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OFFICE OF THE PRESIDENT

Department of Development Co-ordination

National Poverty Eradication Plan

1999--2015

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National Poverty Eradication Plan

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Abbreviations

AIDS	- Acquired Immune Deficiency Syndrome
ALS	- Arid Lands
APTF	- Anti-Poverty Trust Fund
ASAL	- Arid and Semi-Arid Land
CAPs	- Community Action Plans
CBOs	- Community Based Organizations
CBS	- Central Bureau of Statistics
CDTF	- Community Development Trust Fund
CPE	- Commission for Poverty Eradication
DAEO	- District Adult Education Officers
DDOs	- District Development Officers
DETB	- District Education and Training Board
DF	- Disabled Fund
DFID	- Department for International Development of United Kingdom
DFRD	- District Focus for Rural Development
DPU	- District Planning Unit
DSDO	- District Social Development Officer
FID	- Foreign Direct Investment
FAWE	- Forum for African Women Educationalists
GoK	- Government of Kenya
GTZ	- German Technical Cooperation Agency
HEROS	- Health Sector Reform Programme
HIMPAs	- High and Medium Potential Areas
HIV	- Human Immuno-deficiency Virus
HPS	- High Potential Areas
ICOR	- Incremental Capital-Output Ratio
K-REP	- Kenya Rural Enterprise Programme
KDHS	- Kenya Demographic and Health Survey
KEPI	- Kenya Expanded Programme on Immunization
LGA	- Local Government Authorities
MALDM	- Ministry of Agriculture, Livestock Development and Marketing
MCHSC	- Mother and Child Health Services Centres
MHANH/CSS	- Ministry of Home Affairs, National Heritage, Culture and Social Services
MLA	- Ministry of Local Authorities
MEHRD	- Ministry of Education and Human Resource Development
MoH	- Ministry of Health
MPET	- Masterplan for Education and Training
MPND	- Ministry of Planning and National Development
MWR	- Ministry of Water Resources
NGOs	- Non Governmental Organizations
NICs	- Newly Industrializing Countries
NPEP	- National Plan for Poverty Eradication
NWDF	- National Women Development Fund

NYDF	- National Youth Development Fund
ODA	- Official Development Assistance
OP	- Office of the President
OP-DDC	- Office of the President/Department of Development Coordination
PAMNUP	- Partnership Approaches to Meeting the Needs of the Urban Poor
PEB	- Poverty Eradication Budget
PEU	- Poverty Eradication Unit
PFP	- Policy Framework Paper
PIP	- Public Investment Programme
PLA	- Participatory Learning Action
PPAs	- Participatory Poverty Assessments
PRIDE	- Promotion of Rural Initiatives and Development of Enterprises
PTR	- Pupil to Teacher Ratio
PUAs	- Participatory Urban Appraisals
RFD	- The Rural Development Fund
ROSCAs	- Rotating Savings and Credit Associations
SDD	- Social Dimensions of Development
SFT	- The Settlement Fund Trustee
UNDP	- United Nations Development Programme
UNICEF	- United Nations Children's Fund
UPE	- Universal Primary Education
USAID	- United States Agency for International Development
WMS I & II	- Welfare Monitoring Surveys (I and II)
WSSD	- World Summit for Social Development

FOREWORD

The National Poverty Eradication Plan presents a framework on how we are going to tackle poverty that afflicts a large percentage of our people. My Government has been committed to poverty reduction as a key ingredient to building an economically strong and prosperous nation, with a cohesive society in which all have an opportunity to realise their full potential. It is out of this strong commitment that we have been able to make significant progress in the social sectors notably in education and health despite some recent slight set backs arising from the implementation of Structural Adjustment Programmes.

Whereas my Government is committed to the process of ongoing social and economic reforms so as to revive economic growth, the involvement of the poor who form almost half of our population is crucial for them to be sustainable. This calls for increased investment in education and health of the poor in order to make them more productive and bring them into the mainstream of national development.

My Government will commit both human and financial resources for the implementation of this plan. In this regard, ministries will be required to review and introduce clear poverty focus in their project portfolios so that the services that they deliver can reach poor households. We look forward to our development partners namely; donors, NGOs, civil society and the private sector to similarly commit more resources to the eradication of poverty.

Let us all coordinate our efforts to minimise duplication and wasteful competition as we endeavour to assist the poor improve their welfare. My Government on its part will ensure that resources earmarked for poverty reduction are utilised in an efficient, transparent and accountable manner. Finally, whereas poverty will not have been completely wiped out by the end of the plan period in 2015, I trust that with the cooperation of all stakeholders a solid foundation will have been laid which will act as a springboard for the eradication of poverty in our country.



Daniel Toroitich arap Moi, CGH, MP
PRESIDENT

Nairobi, February, 1999

SUMMARY OF THE POVERTY ERADICATION PLAN

- 0.1 The National Poverty Eradication Plan (NPEP) provides a national policy and institutional framework for urgent action against poverty in Kenya. The Plan presents a vision for the early 21st century, when Kenya hopes to halt the current increase in the incidence of poverty and then eradicate it step by step. The Plan signals the Government's determination to address the poverty challenge not only as a political necessity and moral obligation, but also on grounds of sound economic principles that recognise the critical role and potential contribution of the poor to national development.
- 0.2 The need for a poverty eradication plan arises from the persistence of poverty despite past efforts to combat it through national development planning and special programmes. The objectives of the National Development Plans and the National Policy Frameworks have been too lofty and macro in their focus to be able to address the meso and, socially contextualised, micro problems of equity, and access to economic opportunities and social services for the poor. This Plan bridges the gap between the national Development Plans and the imperative to address the needs of the poor. It analyses the context of past efforts to combat poverty and recognises the need to overcome multiple constraints placed by sectoral and institutional settings. It focuses on policies and sets operational priorities on the poor; and seeks to achieve pro-poor economic growth and service delivery.
- 0.3 As a signatory to the Declaration of the World Summit for Social Development (WSSD) held in Copenhagen in 1995 and attended by more than 100 world leaders, the Government is committed to the goals and targets adopted in the summit. The goals which were adopted focus on: the eradication of poverty; the achievement of Universal Primary Education (UPE); various aspects of Health for All; and the social integration of disadvantaged people. The National Poverty Eradication Plan has been formulated in line with the goals and commitments of the Copenhagen Summit.
- 0.4 Preparation of the NPEP involved extensive consultations with key stakeholders. It has been refined at a number of technical discussions and workshops involving Government, the private sector, NGOs and donor community. Particular use has been made of the findings of two Participatory Poverty Assessments and the 1994 Welfare Monitoring Survey. The information in these reports has been useful in understanding the common needs and hopes of the low income groups. These sources indicate that the incidence of poverty in Kenya has deepened in recent years. In 1994, 47 % of the rural population and 29 % of the the urban population lived below the poverty line. It is estimated that 12.6 million Kenyans currently live in absolute poverty.

- 0.5 The highest incidence of poverty was recorded in the ASAL districts of Northern Kenya, where the poor account for nearly 80 % of the district populations. However, a large number of Kenya's poor are concentrated in a belt running in a south-easterly direction from the most densely populated districts in Nyanza and Western Provinces through parts of the Rift Valley and of Central provinces; continuing to the adjacent districts of Eastern Province and finally reaches the coast at Kilifi. Seventeen rural districts and the urban areas in this belt alone contain over two-thirds of the nation's poor household. Focussing on those districts which contribute *most* to the composition of national poverty, and giving them priority, will significantly hasten poverty eradication. This poverty mapping points to the need for geographical targeting strategies as a means to realizing visible impacts within the plan period.
- 0.6 The Plan has three major components, each setting out a framework for further action by Government, civil society, private sector and donor partners:
- a Charter for Social Integration
 - improved access to essential services by low income households that currently lack basic health, education and safe drinking water;
 - a strategy for broad based economic growth.
- 0.7 The Charter sets out the rights and responsibilities of citizens, communities, businesses, civil society organisations and policy-makers; and sets an enabling environment for pro-poor policies and planning. Line ministries and other national agencies have the responsibility to set, and follow up, clear sector targets for poverty eradication and ensure that their staff have the awareness and training to make this possible. National policy makers have the responsibility to regularly review laws and regulations to ensure they do not handicap the disadvantaged and the low income groups. Recognition and contribution to the right to literacy and numeracy, health and freedom from preventable disease, sufficient food and clean water, freedom from injustice and physical and mental harm for all citizens is a central element of the charter.
- 0.8 Within the framework of a Charter for Social Integration, the NPEP sets detailed and coordinated targets for each of the key sectors - agriculture, education, health, water resources, and social services - and their partners in the private and voluntary sectors. Major improvements in the supply and accessibility to essential services such as basic education, health, water and sanitation for the poor are envisaged.
- 0.9 Improving access to education for children of low-income groups will require a combination of policy and management initiatives and a rigorous focus on increasing primary school enrolment and completion rates of disadvantaged groups, especially for girls from low income families.

These policy and management initiatives will include: a primary school curriculum focussed on key universal skills; more effective and decentralised primary school management, and a teaching profession committed to leadership in the search for broad based development.

- 0.10 For Kenya to achieve Universal Primary Education (UPE) by the year 2015, primary school enrollment rate will need to increase at approximately 4.5% per year just to absorb the growth in primary school age population. To achieve this target, a combination of community awareness, improved school based management, different systems of financial management, and a proportionate shift of Government resources to the primary education sector are needed, along with efforts to reduce regional and gender disparities in access to basic education.
- 0.11 By 2010, implementation of the plan will eliminate the current shortfalls in poor households' access to Mother and Child Health Service Centres (MCHSC). In the High and Medium Potential (HMP) areas, all households will have access to an MCHSC within 5km of their homes; all rural households in Arid and Semi-arid Land (ASAL) areas will have access within one hour by local transport.
- 0.12 In order to achieve universal coverage in basic social services by the end of the plan period, an average economic growth rate of at least 6% per annum should be realised. Even more important, the pattern of that growth must be equitable, sustainable and broad based. Much of the economic growth will need to be based on agriculture with emphasis on small scale agriculture and on rural small business and micro-enterprise. Growth in these sectors will in turn contribute substantially to the manufacturing and processing of food, non- food agricultural, natural resource based and other products.
- 0.13 The creation of productive employment opportunities is one of the most serious challenges facing Kenya today. The plan seeks to protect and enhance the assets and income streams of the poor, to build and enhance assets through group cooperation, support for new marketing initiatives, and the early removal of local and national government regulations which obstruct informal business. A central component of the larger effort towards economic growth, poverty reduction and increased employment is the strategy for the balanced development of rural and urban areas. A central role in facilitating rural-urban balance will fall on Local Authorities. Therefore the Government will take active steps to strengthen the performance of Local Authorities in providing essential services and infrastructure.
- 0.14 The Government recognises three key kinds of support necessary to achieve the aim of balanced economic growth and poverty reduction as:
- The facilitation capacities needed **at local government levels**.

- Support *from national level agencies* delivering key productive services and linking the rural and urban areas;
- Balanced development for rural and urban areas.

0.15 The Plan sets specific goals and targets such as:

- *Reduction of the poor in the total population by 20 % by 2004; and by a further 30 % by 2010*
- *15 % increase in enrollment rates over the first six years of the Plan*
- *19 % increase in completion rates, especially for girls in the six year period*
- *Universal Primary Education achieved by 2015*
- *Universal access to Primary Health care to within 5 km of all rural households or within one hour of local transport by 2010*
- *increase by 8% each year until 2004, access to safe drinking water by poor households.*
- *by 2010, create universal access to safe water.*
- *reduce time spent by women on fuelwood and water collection*
- *publish 'best-practice' guidelines for rural and urban social development by 2000*
- *20% of communities to draw up action plans by 2004*
- *40% of all extension messages to be relevant to very poor farmers*

0.16 Plan implementation will be in three phases over the period 1999 - 2015: the first phase (1999 - 2004); Second phase (2005 - 2010); and final phase 2011 - 2015). There will be a preparatory phase of 18 months, aimed at setting local poverty reduction priorities and establishing management structures and appropriate financing mechanisms. The immediate goal of the NPEP is to reduce the numbers of households living in absolute poverty by 20 % by 2004. This target will be accomplished through a combination of pilot demonstrations and implementation of community action plans. Demonstration field operations will begin as soon as possible in 15 divisions chosen from 15 priority rural districts and in five poor urban centres.

