances prevailing at independence, the conventional wisdom pointed to a strong central Government, a state-led development strategy with a significant public sector ownership of the means of production and distribution, and a secondary role for other sectors in economic governance. The latter emerged from the fact that at independence, non-Africans were not viewed as partners in development even though they constituted a large part of the private sector and controlled a significant portion of the means of production. From independence, the Government declared its core areas of focus in national development as elimination of ignorance (through education), poverty (through economic advancement), and disease (through the provision of good health services, safe sanitation and clean water facilities). These goals were to be realised through a policy of economic development that brought together the public sector (through public investment in the production of goods and services) and the private sector. This direct involvement of Government in the economy was greatly enhanced by the institutionalisation of the one-party state in 1969. Thus, between 1969 and 1992, the state was the predominant actor in all matters of economic governance. State control of the economy provided both opportunities and constraints to development. The opportunities for rapid growth were well utilised during the first two decades after independence with substantial improvement in social indicators. At the same time, pervasive state control of the economy gave rise to myriad opportunities for rent seeking by politicians and government officials and those who received favours from these. Transparency in state operations and accountability to the people became increasingly scarce. As a result, the efficiency and effectiveness of the state machinery was compromised. Inequity and poverty increased and the quality of life for a majority of the population did not improve.

Efforts to remedy the situation were initiated at different times during the period, but with limited transitory results. Economic liberalisation was seen as a potential means to eliminate the opportunities for rent seeking in the public sector. Implementation of the economic reforms began in 1988. Renewed efforts in this direction were made in the early 1990s. Further efforts are under way during recent months to bolster the measures and improve economic governance. However, attention to gender inequality and poverty eradication seem to be either missing in the various initiatives or have been considered largely as areas requiring remedial actions **to** alleviate the burden of adjustment. A more proactive approach incorporating gender equity and poverty eradication as integral components of economic policies, plans and programmes needs to be adopted as the country strives to make further progress in economic governance.

4. Administrative Governance

Administrative governance provides an efficient, independent, accountable, and impartial public administration system. Kenya inherited a highly competent and well functioning civil service from the colonial regime. Unfortunately, increasing state control of the economy introduced new demands, regulations, rules and procedures that overburdened the system. As a result, the civil service (including the Central Government, Teachers Service Commission, parastatal bodies, enterprises with majority ownership by the Government, and local government) rolls have increased to 700,000 by 1996. At the same time, the incentive structure in the civil service has been gradually eroded due to scarcity of resources and political interference. Ineffective bureaucratic procedures caused delays in the implementation of programmes and decisions. Some of the inefficiencies and delays arose out of the limited capacities in critical departments and sections, e.g., the drafting section of the Attorney General's Chambers. Unfortunately, when delays occur in a Government office, people arc quick to conclude that the cause of such delays has'to do with corruption. For this reason some of those seeking services will try to hasten action through financial inducement or other types of favours. In such a situation there is a tendency for people to use unethical means of accessing services and resources. Those in office, both in the public and the private sector, will try to use their positions for personal gain by practising corruption. The recently established Anti-Corruption Board is likely to tackle some of the more glaring cases.

Even after 35 years of independence, the orientation of the civil service from the colonial one of *control and administration to promotion of development, provision of-services and responsiveness to client (people's) needs* has only partially taken root throughout the system although a number of efforts have been made by some senior civil servants and politicians to instil these values. Past efforts and approaches such as the District Focus for Rural Development (DFRD) remained largely on paper due to the absence of client orientation on the part of the civil service. Lack of transparency and accountability further compounded the problems. While the ongoing civil service reform is expected to address some of these issues, additional assistance will be required to enhance the orientation of the civil service to gender equity, poverty eradication and client responsive development and improved efficiency.

5. *Systematic Governance*

Systematic governance includes the processes and structures of society, which guide political and socio-economic relationships, protect cultural and religious values and create an enabling environment for sustainable improvement in the quality of life. Popular participation is the cornerstone of good governance. It is characterised by the extent to which participation takes place and the manner in which stakeholders express their voice in the decision making process. It also entails an impartial application of the rule of law such that in the process of law enforcement, all the rights of the individual are protected. In addition, good governance ensures transparency and a free flow of information and accessibility to the processes, institutions and information itself. It further ensures that decision-makers are accountable to those on whose behalf they make decisions. Good governance also entails equity through which all stakeholders get equal opportunities to improve their wellbeing. And, finally, good governance ensures effectiveness and efficiency, characterised by processes and institutions that serve identified needs through cost effective methods of carrying out tasks.

New laws, regulations and rules and institutions have supplanted many of the traditional channels, mechanisms and institutions for popular participation in Kenya. Most of the latter efforts have helped in concentrating the decision-making power at the centre. At the same time, the political space for evolving new mechanisms for popular participation has been severely constrained, especially under the one-party state. Recent initiatives to allow more space for civil society organisations including community-based organisations

(CBOs)and non-governmental organisations (NGOs) are steps in the right direction. More needs to be done to decentralise decision-making to the people and their communities and to strengthen their institutions. In this regard, the first priority should be to dismantle laws, regulations and rules that impede individual and community participation and inhibit the evolution and effective functioning of civil society organisations (CSOs).

6. *Governance, Gender and Poverty*

Poverty eradication and gender equity should be a major focus of good governance. When a majority of the people cannot access essential services, establish sustainable livelihoods, and participate fully in the mainstream of their development, economic disruption is on the horizon and social harmony and political stability arc in jeopardy. The Government through the National Poverty Eradication Plan (NPEP) notes that every citizen has "a basic entitlement to play a full role in society, participating fully in society's affairs and helping make decisions on those matters, which directly affect her or his material and social standing. Individual citizens have the right to play their full social roles to achieve a basic state of well-being, irrespective of their race, colour, sex, ethnic group, language, religion, age, political affiliation, disability or any other circumstances of birth."

This is one of the clear policy statements on the right of participation of people in their own governance and development. When implemented, the Charter for Social Integration in the NPEP (see Box 3.3 in Chapter III) provides an "enabling political, economic and legal environment" for partnerships with the poor and all other stakeholders in the fight against poverty and discrimination against women. It is necessary to extend this approach of empowering people to take an effective participatory role in national development to other actors and to all spheres of national life. At the same time, it **is** important to keep in mind that after more than thirty years of monopoly power by Government, a great deal of capacity-building for the people and their organisations (including CSOs and the private sector) will be required before they can effectively establish partnerships among themselves and with the Government. In building the capacity of these groups, special attention will need to be placed, on information needs and organisational capacities.