0.17 On the national scale, line ministries will be required to review and introduce a clear poverty focus in their project portfolios. They will also have to demonstrate how they will deliver improved services to the low income households in disadvantaged areas. The main challenge for the sector ministries is for them to restructure priorities and corresponding budgets, to further decentralise and to reorganize service provision to cater for a majority of the low income households.

- 0.18 A further important aim in the early stages of plan implementation will be the enhancement of Government's capacity in participatory planning. The government will collaborate with civil society organisations, including NGOs, to develop skills in participatory poverty appraisal and to publish a set of national guidelines on best practice in working with the most disadvantaged and vulnerable groups.
- 0.19 The 2nd Investment Phase of 5 years (2005 - 2010), will be devoted to consolidating the gains of the 1st phase and expanding or replicating the experiences gained from pilot poverty interventions, to cover most of the poor districts in Kenya. A combined enforcement of basic rights approach to poverty reduction, broad based economic growth and effective delivery of essential services to low income households will lead to 50 % reduction in the numbers of the poor households. More general prospects for 2010 concern basic health for all, and extensive safe water supply and sanitation for all low income households.
- 0.20 The final phase (2011 - 2015) will be devoted to increased monitoring and evaluation of poverty eradication initiatives, impact assessment and policy refinement. The NPEP principles and operational targets will be mainstreamed throughout Kenya by means of more extensive promotion and replication.
- 0.21 The Plan will be launched through a nation-wide sensitisation and marketing campaign. The list of targets, rights and responsibilities will guide central and local Government actions. For example: all health facilities will display health targets showing the staff's contribution to achieving them; administrative centres will display posters on the right of communities to organise themselves to participate fully in the national campaign against poverty; all primary schools will display their own Charter targets and the actions to reduce drop out and 'repeat year' rates in the schools.
- 0.22 Private sector organisations will be encouraged to develop social responsibility guidelines to match Government's Charter for Social Integration. The Federation of Kenya Employers (FKE) and several major enterprises will be expected to develop a Business Against Poverty code of practices in the Kenyan private sector in step with government and its commitment to 'fighting poverty'.
- 0.23 The 20/20 Compact endorsed at Copenhagen in 1995, and confirmed the following year at Oslo, sets targets for donor partners as well as recipient countries. Donors may have considerable scope to redirect funding towards basic social services in view of Kenya's urgent needs and its commitment to poverty reduction. If donor partners agree to assist the National Poverty Eradication Plan and its implementation, and to make 20% of aid flows available for basic social services delivery, this would

generate (based on 1994 figures) a further US\$ 40 million of resources per annum.

- 0.24 Implementation of the Plan will be overseen by a Commission for Poverty Eradication (CPE). The CPE will be established either by an act of parliament or by Presidential Appointment. Members of the Commission will represent the different constituencies in the national partnership against poverty. They will be drawn extensively from Government, business, NGOs, religious and voluntary organizations that have special experience or expertise to contribute to strategic planning, resource mobilization, and bringing on board the private sector knowledge of the ethical context of poverty and disadvantage.
- 0.25 The CPE will be assisted by a Poverty Eradication Unit (PEU) in its daily coordination and administration of national poverty eradication initiatives. The Poverty Eradication Unit will be established in the Department of Development Coordination, Office of The President to oversee the implementation of pilot projects, to confirm the geographical targeting and sector priorities in this plan and to provide detail for links needed between policy, public sector leadership, private and voluntary sector partnership and community action planning.
- 0.26 CPE will also take the lead in encouraging the formation of 'Partnerships Against Poverty' at Divisional, District, City and National Levels. These partnerships will include the private sector, the churches and NGOs. The major NGOs and companies have considerable poverty reduction experience to share and to contribute to the national effort. Poverty forums will be instituted to advise on plan implementation and on the formation of the network of operational partnerships.
- 0.27 Poverty Eradication Programmes will be financed by a Poverty Eradication Budget (PEB) which will be 'public expenditure neutral', and obtained by setting aside a proportion of the national budget. The budget for eradicating poverty will appear as a single item in the budget and allocated to a single unit of Government. The funds will then be passed on, **according to agreed priorities for poverty reduction**, to operational units in the sector ministries and other agencies. The poverty eradication funds will be allocated by CPE to existing sector ministries and operational units on a sub-contracting basis, and in conformity with agreed Terms of Reference, in order to meet poverty reduction aims. By this means, the line ministries will be asked to show that they have the professional skills and sense of urgency and commitment to undertake poverty reduction work in their specialised areas. Passing that portion of the budget which might be spent on poverty reduction through CPE will also increase the transparency of allocation and spending priorities.

- 0.28 The government will aim at setting aside or 'ring-fencing' at least 10% of the budget for purposes of poverty eradication. The poverty reduction expenditures will be integral to the annual Public Investment Programme (PIP) and will be incorporated into the 3 year budget cycle. Initially, the Poverty Eradication Budget (PEB) will be used to demonstrate how partnership arrangements can best be established within government and with selected partners. As the results and lessons of the demonstration effects of collaborative poverty reduction programmes are revealed, greater reliance on funding community based poverty reduction initiatives will be through trust funds.
- 0.29 In addition to the PEB, an Anti-Poverty Trust Fund, (APTF) will be established and managed outside government machinery. The APTF will be managed at national level by an independent Board of Trustees with funds channelled through a major commercial bank. It will have a strong management framework and excellent monitoring and evaluation arrangements to ensure that the fund's resources are well spent to achieve visible poverty reduction impacts. In line with its major objectives, the APTF shall be granted the right to mobilize resources on its own. Contributions shall be sourced from government, private sector institutions, external donors and voluntary organizations in cash or in kind.
- 0.30 The aims and outputs of the first phase of the plan implementation are set out in a logical framework. The successful launching of the Plan will depend on a number of prior arrangements stipulated in the Logical framework as follows:

- The first priority is to establish a well staffed PEU to play an administrative and technical role in the launch of the Plan and begin preparations for plan implementation. An initial complement of some 15 professional staff headed by a Director will be put in place for the PEU
- The PEU and Ministry of Finance will work out procedures for streamlining and 'ring-fencing' a poverty reduction budget in the early stages of Plan implementation.
- A Commission for Poverty Eradication (CPE) established, powers defined and staffed before June 1999.
- Official launch of the NPEP by March 1999 leading to nationwide debate and promotion of the Plan
- Plan endorsed and launched by His Excellency The President
- National advertising campaign funded/ run by 2000.
- Draft Charter submitted to AG Chambers for review; Draft Charter for social integration reviewed for constitutional status and legal implications
- Formula for 'ring-fencing' or setting aside a % of national budget for poverty eradication speedily agreed and implemented by Treasury and key sector ministries; and budget line created by July 1999
- By 2000 all senior civil servants and one quarter of middle level staff in 3 key ministries are familiar with poverty reduction concepts and strategies
- Field manual of decentralised methods giving best practice and case examples, on most effective means of dissemination for front-line agency staff, NGOs etc
- Media coverage and spot surveys at divisional and district levels done
- Civil servants at senior and middle management levels and key private sector staff trained.
- Capacity for poverty-focussed planning at local level enhanced, and specific methods demonstrated in divisions by NGOs, private sector and ministries

PART I

**THE NEED FOR A NATIONAL POVERTY
ERADICATION PLAN**

1 THE CHALLENGE OF POVERTY ERADICATION IN THE 21st CENTURY

Introduction

- 1.1 At the time of independence in 1963, the Government of Kenya (GoK) identified illiteracy, disease, ignorance and poverty as the main problems to be addressed in the post independence era in order to achieve sustainable national development. A Policy on poverty reduction was stated in Sessional Paper No. 10 of 1965 on *African Socialism and its Application to Planning in Kenya*. The GoK noted that there were regional and gender dimensions to the problem and that certain excluded groups needed to be brought into the mainstream of development. In line with the above policy, the GoK, through the various Development Plans, has attempted to address the concerns of disadvantaged groups. Poverty alleviation and unemployment have been the subject of subsequent National Development Plans, Sessional Papers, Presidential Commissions, Task Forces, and studies in Kenya. The large range of contributions reflect the pressure on Government to find solutions to the persistence of poverty in Kenyan society. The National Poverty Eradication Plan (NPEP) therefore reiterates the Government's determination to face up to the poverty challenge .
- 1.2 There is a new international consensus on the need to put people at the centre of development. This emanates from the World Summit for Social Development (WSSD) held in Copenhagen in March 1995 and attended by more than 100 World leaders. The leaders committed themselves to an ambitious set of goals and targets for the eradication of poverty. The goals which were adopted focus on: the eradication of poverty; the achievement of universal primary education (UPE); various aspects of Health for All; and the social integration of disadvantaged people. The governments' committed themselves to the early introduction of poverty eradication strategies in their countries. Each strategy would include an institutional and economic enabling environment to ensure implementation.
- 1.3 The National Poverty Eradication Plan has been prepared in line with the goals and commitments of the Copenhagen Summit. The Plan reaffirms Kenya's commitment to eradication of poverty and its causes. It sets out specific and challenging goals concerning major reductions in poverty, child mortality, maternal mortality and illiteracy; and sets benchmarks for the achievement of Universal Primary Health Care (UPHC) and Universal Primary Education (UPE). The year 2015 has been set as the date for the realization of many of these targets.
- 1.4 The NPEP focuses on the four themes adopted at the WSSD, namely: poverty eradication, reduction of unemployment, social integration and the creation of an enabling economic, political, cultural and legal

environment for social development. The Plan has been prepared in consultation with stakeholders and refined at a number of technical discussions and workshops involving Government, the private sector, NGOs and donor community. Particular use has been made of the findings of two Participatory Poverty Assessments and the 1994 Welfare Monitoring Survey. The information in these reports has been useful in understanding the common needs and hopes of the low income groups.

- 1.5 The NPEP builds on the past and current efforts and experiences to map out strategies for better targeted and coordinated actions against poverty. This plan presents a vision of how, despite current economic and financial constraints, Kenya could halt the growth of poverty and then eradicate it step by step. Poverty is not a limited problem of welfare; its eradication is central to the concept of national development. The plan takes cognisance of increasing levels of poverty, unemployment and inequality in the country and proposes the kind of interventions needed to achieve a balanced growth, offset population increase, promote equitable sharing of the fruits of growth, bring about sustainable social harmony; and prevent social exclusion due to poverty.
- 1.6 The capacity of private businesses in partnership with government, to create employment and contribute to the social welfare of their employees, customers and neighbouring communities is also critical. The task for civil society is to work with government to identify and scale up innovations in social integration and to ensure that contributions of the poor and local communities are reflected in the planning process. All development partners and communities need an enabling environment in order to effectively contribute to national poverty reduction efforts.

Poverty - A National Crisis

- 1.7 Poverty reduction is a national challenge. Initially, Kenya hoped to eradicate it through economic growth. It was seen as a short-term hardship which would disappear as the nation developed and grew in economic terms. Poverty is now recognised as a major threat to a very significant section of Kenyan households; with worrying follow-on consequences for the security and economic well-being of those with surplus income and good services. It is also increasingly recognised that economic growth alone will not be sufficient to reduce poverty. Poverty is multi-dimensional; it includes shortage of income and deprivation in other aspects, for example in knowledge, in life-expectancy and in the standard and quality of life experienced. The economic context for the eradication of poverty in Kenya is not encouraging. Added to the need to expand employment to match growth in the number of the poor as a result of population increase are high interest rates, inflationary pressure, and major public expenditure constraints. A high priority for the Plan period is to encourage the growth of economic opportunities for Low

Income People on their farms and in their enterprises in order to build upon their existing endowments of human and social capital.

- 1.8 According to the Welfare Monitoring Survey of 1994, the incidence of poverty in Kenya was 47 % in the rural areas and 29 % in the urban areas. The absolute poverty line was Ksh 980 per capita a month for the rural areas, and Ksh 1490 per capita a month for the urban areas. The poverty line established for purposes of international comparison is US\$1 per capita per day at 1986 prices. Thus, Kenya's poverty line is well below the international poverty line. Income below the poverty line was insufficient to meet the minimum daily needs for food, shelter, clothing and transport and other essential non food items. In numerical terms, 11.5 million people lived below the absolute poverty line. It is estimated that 12.6 million people currently live below the poverty line.
- 1.9 In Kenya the poor tend to be clustered into certain social categories such as ;
- the landless
 - the handicapped
 - female headed households
 - household headed by people without formal education
 - pastoralists in drought prone ASAL districts
 - unskilled and semi skilled casual labourers
 - AIDS orphans
 - street children and beggars.
- 1.10 The 1989 population census indicated that population growth rate for Kenya was 3.4 % per annum. This represented a modest decline from the 3.8 % per annum estimated from the 1979 population census. If the population continues to grow at this rate, it will reach 30 million by the year 2000. As a result of high fertility and declining mortality, Kenya is characterised by a young population. Over 50 per cent of the population is less than 15 years of age. This will mean that the working population will have to support a large and growing number of young people. These younger people will need employment and opportunities for better standards of living. In order to ameliorate this problem, the Eighth National Development Plan (1997-2001) proposes an urgent programme of private sector investment to create industrial jobs quickly in order to respond to the needs of the youth and the other unemployed.

2 LESSONS LEARNED FROM PREVIOUS INITIATIVES

Combatting Poverty through National Development Plans

- 2.1 The first two national development plans focussed on rapid growth which would alleviate poverty and reduce unemployment. Although high growth rates were achieved in the early years of independence, the twin problems of poverty and unemployment persisted and income inequalities widened. In the 1970-74 Development Plan, there was a shift of emphasis in favour of more labour intensive production technology and the promotion of small-scale rural industries and crafts. The recognition that high population growth rate, unemployment and income disparities were persisting led to a greater focus on equity and employment generation in the next National Development Plan (1974-78).
- 2.2 The 1974 world oil crisis led to a sharp increase in petroleum prices. This caused a balance of payments crisis which undermined the prospects for achieving the 1974-1978 projected growth rate. In response, the government adopted a growth with redistribution strategy which was outlined in *the Sessional Paper No.4 of 1975 on Economic Prospects and Policies*. It sought to shift the economy from capital intensive urban infrastructure projects to labour intensive agricultural production and basic rural infrastructure, including rural access roads and water supply projects.
- 2.3 The Fourth National Development Plan of 1979-83 incorporated the conclusions of the World Employment Conference of June 1976. The plan set targets for basic needs - for food, education, health care, water and housing. The 1979-83 Development Plan laid emphasis on employment expansion and productivity enhancement to increase the incomes of the poor. The growing problems of the landless poor and interventions in the land market were proposed.
- 2.4 During the Fifth and Sixth National Development Plan periods (1984-1988 and 1989-93) the country recorded major macro-economic imbalances. The government took measures to liberalise the economy in line with structural adjustment policies. The specific measures were set out in *Sessional Paper No. 1 of 1986: Economic Management for Renewed Growth*. Greater emphasis was put on the removal of structural and administrative constraints and promotion of rural development, employment creation, and agricultural expansion. The current National Development Plan (1997-2001) deviates from all previous ones by shifting emphasis to private sector investment in industrial production. The aim is to transform Kenya from a largely agricultural economy to a newly industrialized country by the year 2020. Industrialisation, it is argued, has the potential to create more jobs rapidly.

- 2.5 The 1996-98 *Policy Framework Paper* (PFP) stated that government budgetary resources are to be shifted to core functions as set out in the *Public Investment Programme* (PIP). These core functions include provision of broad-based basic education and health services; provision of economic infrastructure; maintenance of law and order and the administration of justice; and protection of the environment. It is explicitly stated in the PFP that 75 per cent of the development budget will be allocated to projects that fulfill the core government functions, with priority given to those which reach a large number of Kenyans, especially the poor.
- 2.6 The shift from the strategies described in the early plans - which were framed within a belief in government intervention - and those framed later in an environment of liberalisation and greater private sector participation - has been notable. The objectives of the National Development Plans and the National Policy Framework have been too lofty and macro in their focus to be able to address the meso and, socially contextualised, micro problems of equity, and access to economic opportunities and social services for the poor. It is to these more logistical, sector policy and programme level problems that the search for lessons now turns.

Land Resettlement and Reform

- 2.7 A resource that guarantees popular participation in the development process is land because Kenyans rely heavily on farming. At Independence, the Government transferred land from foreign to indigenous hands. This was achieved very smoothly through schemes such as the one million acre settlement scheme financed by British credit and by the *Ushirika* (Co-operative) land transfer programme which used a willing-buyer willing-seller framework. The Settlement Fund Trustee (SFT), a corporate body established in 1961 under Section 167 of the Agriculture Act, Chapter 318 of the Laws of Kenya, was also used to transfer land from ex-European farm land to Kenyans. In total over a million acres of mixed farm land previously owned by 2,000 Europeans was transferred to 47,000 African small holders by means of land purchase and development loans. The schemes were later extended to State and Trust lands and Forest land suitable for farming. Although the land transfers were able to better integrate those Kenyans who benefited into the mainstream development process, less than 5 per cent of the population were included. Furthermore, corruption and administrative mistakes further reduced the schemes' overall effectiveness. Land transfer schemes were important in equity terms but also had inherent and severe limitations.

Harambee

- 2.8 Kenya's unique self-help movement has been operating on a 'pull together' doctrine. The movement has been responsible for the mobilization of large capital sums for a wide variety of basic needs. *Harambee* initiatives have placed limited emphasis on economic development projects and given greater weight to social sector provision (e.g., education, health, and social welfare). During 1965-69, social sector projects accounted for 64 per cent of total *Harambee* contributions. This rose to 86 per cent during the 1980-84 period. *Harambee* has contributed a great deal to poverty reduction by integrating communities and individuals who had hitherto been excluded from the development process. However, the *Harambee* movement has subsequently been hijacked by vested interests thereby diluting its usefulness as a social inclusion and integration initiative.

Specially Targeted Projects

- 2.9 A number of specially targeted projects have sought to address poverty alleviation objectives. The Urban Slums Development Project of the Nairobi City Commission, the Street Children's Fund, the Education Bursary Programme to assist bright children from poor backgrounds, the School Feeding Programme, the Micro and Small Enterprises Programme and the Essential Drugs Supply Programme of the Ministry of Health have all had specific poverty alleviation aims. They are relatively recent interventions, and so the extent to which they will contribute to poverty eradication is yet to be established.

District Focus for Rural Development

- 2.10 In March 1983, the District Focus for Rural Development (DFRD) strategy, which had earlier been announced by His Excellency The President (in October 1982), was formally launched. Its main objective was the allocation of resources on a more geographically equitable basis. Even-handedness in a geographical sense was felt by some to offer the possibility of social and economic equity and poverty alleviation. Funds were to be allocated to the less developed regions, which were then encouraged to submit project proposals for funding. However, due to poor preparation, the unfamiliarity of district staff with methods of participatory planning, the absence of monitoring and evaluation and the weak commitment of sector staff to inter-sectoral initiatives, a number of decentralised projects were poorly conceived and designed. Corruption also led to the procurement of unsuitable materials, equipment and machinery.
- 2.11 The target beneficiaries, the poor and vulnerable, were largely excluded from direct involvement in the process of project design and implementation. The projects were therefore seen as Government

and not community projects and were not so much supported as raided for benefits when there were any. Very limited efforts were made to strengthen social and administrative structures below the district level, even though these structures were much closer to the people than those at the district level. In a significant number of cases the priorities for district projects were explicitly set by politicians and the district level staff. Consequently, there has been weak local support, ownership or commitment to the projects. DFRD has not established the participatory and poverty alleviation processes it was meant to promote.

The Social Dimensions of Development (SDD) Programme

- 2.12 The Social Dimensions of Development Programme was launched in October 1994 by His Excellency The President. It was intended to address a broad range of economic and social problems experienced by low income and vulnerable groups. The approach to SDD programming was further refined and recast in 1997 into three complementary components. These components are: (i) broadly targeted, (ii) narrowly targeted and (iii) relief and rehabilitation interventions. The SDD initiatives could make important contributions to poverty reduction, although, they were not designed to offer the long-term planning and policy framework which is now set out in this Plan.
- 2.13 Although given considerable publicity over the last four years, the SDD Programme has still not yet reached an operational stage. The lack of adequate staff numbers and programme development skills, or of appropriate institutional mechanisms and funds, has impeded the early transformation or translation of the programme to an operational stage. The institutional and financing options, discussed in Chapter 8, which will allow this plan to go forward to implementation may also unlock some of the institutional constraints for sector-linked, lightly coordinated initiatives of the SDD type. Some capacity strengthening has been gained through SDD staff's exposure visits to poverty programmes in other countries.
- 2.14 SDD is not alone in experiencing the effects of the sectors' weak understanding of poverty reduction priorities and thus their poor commitment to social programme goals. There is, for example, a very limited understanding of poverty eradication needs and an almost complete absence of accurate information surrounding the nature and causes of poverty, on the part of the sectors and districts.
- 2.15 Other recent initiatives which have potential contributions to make towards poverty alleviation include; the Rural Development Fund (RDF), the Community Development Trust Fund (CDTF), National Youth Development Fund (NYDF), Disabled Fund (DF), and National Women Development Fund (NWDF). This series of high profile fund raising initiatives has raised sums in excess of Ksh 1 billion in contributions.

Lessons

- 2.16 A review of the results of previous attempts to address poverty and disadvantage in national development plans and special programmes shows that the main problems in achieving any reduction in poverty lie in failures in implementation rather than the design of plans and aims. The key difficulties are far less in the general content and aims of the plans, programmes or projects than in the understanding of the supporting social and institutional context and the underlying assumptions about targeting and sectoral feasibility. In view of these previous difficulties, and the Government's commitment to achieve significant reduction in poverty by 2015, this plan analyses the context of each sector and component in some detail and ensures that past mistakes are not simply repeated through failure to recognise the multiple constraints placed by sectoral and institutional settings.
- 2.17 The key lessons which have emerged from this review of previous attempts to address poverty are:
- basically a similar diagnosis of the problem and its causes has been repeated in the national development plans, coupled with a recurring inability to implement the remedies prescribed and a weak understanding of the real nature of poverty;
 - there is a policy gap between very broad national plans and frameworks and routine sector actions and projects which further contributes to low levels of policy implementation;
 - decentralised and cross-cutting poverty oriented programmes have faced many difficulties because of limited resources and the weak commitment of sector staff and systems;
 - cooperative fund raising for special, urgent purposes has been preferred to alternative, more sustainable frameworks of popular participatory action against poverty;
 - there have been instances of misappropriation of funds and the diversion of benefits away from the poor;
 - there is need to alleviate poverty through a combination of actions to meet basic needs with the creation of employment.

The Need for A National Poverty Eradication Plan.

- 2.18 Despite the planning and implementation efforts made to address national poverty and other social development issues over the last 35 years, poverty has remained a key problem. The Government recognises that the challenges for sustainable development in Kenya are the eradication of poverty and the achievement of sustained broad based economic growth. Poverty eradication is viewed not only as a political necessity and a moral obligation but also as an economic imperative for Kenya's development.

- 2.19 Although the National Development Plan provides a broad policy framework for addressing national development goals, it does not provide room for focussing exclusively on the needs of the poor. On the other hand, a key policy framework such as the National Development Plan has to look to all the nation's and sectors' needs not just those of the poorer households. This National Poverty Eradication Plan bridges the gap between the National Development Plans and the imperative to address the needs of the poor. It focuses on policies, sets operational priorities on disadvantaged groups; and seeks to mobilize resources for helping achieve pro-poor growth and service delivery. At the same time, it will promote consensus for participatory development.
- 2.20 Many of the disadvantaged groups are in the rural areas. They depend on subsistence agriculture, livestock, fishing and natural resource based small businesses for their livelihoods. In addition, the increasing number of urban poor has also become a source of concern. These people have been failing to receive the full benefits of universally available primary school education and of extensive rural health facilities because their limited income means they cannot provide the users' contributions expected.
- 2.21 Projects and programmes designed to help the poor have had limited impact because they are poorly targeted and not well coordinated at sector level; nor do they have strategic policy support and attention that is needed. A programme for low income groups, such as the Social Dimensions of Development Programme, must work within existing policies and sector priorities rather than set them.
- 2.22 The assets and efforts of low income groups are necessary for faster economic growth and sustainable development. The country cannot afford to ignore their contributions and focus only on the efforts of the non-poor to achieve the status of a newly industrialised country (NIC) by 2020. Poverty eradication requires an enabling political and economic environment for catalysing and sustaining the contribution of low income people. This will entail unshackling the obstacles of bureaucracy and regulations that restrict the free participation of the poor in business. Enforcement of the rule of law, restricting opportunities for corruption, the creation of a secure and harmonious environment are major objectives of this plan.

The Plan's Components

- 2.23 The Plan has three main action components, each setting out a framework for further action by Government and its civil society, private sector and donor partners:
- a Charter for Social Integration, setting out the rights and responsibilities of citizens, communities, officials, business, civil

society organisations and policy-makers and providing an enabling environment for pro-poor policies and planning;

- better coverage of the many low income groups which currently lack basic health, education and water;
- a strategy for broad based economic growth, especially (but not exclusively) in the rural areas where more than 80% of the poor men and women live.

2.24 The first strand in the NPEP strategy is that all agencies and stakeholders must know about the social and economic rights and needs of citizens in order to achieve social integration of low income groups and pave the way for their effective participation in the mainstream economic processes. The second is the requirements for social inclusion to be set out in the form of a charter to be followed by citizens, policy makers and public servants. The third strand is a framework of social mobilisation and the delivery of basic social services to all citizens through partnerships between government, private and voluntary sectors. The NPEP recognises the critical importance of broad based economic growth, and employment creation for low income households in the countryside and in the urban areas.

The Time Frame and Methods For Action

2.25 The initial phase of plan implementation will be for six years, between 1999 and 2004. The initial efforts during this time will be: to establish a Commission on Poverty Eradication (CPE) in the Office of the President to take this plan forward to implementation; establish the operational modalities of poverty reduction on a pilot basis and, in doing so, achieve changes in the circumstances and perceived quality of life of 20% of Kenya's poor households.

2.26 In the first 18 months of this six year period, the plan will put in place a central coordinating capability in Government and begin to introduce locally specific methods for reducing poverty and for creating community action targets. In the next 4.5 years of its initial phase, the implementation of the plan will begin to reduce poverty by: introducing an explicit poverty focus for key line ministries; and achieving gains in reported human development and in income terms for a specifically targeted 20 per cent of poor households. At the same time as an accelerated programme for poverty reduction is targeted at 20% of households, the existing levels of access to essential services for all poor Kenyan's will be protected from adverse economic and financial circumstances by 'ring-fencing' budgetary support to the services most directly catering to their needs.

2.27 Building on the achievements of the initial six years of intensive activity, the NPEP principles and modalities will be extended, in the following six years, to a further 30 per cent of poor urban and rural households.

By 2010, the Plan will seek improvement in the quality of life of 50 per cent of Kenya's poor. By the end of this second phase, the combination of exercising the basic rights, broad based economic growth and an increase in low income groups' effective access to necessary services will be consolidated, lessons learned will be incorporated in the delivery systems and the growth in ranks of poor people will be reversed in the priority rural districts and urban centres.

- 2.28 The year 2015 is the target date for the end of the third and final phase of the Plan. This will see the NPEP principles and operational targets main streamed throughout Kenya by means of more extensive promotion and replication. The aim of this final phase is to institutionalise poverty eradication within Government and throughout Kenya's sectors and agencies. By the end of the Plan period it is expected that the proportion of poor households will have been reduced from 42 per cent to 30 percent or lower. To the extent that a vision of social integration takes hold in communities and the public and private sectors, this minimum target may well be exceeded by a significant margin.

Indicators of achievement for the NPEP

- 2.29 For Kenya to achieve Universal Primary Education (UPE) by the year 2015, primary school enrollment rate will need to increase at approximately 4.5% per year just to absorb the growth in primary school age population. To achieve this target, a combination of community awareness, improved school based management, different systems of financial management, and a proportionate shift of Government resources to the primary education sector are needed, along with efforts to reduce regional and gender disparities.
- 2.30 Universal Primary Health Care will be achieved in 2010 if all persons in the more densely settled rural districts and poor urban settlements are within 5 km of a mother and child health facility and if persons in the more sparsely populated ASAL districts are within 1 hour of a similar centre by means of local transport.
- 2.31 In order to achieve universal coverage in basic social services by the end of the plan period, an average economic growth rate of at least 6% per annum should be realised. Even more important, the pattern of that growth must be equitable, sustainable and broad based. To be pro-poor, much of the economic growth will need to be based on agriculture with emphasis on small scale agriculture and on rural small business and micro-enterprise. Growth in these sectors will in turn contribute substantially to the manufacturing and processing of food, non- food agricultural, natural resource based and other products, trade and related services in the urban areas.

3 IMPACT OF POVERTY ON KENYAN SOCIETY

3.1 Surveys on poverty undertaken by government and NGOs have combined quantitative and contextual analyses in order to show the dynamic nature of poverty. They provide evidence of the distribution and depth of poverty in Kenya and also highlight the views of different groups of the poor. The statistical and research information acquired from the surveys can be used to plan broad-based solutions and actions to eliminate social and economic deprivation.

A. The experience and dynamics of poverty

3.2 The Participatory Poverty Assessments (PPAs) show that 'the poor' are not a single group with only a single problem of lack of money. People view and experience poverty in different ways. Poverty also has many dimensions - shortened lives, illiteracy and social exclusion, and the lack of material means to improve family circumstances - and these dimensions can overlap in different combinations. For example, men and women view poverty differently. Women have much weaker access to, and control over, capital assets such as land. Priorities for public sector intervention are therefore different for men and women. The PPAs showed that women without support (i.e. widows without adult children) are most vulnerable to extreme suffering.

3.3 Human poverty and income poverty generally go hand in hand but not automatically, usually with time lags in their adjustment to each other, and not for every social group in the same way. Some small farm households can maintain reasonable incomes until their lack of effective access to health services, because of long distances or through local service deficiencies, leaves them ill and vulnerable. For other poor families, coping with the loss of expected farm income as a result of too much or too little rain and trying to find alternative crops to plant or additional sources of livelihood is their highest priority.

3.4 The periodicity of poverty is also a key factor. Poverty is often seasonal in rural areas; lean periods and low income availability coincide with periods of endemic disease. Seasonal rains destroy rural roads and physically isolate the rural poor from markets and essential services. Times of economic hardship for the urban poor often fall at the middle of the month when salaried employees (the customers of low income traders and service staff) run out of funds.

3.5 Major reliance is placed on claims which can be made on social safety nets at household, inter-household, community and societal levels. Often these claims are the single most important asset of low income people - e.g., in the case of the elderly, disabled and the very young. A stable framework for low income people to invest in their own assets and claims on social safety nets is key to the growth of their social capital. The

importance, therefore, of social integration and the maintenance and growth of social capital through development of networks of civic associations, avoiding civil conflict, directing relief to create self reliance and development is vital to low income groups. Social integration is not therefore a vague or sentimental addition to economics but an essential part of a macro strategy to benefit poor households.

- 3.6 The opposite of poverty is not necessarily wealth but security. Some poverty is structural. It systematically excludes a portion of the population from full national and social participation through hunger, inadequate income, powerlessness, poor education and disease. For example, if a parent is poor, the chances of the children becoming non poor are limited. The parent who is poor has no land to give, lacks money to educate the family and has a large family that is inadequately provided for. Other poverty is more transient and reflects a set of vulnerabilities for income, assets and entitlements. Poverty here means the absence of security and so affects a very wide spectrum of Kenyan families. They may have adequate income for a time but may be highly vulnerable to changes, hazards and misfortunes.
- 3.7 Transparency and equity of local and national procedures for service provision is key in people's evaluation of government performance. The services are seen to be not benefitting the great majority of the poor. The poor cannot compete in the new [liberalised] environment. They cannot raise school building levies, are unable to buy drugs, fertilisers etc. The poor are therefore likely to sink even deeper into poverty. Some special programmes might be required to help the poor get to a level whereby they can compete with the rest of the population.
- 3.8 Failure to maintain either social integration in, or build hope for, poverty reduction leads to violence against property and persons. This in turn has impacts on economic activity and the welfare of both the poor and non-poor. There are adverse effects, for example, on tourism industry; but low income groups also fear the breakdown of social order through insecurity.

The Impact of Urban Poverty

- 3.9 Participatory Urban Appraisals (PUAs) carried out in Mombasa and Kisumu indicate the contextual and dynamic character of poverty as poor urban residents perceive their circumstances. In their eyes, poverty is characterised by low incomes, lack of access to income earning opportunities, lack of assets and savings, lack of access to health care and education and poor environmental conditions. Poor residents distinguish between: *the not so poor* (regular employment or income, eat three meals a day, children attend school); *the poor* (casual workers, lack of capital to start micro-enterprise, eat only one meal a day, many children do not attend school, mostly large families, usually tenants); and

the very poor (rely on begging or occasional work, eat only once a day, unable to buy medicine or send children to school). The vast majority of the urban poor live in informal, poorly drained and serviced settlements, although not all residents of informal settlements are poor. They are poorly integrated into the administrative and service supports desired for a socially inclusive nation.

Rural and Urban Balance

- 3.10 Coordination and balance for the provision of social and economic services will be especially important. There will be balanced attention to the quality of rural and urban basic social services; and methods of improving the access of low income households to education, health care and water and sanitation will be demonstrated in both urban areas and rural districts simultaneously. The enhancement of opportunities in economic production for disadvantaged and vulnerable groups will mean a significant support role in the rural areas for selected government ministries and departments in the agricultural, natural resource conservation and technology development sectors. Government does not have a similar comparative advantage in the urban areas. Rather, the existing regulations of local authorities through by-laws and enforcement practices often restrict the economic efficiency with which the poor can pursue their trading, artisanal and service livelihoods. These regulations will be reviewed early in the plan period. Employment generation and enterprise creation in the urban areas will rely on the private sector and civil society organisations. Government's role will be to create the enabling environment for good economic management within which formal sector employment can expand through private investment and expertise. The private sector and civil society organisations, including NGOs, will have a key role to play in supporting group-based micro-credit initiatives and in providing business development advice.

Gender Equity and Poverty

- 3.11 The poverty of women, particularly rural women, require special attention. The PPA findings show that, in many areas, they are the most vulnerable. Their labour is often over-used in comparison to men's and a key aim of the Plan will be to reduce the time spent on domestic work and earning a living by increasing the economic productivity of women and reduce the time they have to spend searching for, and carrying, water and fuelwood. Women's rights to land are put at special risk by widowhood or divorce; and lack of land jeopardises women's incomes and economic well-being. Legislation will be enacted in order to remove formal legal obstacles to women's effective rights to land for income generation purposes and seek to remove constraints within customary law systems.

- 3.12 Disparities in access to income, resources and influence over decisions between poor women affect their access to basic social services. For example, low income households find it increasingly difficult to keep girls in school and they are asked to drop out so that their brothers can continue in education. Gender disparities for low income groups will be significantly reduced during the plan period by more focussed sectoral activity and by intensive action in selected high priority districts.

B: Poverty and The Environment

- 3.13 The interaction of the poor and the environment has resulted in undesirable consequences which have contributed to the worsened the poverty situation in the country. The social and economic consequences of environmental degradation are becoming increasingly manifest in Kenya. As a result of poverty the poor engage in activities such as poor farming practices, burning of trees to make charcoal, poor sewage disposal, to mention but a few. These activities have negatively affected the environment and reduced the land potential especially in the Arid and Semi Arid Areas, making the struggle for survival hard and leading to over exploitation of land and water resources. In essence, immediate survival needs of the population conflict with the long-term need for preserving and maintaining the viability and integrity of the environment. In other words poverty and environmental concerns are intertwined and need to be addressed simultaneously.

C: Poverty mapping for rural areas

- 3.14 Most low income groups experience hardship and suffering as members of families and households - either as poor children, as struggling husbands and wives or as widows, or separated and divorced women with dependent children. Table 3.1 shows that poor households - with an average of 6.4 persons - are significantly larger than the average Kenyan household with 5.2 persons. The average rural household size is 5.6 persons and the average urban household size is 4 persons. In comparison, poor rural households average 6.5 persons and poor urban households average 5.2 persons. These averages obscure underlying local fertility and socioeconomic changes and the very large variation in the size of non-poor and poor households by district and city. Whereas all Nairobi households average 3.7 persons, a poor Kilifi household will tend to have 8 or more members. The size of poor households in Siaya is almost as low as in Nairobi. Polygynous unions are highest in the Coast (29%) and, at 26%, in Nyanza and Western Provinces (KDHS 1993:63).
- 3.15 Variations in family size and structure by district and by urban-rural division have major implications for policy and for setting planning targets to combat poverty. Targets and sets of activities which can be used for optimum poverty reduction in Nairobi, are unlikely to give precisely

comparable results in Makueni, Murang'a, Bungoma, Kilifi or Siaya. The National Poverty Eradication Plan therefore sets out broad policy and support service targets at national level; and, at the same time, also emphasises the importance of their adaptive and flexible use in order to reduce poverty in specific rural and urban locations and contexts.

- 3.16 The highest incidence of poverty is found in the Arid and Semi-Arid Land (ASAL) districts of Northern Kenya. Few of the ASAL districts have more than 1% of the country's total poor households despite their high percentage incidence of poverty. The poor in ASAL areas tend to be physically isolated, have inferior access to basic goods, services and infrastructure and rely on an uncertain resource base. Failure to identify development options in these areas will increase the pressure for large sums for relief. The sustainable opportunities for the ASAL areas arise from using domesticated livestock, wild animals and trees to improve rural livelihoods. Their economies are vulnerable to major climatic changes. Floods and drought alternate to destroy many of the assets created by development investments. Relief is needed on a recurrent basis to prevent hunger and suffering.
- 3.17 The areas of high and medium potential (HMPAs) contain most of the rural population and so many of the rural poor are concentrated here. In Machakos and Kakamega together, reside 10% of the nation's poor. If a further four districts - Makueni, Siaya, Kitui and Bungoma - are added to these first two, then 25 per cent of all poor households have been identified. Even though the highland districts, including those in the coffee zone, are counted as better endowed in national terms, each of them also has a large number of poor people and households. Rapidly increasing population has intensified the pressure on land-based resources and left poorer groups without adequate access to the basic means of production. There is also some evidence that traditional norms of reciprocity and community safety-nets have largely broken down in a number of these areas, leaving the resource and income poor especially vulnerable to weather, disease and economic variations.

Table 3.1: Distribution of the poor in districts and urban areas

Concentration s of the Poor	The Population as per 1989 census			The Poor			Cumulative % of Poor HHolds
	Household Members	Households	HH size	Household Members	Households	HHsize	
Machakos	862,179	153,491	5.6	601,819	98,719	6.1	5.4
Kakamega	1,037,668	185,621	5.6	537,141	83,680	6.4	10.1
Makueni	719,231	114,809	6.3	545,794	77,557	7	14.3
Siaya	716,674	164,522	4.4	338,564	68,098	5	18.1
Kitui	758,332	147,096	5.2	416,578	65,090	6.4	21.7
Bungoma	806,005	117,666	6.9	449,592	60,924	7.4	25
Homa Bay	723,420	160,810	4.5	345,980	59,825	5.8	28.3
Kericho	663,123	118,893	5.6	394,206	56,233	7	31.4
Vihiga	633,046	109,502	5.8	335,669	54,926	6.1	34.4
Nakuru	843,766	185,701	4.5	307,855	54,677	5.6	37.5
Kisumu	640,847	130,579	4.9	299,909	54,594	5.5	40.5
Kiambu	995,898	199,640	5	289,636	53,444	5.4	43.4
Kilifi	644,284	95,021	6.8	430,192	53,091	8.1	46.3
Murang'a	945,233	159,022	5.9	346,223	47,937	7.2	49
Kisii	956,764	167,133	5.7	306,509	44,869	6.8	51.5
Busia	457,488	82,733	5.5	259,816	44,375	5.9	53.9
Meru	976,103	161,544	6	294,137	40,897	7.2	57.3
Other Rural	8,912,831	1,559,172	5.7	3,929,285	574,608	6.8	87.3
Nairobi	1,793,905	479,167	3.7	477,025	99,508	4.8	92.7
3 Municipalities*	939,618	220,227	4.3	329,753	56,070	5.9	95.8
Other Urban	1,369,145	337,123	4.1	405,407	75,542	5.4	100
Total Rural	22,292,892	4,012,955	5.6	10,328,905	1,583,544	6.5	
Total Urban	4,102,668	1,036,517	4	1,211,185	231,020	5.2	
Kenya Total	26,395,560	5,049,472	5.2	11,540,090	1,814,564	6.4	

* - next three largest municipalities - Mombasa, Kisumu and Nakuru
 Source: The First Poverty Report Volume I, 1997

- 3.18 Kenya's population of nearly 26.5 million people in 1994 (which reached 29 million in 1998) was composed of just over 5 million households; of these households over 1.8 million were classified as absolutely poor by Kenyan, and especially by international, standards. Half a million of these households are concentrated in just 6 rural districts; 17 rural districts account for 1.04 million (57%) of households below the poverty line. The other 25 or so districts together account for the remaining 20 per cent of rural poverty; the municipalities and urban areas account for the remaining nearly 23 per cent of the national total.
- 3.19 The great majority of poor households can be found distributed throughout the belt of highest population density. The districts and municipalities which contain the majority of low income people run in a continuous belt, in a southeast direction, from the west around Lake Victoria, through the southern Rift Valley, southern Central Province and Nairobi area, and on to the eastern districts and finally the coast at Kilifi and Mombasa. The belt starts with a major concentration of poor families north and south of Lake Victoria in the Western and Nyanza provinces; continues through Kericho and Nakuru in the Rift Valley; moves on to Kiambu and Murang'a districts; to other concentrations of low income groups in Nairobi city and the rural districts of Machakos, Makueni, Kitui and Meru in Eastern Province; and finally Kilifi District at the coast.
- 3.20 The proportion of low income groups within the 17 districts which contain the majority of poor households varies from 76% in the case of Makueni to 30% for Meru. The highest proportions of poor to non-poor can be found in the northerly ASAL districts of the Eastern and Rift Valley provinces - especially in Marsabit, Isiolo, Turkana and Samburu. Population numbers and density are also very low in these districts. Together, these four districts contain less than 3% of the nation's poor households. The incidence of poverty in each district, from 1982 to 1994, is given in Table A1 in the Annex.

D: Setting Priorities For Poverty Eradication

- 3.21 Focussing on those districts which contribute *most* to the composition of national poverty, and giving them priority, will significantly hasten poverty eradication. The importance of targeting poverty relief measures at them is confirmed by the results of the Child Nutrition Survey of 1987. It found that 15 districts (along the same broadly southeastern line) accounted for most of the stunting of child growth in the country. The results are very similar to those given in Table 3.1. Kisii, Machakos, Meru, Kericho, Kakamega, Nakuru, Murang'a and Kitui accounted for 60 per cent of the nation's stunted children in 1987.

E: Sectoral and Geographical Targeting

- 3.22 Regional, district and cultural disparities are also very important in determining priorities for improving the incomes and access to services of currently disadvantaged households. The multi-dimensional nature of poverty for many Kenyan households - low incomes together with poor access to basic social services and an inability to make the daily and specific nature of their suffering known - will require that regional economic, social service and cultural differences are targeted through concerted geographically based action.
- 3.23 At the same time, other poverty reduction methods have universal validity and can be used when taking action, in different regions and districts, to reduce the effects of low income and poor access to human development services. Economic and social sector ministries will take action within the plan period to bring their priorities and implementation systems in line with the national goal of poverty eradication. This combination of cultural and regional differences, and national urgency and comparability of sectoral methods will require the creation of a highly effective unit at the centre of government to ensure that the coordination of sectoral and geographical programmes is achieved.

PART II:
**MACRO-ECONOMIC SETTING FOR THE
PLAN**

4 THE WIDER ECONOMIC CONTEXT

- 4.1 This chapter analyses the macro-economic context for poverty eradication. The macroeconomic setting is critical because sound economic management, economic growth and higher levels of employment create greater room for manoeuvre in planning against poverty. The macro-economy is not only important for the income dimension of poverty but is also a key setting for the poor's access to basic goods and services. This section provides an overview of past economic performance, a brief description of current and emerging problems, and lists policies and strategies that could help disadvantaged groups to more actively participate in mainstream development, contribute to economic growth, and gain a fair share of its benefits.

Past Economic Performance

- 4.2 Following independence in 1963, economic growth in Kenya reached an all-time high of 6.6% per annum during 1964-73. Thereafter, it 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. The GDP growth in real terms declined from 4.3% in 1990/91 to 2.3% in 1991/92, and reached all time lows of 0.5% and 0.2% in 1992/93 and 1993/94. Following the introduction of major structural reforms in 1993, GDP growth recovered to 3.0% in 1994, and settled at around 4.6% to 4.8% in 1995 and 1996. However, the rate of growth slowed down considerably in 1997 and 1998 because of drought followed by the El Nino weather patterns.
- 4.3 There has been a general decline in agricultural growth from an average of 4.6% per annum during 1964-73 to 0.4 % in the 1980-85 period. The share of agriculture in Gross Domestic Product (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 from 27.9% in 1996 to 26.0% in 2001.
- 4.4 The manufacturing sector reached a peak growth rate of 10.0% during 1974-79, period but fell to 3.0% during 1990-95. Its share in GDP increased from 10.0% in 1964-73 to 13.6% during 1990-95. Its contribution to GDP is projected to increase from 16.5% in 1996 to 18.0% in 2001. Most primary industries depend on agriculture, natural resources (including forests, fisheries, livestock, minerals and wildlife), imported raw materials and/or intermediate inputs. Thus, the fortunes of these industries are closely linked to the performance of the agriculture sector.
- 4.5 Domestic savings as a proportion of GDP increased from 18.0% in 1990 to 18.2% in 1991. It recovered to 20.3% in 1993 reaching 22.3% in 1994.

- 4.6 The development expenditure which accounted for about 32% of the budget relied heavily on ODA. Thus, external sources were expected to finance more than 70% of the development budget in 1996/97. Consequently, fluctuations in the external flows have had significant adverse impact on the development programmes and projects.
- 4.7 Public debt reached record levels in 1992/93 with domestic and foreign debt at 36% and 147% respectively of GDP. The domestic debt was reduced to 26 % and the foreign debt to 76% of GDP by 1995/96. Foreign debt is projected to decline further to about 68% of GDP by 1998. More than two-thirds of the government budget is devoted to recurrent expenditure with almost a quarter of the budget being taken up by interest payments on the public debt. Domestic debt has grown significantly during the past two years and is projected to reach Ksh 150 billion by 30 June 1998. Interest payments on foreign and domestic debt absorbed a whopping 23% of the budget in 1995/96. It is projected to increase to 25% in 1997/98.
- 4.8 Data on income (expenditure) distribution for 1994 from WMS II show that the bottom 20% of the rural population received only 3.5% of the income whereas the top 20% captured more than 60% of the income. The Gini coefficient for rural areas increased from 0.40 to 0.49 during 1982-92. The UNDP's *1997 Human Development Report*, placed Kenya 22nd from the bottom in terms of per capita income (at about \$280) and Mozambique as the poorest country with a per capita income of \$80. At the same time, the Gini coefficient of income concentration in Kenya was the highest (at 0.57) among the 22 poorest countries, and only lower than those of Guatemala (per capita income \$1,340; Gini coefficient .60), South Africa (per capita income \$3,160; Gini coefficient .58), and Brazil (per capita income \$3,640; Gini coefficient .63). The richest 10% of Kenyans garnered 47.7% of the income which was only second to Brazil (at 51.3 per cent).
- 4.9 The population of Kenya increased from 15.3 million in 1979 to about 29 million in 1998, and is projected to reach 30 million in 2001. The population growth rate had declined from 3.9% 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 is projected to decline further to 2.5% by the end of the eighth national development plan (2001) and to 1.3% by 2010. The age structure of the Kenyan population has been skewed towards the youthful with those aged less than 15 years accounting for 48% or almost half of the total. This resulted in high dependency ratios. Also, it placed high demands on social services such as primary education and basic health care.
- 4.10 More than four-fifths of the population is located in rural areas and the bulk of it is dependent on agriculture. The pace of urbanisation has been projected to accelerate from 17% in 1989 to 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. It is projected to reach 7.44 million (23.4%) by 2000.

- 4.11 The labour force was estimated to be 7.7 million persons in 1985. It increased to 8.6 million in 1988 and to 10.1 million in 1991. It rose to 10.6 million in 1993 and to 11.5 million by 1996. Its annual average growth rate was 4.1% during 1985-96. The growth in employment required to absorb this growing labour force required the generation of about 492,000 new jobs each year or an increase of 4.3% per annum over the same decade. The actual rate of growth in employment ranged between 2 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 were under-employed, particularly in small scale agriculture and the informal sector in rural and urban areas.
- 4.12 The small scale agricultural sector is the single largest source of employment in Kenya absorbing over 51% of the labour force. The urban informal sector is the next largest source employing more than 10% of the labour force followed by the urban formal sector accounting for 7% in 1994.
- 4.13 The Eighth National Development Plan visualises the creation of 2.6 million new jobs or an annual growth rate of 3.5% during 1997-2001. Small scale agriculture is projected to generate 1.08 million or 41.6% of the new jobs. The urban informal sector is 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 is projected to generate a total of 1.03 million new jobs. The urban formal sector is projected to generate only 0.27 million or a little over 10.0% of the new jobs. The rest of the jobs are to be created in rural non-farm formal sector (0.13 million) and large scale agriculture (0.08 million).
- 4.14 The Eighth National Development Plan (1997-2001) seeks to herald the transformation of Kenya to a newly industrialised country by the year 2020. The Plan reiterates the broad national goals of poverty alleviation, eradication of illiteracy and disease, and the creation of employment for all Kenyans, mainly through industrialisation. The strong forward and backward linkages between the agricultural and industrial sectors means that they will continue being the *twin engines* of economic growth. Since the agricultural sector's performance has been unreliable due to weather vagaries, industrial development is seen as a more stable avenue for sustainable economic growth. This focus has to be re-examined in the context of poverty eradication needs.
- 4.15 The National Development Plan highlights the important multiple roles of the agricultural 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 does 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 agricultural sector. However, the bulk of it was accounted for by the large scale agricultural sub-sector and commercial crops such as tea, coffee and horticulture. The small scale agriculture sub-sector has 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 drought and floods, and pests and livestock diseases have further aggravated the plight of the small farmers and the rural poor.

Performance Assessment

- 4.16 The economic reforms and Structural Adjustment Programmes (SAPs) as stipulated in sessional paper no. 1 of 1986 on ***Economic Management for Renewed Growth*** were initiated to improve development management and set the economy on an accelerated growth path. The results have been mixed. The SAPs have had considerable adverse effects on low income groups in general and the rural poor in particular. The introduction of cost-sharing in education and cost-recovery in health and other sectors seemed to have disadvantaged poor communities and poor people. Waivers and subventions that were supposed to ameliorate the burden on low income groups were not effectively administered. As a result, the access of the poor to basic social services (e.g., primary education and basic health care) as well as economic support services (such as agricultural extension and veterinary services) has declined. Thus, the good intentions of macro economic reforms and structural adjustment adversely affected low income groups and limited their access to essential services.
- 4.17 Limited management capacity and resources have been spread thinly among a wide cross-section of initiatives, programmes and projects. Many programmes and projects remain uncompleted after several years of implementation. Management of fiscal and monetary policies has varied considerably from year to year. Amelioration of the adverse impacts of natural calamities was often undertaken by diverting resources from the budget allocations of different line Ministries. Interest rates returned to relatively high levels (around 25%). This had a negative impact on the private sector in at least two respects. First, a crowding out effect or reducing credit supply. Second, it limited investments to only those activities that have very high returns and short pay-off periods.

Implications for the Poor

- 4.18 The overall economic and social environment of the past decade in particular appears to have worked against the poor. Overall, inflation gained momentum with the prices of essential goods (especially food) on the rise. Wages did not keep pace with the rise in prices hurting the poor disproportionately. While economic efficiency arguments may have dictated these actions, the benefits were not equitably shared. The introduction of cost-sharing and cost recovery arrangements in basic social services has worked against a great majority of poor groups. The quality of the services deteriorated and the resources were extremely limited. As a result, their coverage was also modest.

PART III

COMPONENTS OF THE PLAN

5 CHARTER FOR SOCIAL INTEGRATION

- 5.1 The charter on social integration sets out a series of basic rights. Government intends that all citizens and the staff of implementing agencies will refer to it to establish their rights and responsibilities in the struggle against poverty. The Charter for Social Integration sets out the responsibilities and rights of all intended participants in the Plan. For example, for all individual citizens there is the right to literacy and numeracy, health and freedom from preventable disease, sufficient food and clean water to maintain life and well-being, and freedom from injustice and physical and mental harm. Communities, have both the right and responsibility to organise for their own development and not just wait for the State to provide economic growth for them. Cultural minorities have the right to maintain their distinctive ways of life. Line ministries and other national agencies have the responsibility to set, and follow up, clear sector targets for poverty eradication and ensure their staff have the awareness and training to make this possible. National policy makers have the responsibility to regularly review laws to ensure they do not handicap disadvantaged and low income groups and help create an enabling environment for greater social integration and economic equity.
- 5.2 Within the framework of a Charter for Social Integration, the NPEP sets detailed and coordinated targets for each of the key line ministries - agriculture (MALDM), education (MoE), health (MoH) water resources (MWR), and social services (MHA/SS) - and their partners in the private and voluntary sectors. During the first 18 months, the priorities for plan implementation will be to establish central government capacity and national partnerships against poverty using business, NGO and religious expertise in support of government leadership. In the remaining 18 months of the first investment plan period (1999 - 2001) falling within NPEP, field demonstration programmes will begin. These will continue in more intensive form into the second 3 year investment plan period (2001 - 2004). During this first 6 years of implementation, Government will establish a central coordinating and funding unit dedicated to poverty reduction action and to improving technical expertise. This unit will also undertake demonstration projects to show how existing operational methods for poverty reduction can be used under Kenyan conditions, and to achieve an initial change in the circumstances and perceived quality of life of 20% of low income households. More general observations are made on the plan period from 2005 to 2015, by which last date the WSSD targets will have been met for universal primary education, health for all, extensive water supply and broad-based economic development that will enable to improve the livelihoods of low income groups.
- 5.3 The basic entitlement of a citizen is that he or she can play a full role in the society, participating fully in the society's affairs and helping make decisions on those matters which directly affect her or his material and social standing. To play this full role of a citizen, in cooperation with other members of the

society, each individual Kenyan must be: literate and numerate; healthy; have sufficient food and clean water to maintain life, well-being and enthusiasm; and have a good enough education to be capable of productive employment in farming, commerce, services or industry; have good shelter and a healthy environment to live in. Individual citizens have the right to play their full social role and achieve a basic state of well-being, irrespective of their race, colour, gender, ethnic group, language, religion, age, political affiliation, disability, or any other circumstance of birth. Social integration is complete when all citizens, irrespective of differences in their origins, can participate fully in the mainstream of the society and the economy.

- 5.4 National policy makers, Ministry and District staff are individually and corporately responsible for the creation of an enabling environment within which social integration can be realised. Citizens are responsible for supporting Government's leadership of all partnerships against poverty.
- 5.5 The basic entitlements and rights of a full citizenship, and the enabling environment of policy making and implementation to ensure that they are central to Government's thinking and action, are presented in the form of a Charter for Social Integration. The Charter provides the enabling political, economic, and legal environment for poverty eradication. It is a key component of a three-pronged strategy to eradicate poverty. It sets the essential framework for partnership and social mobilisation within which the other two prongs of the Kenyan poverty eradication plan can be implemented:
- the improvement of the poor's economic opportunities and livelihoods;
 - expanding the access of the poor to the essential services which enhance their own human and social capital.
- 5.6 The Charter includes commitments on: Rights and Standards for Social Integration in official work; a timescale for Government to take action against disadvantage and unacceptable conditions; governance for Social Integration; and a national campaign to publicise people's rights and social standards.

A. Rights And Standards For Social Integration

Stakeholders		Basic Rights and Standards for Social Integration
Individual Citizens	all citizens women children youth disabled elderly	<ul style="list-style-type: none"> access to literacy and numeracy for all men and women access to health and freedom from preventable disease sufficient food and clean water to maintain life and well-being freedom from injustice and physical and mental harm ability to create a livelihood without undue hindrance or regulation security to protect accumulated assets and to maintain local decisions
Communities	communities throughout Kenya minority peoples	<ul style="list-style-type: none"> right to organise for community development purposes budgetary support from Government proportionate to household and community need, not according to overall wealth of district/province right to be fully consulted when Government officials set local priorities for poverty eradication responsibility of each community to draw up an action plan for its economic and social advancement and to conserve its resource base right to maintain cultural identities and distinctive ways of life
Civil Society	NGOs Religious Groups Trade Unions Political Parties	<ul style="list-style-type: none"> inform communities and sectional interests and facilitate their plans for awareness and improvement advance specific interests but with care for overall social integration promote conflict resolution and the reconciliation of all interests
National Agencies	Line Ministry staff Doctors, teachers and nurses in rural areas Staff of Parastatals Police, regulatory bodies Researchers	<ul style="list-style-type: none"> set, and follow-up, on clear sector targets for poverty eradication launch radio & poster campaign to announce citizens' rights to basic services & to pursue lawful livelihoods without unnecessary regulation officials will disburse and account for Government funds in a responsible and transparent manner gain private sector's trust of ministries' ability to create an enabling, corruption free environment for investment & employment creation bring legal services and administration of justice nearer to poor people announce clear standards of knowledge about the dynamics and effects of poverty that civil servants must have to qualify for service and management posts or promotion increase policy relevant knowledge of causes & dynamics of poverty
Private Sector	Corporate business Medium and small business Small-holders and traders	<ul style="list-style-type: none"> assist Government to liberalise the marketing of produce through cooperation with smallholder and trader groups contribute skills, knowledge, and sponsorships supported by tax incentives, to Poverty Reduction Funds assist <i>jua kali</i> sector through innovative group lending schemes corporations to demonstrate, publically, their social responsibility and ethical practices support a Government assisted code of responsibility for business
National Policy Makers	Members of Parliament Chief Executives Directors and Senior Managers	<ul style="list-style-type: none"> strengthen Government's links with civil society organisations regularly review laws for their relevance to advancement of the poor review public debt and ensure it is managed prudently support policies for a stable macroeconomic framework remove all taxes and customs duties with a bias against small-holders create incentives for investors to go to poor urban and rural areas establish conflict resolution committees to create ethnic harmony require each Line Ministry to publicise its poverty reduction targets announce a clear timetable for priority poverty eradication actions establish a training programme in poverty awareness and reduction for headquarters and district based officials ensure promotions in service and management grades are based on poverty reduction abilities and understanding ensure there is a unit in Government with sufficient staff, resources and powers to tackle poverty across the nation set up monitoring and evaluation systems to determine the rate at which plan aims and targets are achieved

B. Governance For Poverty Eradication

- 5.7 One key consideration in implementing a charter for social inclusion and the basic rights of citizens is the relation between running costs and service delivery. *Sessional Paper No 1 of 1986* identifies this major constraint whereby salaries are absorbing the lion's share of public expenditure, there is very little resources left for complementary services, such as transport, equipment (e.g supplies), that are required to make these officers productive. The risk is that, eventually, many services may cease to be offered at all, while officers continue to draw salaries.
- 5.8 Government will reform this regrettable situation by making the civil service more efficient and accountable. A streamlined, properly trained, and appropriate size civil service will, after the reform, be a very important tool in fighting poverty. Wastage will be eliminated. Staff will be motivated by giving them supplies, job descriptions, training and results oriented management systems. The social mobilisation of communities will also help to ensure that poor people are involved, by right, as working partners in planning and delivery of services.
- 5.9 Acceptance of the importance of poverty eradication will assist the Government to achieve a more streamlined and effective system. Listening to common people and taking action to meet their needs will provide an important benchmark for satisfactory public service. At present the civil service does not serve the people as well as it could. In too many instances, petty regulations inherited from the past are used to stifle the innovation, drive and entrepreneurial capacities of the people, especially those of low income groups'. Government will review these many regulations and systems and abolish those petty rules which serve only to hinder low income groups in the pursuit of their livelihoods and survival strategies.
- 5.10 Orientation to meet the clients' needs is critical in provision of public service. The accountability of some public servants is limited and too often from the periphery (local/district level) to the centre. Accountability to results oriented management systems or directly to the clientele is weak. Government is tackling these problems of poor client's orientation by building in transparency and accountability through a sustained programme of civil service reform. Donor partners are called upon to help the Government in this task by agreeing to the formulation and implementation of broad-based and poverty focussed policies and programmes that demonstrate, on the ground, the desired changes in accountability to low income and other disadvantaged groups.
- 5.11 Through the implementation of this Plan, poverty reduction will become a core function of government. Government takes a lead in the fair administration of justice and the conservation of the environment on behalf of current and future generations, just as it will ensure a stable macroeconomic environment to protect successful Kenyan businesses and

consumers. Of equal importance to Government is its ability to secure the country's social stability and its citizens' current and future well-being. Protecting citizens from extreme economic disadvantage and securing their entitlement to a basic set of human development services is a means to social stability and a central plank of Government policy.

- 5.12 Businesses in Kenya need stable conditions within which to operate. Policies of liberalisation have increased competition from abroad. Kenyan businesses are therefore entitled to the removal of inconsistencies in Government policies to allow them to compete on a level playing field. Government's clarification of basic rights, responsibilities, partnerships and social policy in this plan will contribute to an increasingly certain context for business aims and operations.

C: A National Campaign Against Poverty

- 5.13 The Plan will be launched through a nation-wide sensitisation and marketing campaign. The list of targets, rights and responsibilities will guide central and district Government action and must also be accessible to and easily understood by front-line staff and citizens. For example:

- all health centres and dispensaries will display the Plan's health targets and the health staff's contribution to achieving them;
- administrative centres will display posters on social mobilisation stating that it is the right and duty of communities to organise themselves to participate fully in the national campaign against poverty;
- all primary schools will display their own Charter targets and the actions agreed to reduce drop out and 'repeat year' rates in the schools;
- children will be asked to help raise awareness of poverty and measures for its eradication amongst the adult population.

Box 1: Marketing Poverty Reduction

A Government led publicity campaign will enlist the general public's support for the plan and its targets. A sense of ownership in the plan will be created among citizens. The NPEP's launch must be accompanied by press coverage, and TV and radio broadcasts and a determined exposure of what the plan means at every level of Kenyan society. For example, schools will receive posters and relevant details and be encouraged to embrace the Plan and monitor its achievements. Children, teachers, public servants and others will be encouraged to wear NPEP badges stating, for example, "I'm fighting Poverty in Kenya". Once there is a critical mass of support from the general public there will be sufficient follow-on commercial advantage to generate major support and sponsorships from the private sector.

A Matching Code of Social Responsibility in Business

- 5.14 Private sector organisations will be encouraged to develop social responsibility guidelines to match Government's Charter for Social Integration. The Federation of Kenya Employers (FKE) and several major enterprises will be expected to develop a Business Against Poverty code of practices in the Kenyan private sector in step with government.

6 ESSENTIAL SOCIAL SERVICES FOR LOW INCOME GROUPS

A: Social Dimensions of Poverty

- 6.1 Economic growth is necessary for poverty reduction - provided the surplus from growth is not used in public spending to support inefficient public enterprises or to repay international debt. Economic growth contributes most to poverty reduction when it expands the productivity and employment of poor people and when public resources are spent to promote the effective delivery of key services to poor families. Greater access to economic opportunities and assets, and more equitable investment in human productivity - especially where the investments are made in the human development of those who are still children - create pathways to economic growth. For example, Malaysia has mainstreamed poverty reduction and combined clear goals for growth with equity. As a result the incidence of poverty in Malaysia declined from about 60 per cent in 1970 to less than 10 percent in 1997.
- 6.2 The adoption of an equity-growth pathway to national development in Malaysia has both rapidly accelerated economic growth and also improved the income share of the bottom 40 per cent of the population. Between 1970 and 1992, Kenya also experienced satisfactory overall economic growth; but the incomes of the poorest 20 per cent grew by less than this average economic growth. Brazil and the United Kingdom grew even faster but the incomes of their poorest 20 per cent changed very little. So it is the structure of economic growth and who experiences it, and the uses to which national wealth is put, that will eradicate poverty in Kenya rather than growth rates on their own.
- 6.3 Human and social capital accumulation by low income groups is an essential twin to broad-based economic growth. Poverty makes people averse to risk-taking. With their health, safe water and education needs met they are more prepared to take the farming, business and employment risks necessary to secure improved livelihoods and economic growth. The poor's most abundant resource is labour. That labour cannot be used effectively in the creation of national wealth if it is unskilled, suffering from illness, and vulnerable to hunger and exposed to external or natural economic and climatic shocks. There are also well-known consequences of a well-educated and healthy population. Educated women tend to have fewer children; and these in turn show lower levels of under-nutrition, disease and mortality. Basic social services specifically targeted to low income groups are thus an essential aspect of a pro-poor growth strategy. They are needed for economic efficiency, equity and humanitarian grounds.
- 6.4 Kenya spends far more on social services than its immediate neighbours - more than three times as much on primary education. The challenge for the social services is how to become significantly more efficient, to accept changes in priorities and resource allocation in order to better serve the

people, and help make major reductions in poverty in the next ten to fifteen years.

Government Expenditure on Basic Social Services

- 6.5 Kenya is currently undertaking reviews on public expenditure to evaluate the proportion devoted to basic social services and the quantity and quality of services received by the disadvantaged groups. This analysis will help achieve the "20/20 compact" agreed on at the World Summit for Social Development (see Box 2). Initial findings suggest a combination of lower than desirable spending in health (particularly primary health care) with very strong spending on education.

Box 2: The 20/20 Compact

The '20/20 compact', first proposed by UNDP and UNICEF in 1992, was endorsed by the World Summit for Social Development in Copenhagen in 1995. It lays down guidelines to mobilise the resources required to achieve basic social services for all. The key idea is that at least 20% of aid flows and 20% of public expenditure should be allocated to "*basic social services*". If Donors' implemented their commitment to allocate 0.7% of their GNP for official development assistance, and aid recipient Governments were willing to restructure their existing budgets, financial resources would become available to implement the 20/20 Compact and to ensure universal access to basic social services by early next century. The adoption of internationally accepted standards and targets assists in-country assessments and allows country performance to be evaluated against other countries with similar programmes. The 20/20 Compact and the agreements reached at Copenhagen, and later at Oslo, offer funding mechanisms and international targets for developing countries aiming to eradicate poverty.

Agreement on the composition of Basic Social Services expenditure is nonetheless difficult to achieve. A review is being undertaken in Kenya. The following items are proposed to be included in a basic social services expenditure assessment:

- basic education for all
 - basic health care and nutrition for all;
 - reproductive health and family planning;
 - safe water and sanitation at low cost
 - the institutional capacity for the delivery of these services.
-

Donors' Expenditure on Basic Social Services

- 6.6 The 20/20 Compact endorsed at Copenhagen in 1995, and confirmed the following year at Oslo, set targets for donor partners as well as recipient countries. The review on public expenditure in Kenya concentrated on GoK performance against its other commitments. So far, they have not examined the donor partners' priorities and resource allocations. Donors may have considerable scope to redirect funding towards basic social services when Kenya's urgent needs and its commitment to poverty reduction are recognised.
- 6.7 If 'Humanitarian Aid and Relief' is excluded as the UN guidelines suggest, multilateral, bilateral and northern NGO donor partners all fall short of the agreed benchmark to commit 20% of aid flows to basic social services spending. Multilateral partners allocate only 8% assistance to this area. When seen, however, in the context of Kenya's adoption of a plan for pro-poor economic growth linked to the development of human capital, and a consequent commitment to establish appropriate institutional mechanisms to achieve plan implementation, the 20/20 Compact can become a very helpful framework for continued international cooperation in pursuit of the elimination of poverty. If donor partners agree to assist the National Poverty Eradication Plan and its implementation, and to make 20% of aid flows available for basic social services delivery, this would generate (based on 1994 figures) a further US\$ 40 million of resources per annum.
- 6.8 In addition to the international goals of the Copenhagen summit, Kenya has, in its draft Human Development Report of 1997, given special emphasis to policy and action on:
- gender equity and the completion of primary education by girls;
 - emergency relief services for disaster stricken areas.
 - changing current deprivation in longevity by increasing the percentage of people living to age 40;
 - changing current deprivation in knowledge by increasing the percentage of people who are literate;
 - eliminating deprivation in the quality of life from: reliance on unsafe water; health services beyond 1 hour's travel; the high number of severely and moderately under-weight children under five years of age.
- 6.9 The recent Public Expenditure Review identified wastage and inefficiency in the use of social service facilities and staff. Savings from eliminating wastage will create greater scope to redistribute central funds and allow social service delivery targets to be met more rapidly. Education and health are key social services in which to identify the scope for shifts in spending and for greater efficiency in meeting the needs of poor children and their families.

B: Basic Education For All

- 6.10 A critical social service in the development of the skills and human capital of low income groups is education. Improving access to education for children of low-income groups will require a combination of policy and management initiatives and a rigorous focus on increasing the primary school enrolment and completion rates of disadvantaged groups, especially for girls from low income families. The policy and management initiatives might include: a primary school curriculum focussed on key universal skills; more effective and decentralised primary school management, and a teaching cadre committed to lead in the search for broad based social development.
- 6.11 Kenya spends more than most African countries on education if expenditure is expressed as a percentage of GDP. As a proportion of discretionary expenditures, education spending in Kenya, at 35 per cent, is higher than almost all other comparable countries except Ghana. Once annual debt servicing costs are included in public expenditure, then the proportion allocated to education in Kenya is comparable to other countries, and has risen from about 15% to 21 % in the last six years. Primary education receives around 55% of the sectoral recurrent budget which is around 3.8 per cent of GDP.
- 6.12 Government faces a difficult set of policy and planning choices both at the meso level of sectoral resource allocation and at the micro level of school programme performance. Total government expenditures continue to decline as the share of government expenditure in GDP continues to be reduced. So, there will be downward pressure on resources allocated to education.
- 6.13 A strategy of cost sharing with communities and households has been introduced but these contributions have not filled the gap and enrollment rates and the quality of facilities and materials in schools have declined. So while facing shrinking resources allocated to education, Government is committed to the difficult task of reconciling the aims of achieving universal access to primary education and setting more manageable costs to households.
- 6.14 The burden of cost sharing on poor households is especially heavy and poor families are responding by enrolling fewer children or allowing them to drop out before completing their primary education. The adverse impacts of a continued decline in primary education participation on Kenya's policy of industrial transformation by the year 2020 will be severe. Industrialisation will be highly constrained if the economy is handicapped by a growing mass of untrained and illiterate youth denied the benefits and rights of basic education.

- 6.15 At the micro, educational programme level, planners and District Education Boards will face tough management choices. They will need to decide whether to retain teachers or to provide classroom and school supplies. They will also have to decide between providing pupils with school milk - which has been associated with improved access and retention rates in the arid and semi-arid regions - or supply the textbooks and other classroom materials which have a major role to play in educational quality and pupil's performance in the majority of those primary schools catering to the children of disadvantaged groups.

Declining Enrollment and Completion Rates of the Poor

- 6.16 In 1996, there were 16,255 primary schools in Kenya (almost all government 'maintained') with about 5.6 million enrolled students (49.2% of whom were girls) and 184,393 primary school teachers. The pupil to teacher ratio (PTR) was nearly 30:1. Primary gross enrollment rates reached 95% in 1989 but have been falling rapidly since and were 78% or lower in 1996. The bottom 10 per cent of households have a net enrollment rate of at best 63% compared with more than 90% for the top 10%.
- 6.17 Grade repetition and failure to complete primary school are serious problems in general, but especially for the lower income groups and for girls. Completion rates have remained below 50% and have been on the decline since 1986. For example, only 43.2% of the girls and 45.1% of the boys enrolled in Standard 1 in 1989 completed Standard VIII in 1996. Parents, and especially poor parents, increasingly withdraw their children from school when faced with increased demands on household incomes.
- 6.18 Cultural traditions, lack of gender sensitivity, and the pressure on schools to pursue examination results combine to create gender-based distortions in completion rates in some districts. The poor household's need for child labour also increases the drop out rates. Girls leave for domestic service in the urban areas; boys from the coastal and HMP agricultural areas leave school to earn money as beach assistants and tea and coffee pickers.

Cost-Sharing in Primary Education

- 6.19 The average cost burden for the household is Ksh 4,730 (Ksh 3,728 in the rural areas and Ksh 10,415 in the urban areas). This sum, if it could be afforded by a poor rural household at the poverty line, would represent nearly four months total income. Poor households in fact economise by spending less or withdrawing their children from school.
- 6.20 Since there is little or no resource available for school development costs or materials the Government's contribution is the teacher's salary distributed among the number of pupils attending. The average teacher's salary is Ksh 82,363 per annum. The planned pupils to teacher ratio (PTR) is 30:1. The increasing rate of non-completion of primary grades may mean that the

effective PTR is lower. The public expenditure on the primary education of each child is thus Ksh 2,745.

6.21 There is very strong evidence that the objectives of the cost-sharing strategy for primary education are not being met. Enrollments have not risen with population and are highly sensitive to the financial demands placed on parents. Schools still lack essential materials and facilities despite households' contributions. The burdens on many, especially poor, households are too great. Information from the WMS II indicates that rural households spend an average of 13.3 per cent, and urban households an average of 7.2 per cent, of their non-food expenditures on education. This compares with expenditures on health of 15.4 per cent for rural households and 12.7 per cent for urban households.

Table 6.1: Social Indicators of Educational Access

Concentrations of the Poor in Kenya by district and city	Number Persons	Number Households	% 'with' Primary Education		% Literate		% Share of Poor Households in Gross ER of Primary Schools WMSII	
			Male	Female	Male	Female		
Machakos	601819	98719	53.8	46.2	82.3	59	66.6	
Kakamega	537141	83680	58.2	41.8	80.2	60.7	58.6	
Makueni	545794	77557	52.1	47.9	83.5	67.1	95	
Siaya	338564	68098	48.3	51.7	74	51.6	55.2	
Kitui	416578	65090	55.1	44.9	74	54.7	56.1	
Bungoma	449592	60924	49.8	50.2	90.2	66.9	57.8	
Homa Bay	345980	59825	55.7	44.3	71.9	58.8	51.2	
Kericho	394206	56233	51.3	48.7	81.4	61.7	67.6	
Vihiga	335669	54926	50	50	82.8	76.1	58	
Nakuru	307855	54677	49.3	50.7	78.5	65.2	39.8	
Kisumu	299909	54594	49.7	50.3	85.8	62.5	51.5	
Kiambu	289636	53444	51.7	48.3	90.5	89	28.2	
Kilifi	430192	53091	50.6	49.4	73.3	28.7	55.4	
Murang'a	346223	47937	52.7	47.3	94.4	80.5	40.7	
Kisii	306509	44869	52.2	47.8	91.4	66.7	39.4	
Busia	259816	44375	48.9	51.1	77.4	47.2	54.9	
Meru	294137	40897	48.4	51.6	78.8	63.6	31.3	
Other Rural Districts (21)	3929285	574608	highly variable; gender discrepancies higher and literacy levels lower in ASAL Districts					
Nairobi	477025	99508	47.1	52.9	95.4	87	NA	
Mombasa	329753	56070	59.8	40.2	91.3	72.1	NA	
Kenya Total	11540090	1814564						

Source: Poverty Report Vol. 1, 1997 (Ministry of Planning and National Development)

- 6.22 The extremely low level of secondary enrollment among the bottom 40% of the population is partly a function of failure to complete primary school; and partly because costs increase markedly at the secondary level. If Government typically contributes about half to 2/3 of the total cost of each primary enrollment, it contributes only 1/3 for each secondary school pupil. The balance in each case comes from the pupils' households. That part of expenditure on primary education met by Government is reasonably well targeted. Those households falling below the poverty line do obtain 55% of the total subsidy, mainly because poor parents have more school-age children and do enroll most of them in primary school.
- 6.23 The pattern of expenditure on secondary education mainly benefits the non-poor and is regressive. Poor households have to make a very significant, perhaps even equal, contribution to the education of their children and they constitute 30 to 75 per cent of the families in many school catchments. It is critical that education planning procedures recognise the distinctive problems of these households and encourage them to voice their full participation in the operation of schools and the way in which resources are allocated to meet their needs. The inclusion of their interests in education planning will hasten the achievement of broad based literacy and basic education for all.

Resource Allocation Priorities

- 6.24 The aims of resource allocation policy within the education sector so far are not specifically poverty targeted and may be summarised as:
- maintain sectoral spending within the current ratio to GDP (6.6% in 1995/96);
 - reduce the real unit cost across the country to parents;
 - maintain constant or reduce real unit costs per pupil to government;
 - amend unit costs per pupil to allow a greater share of non-salary costs.
- 6.25 Given the government's high expenditure on secondary and tertiary education and its pursuit of basic education for all, the case for an intra-sectoral shift of resources to primary education in order to achieve poverty eradication in the early years of the next century is urgent. Universal primary education (UPE) will be a key poverty eradication target. One important consideration in resource allocation is that currently no single sector is able to manage and target resources with sufficient efficiency to merit major additional allocations.
- 6.26 Changes in resource allocation will be made through decentralisation. Planning, financing and management of education will be devolved to Local Government Authorities (LGA) through appropriate amendment to the Local Government Act. Under each LGA (county council or municipality) a District Education and Training Board (DET) will be established to take over the professional and financial management responsibilities now carried out by district education boards. All resources - teachers' salaries and school

materials and development costs - will be kept in one 'basket' or fund. The financial management of schools will be undertaken by the head teachers using budgets which have been streamlined to strike a reasonable balance between salary and non-salary items. Schools will be encouraged to launch income-generating activities and to share facilities and materials to balance budgets.

- 6.27 The MEHRD will ensure that primary schooling is paid for through public funds by boosting LGA revenues or through increased central government grants; and through greater efficiency in school financial and professional management. It is unlikely, however, that GoK will have the resources to increase the total education budget from its comparatively high current levels. Unless there is a sub-sectoral shift in resource allocation in favour of primary education, any immediate gains to primary education revenue will come mainly through efficiencies identified in the process of professional and financial decentralisation. Central government lacks the means to reduce the estimated current parental contribution of 50% through grants to LGAs; and so households will still be required to make a substantial contribution to their children's education. The poorest households will face similar problems in payment to those they currently face. The NPEP aims to encourage their participation either by developing a levies remission system or through alternative education programmes.

Primary Education For All

- 6.28 The poverty eradication aims of the government confirm the importance of paying for the basic open cycle of education through public funds and thus using a key human development service to help alleviate inequity. Efficiencies gained through decentralisation will help greatly in improving the standards of Kenya's primary education system. They will not alter the problems faced by the poorest 47% of rural households, and 29% of urban households, in meeting school development levies and pupils' personal expenses. Equity in human development, the greater enrollment of the poorest households and a more gender-aware sector resource policy can only be achieved by reserving a portion of the education budget according to equity and poverty reduction aims and needs. Once a budget line has been established to help achieve these equity and national provision purposes it will need to be targeted effectively on the poorest households. This will mean ring-fencing it from other important claims and devising new institutional arrangements to ensure it is spent sensitively in meeting the needs of low income groups and in high priority areas so that it can make an early and visible impact on hardship and suffering.
- 6.29 The key poverty reduction targets in education reflect mainly **financial** and **qualitative** aspects of primary school teaching and learning. Summarised in Table 6.2, they fall into two main areas:

- the need to halt the decline in the enrollment and completion rates in primary education for the children of poor families by reducing the financial contributions asked of parents;
- the need to enhance the quality and relevance of primary school for poor / needy children by:
 - ▶ improving the learning materials supplied, for example more and better quality textbooks;
 - ▶ giving a stronger voice for mothers and all poor parents in school management and by encouraging them to demand changes in school practices and teacher performance;
 - ▶ creating lessons and teaching materials which avoid gender stereotypes and represent the diverse roles of Kenyan women in society today;
 - ▶ concentrating on the key skills of literacy and numeracy and reducing the very large number of subjects now taught;
 - ▶ placing more qualified teachers in the poorer areas and making sure they have the motivation and support to create the conditions for learning.

Box 3: Improved Education for Low Income Groups

- more effective management of costs by primary schools;
 - policies encouraging primary teachers to become frontline leaders of local development;
 - school attendance costs reduced over time to levels affordable by all parents;
 - greater expenditure on classroom materials and textbooks for poor pupils
 - grants made by MEHRD to poorer areas - achieved from increments of national economic growth and higher percentage support of the sector to primary education
 - 15% increase in enrollment rates over the first six years of the Plan
 - 10% increase in completion rates, especially of poor girls, in the same six years;
 - Universal Primary Education (UPE) achieved by 2015
-

- 6.30 MEHRD will take both immediate and longer term policy and management action to implement this second set of targets which concern **quality** and **relevance** in the learning environment. When introducing these management changes to achieve quality, MoE will also assess their actual **impact** on enrollment and completion rates of the poorest households. To implement the changes in quality, and achieve poverty reduction impacts on enrollment and completion rates, MoE will:
- introduce **school-based** teacher establishments in a significant number of selected divisions in the high priority districts for poverty reduction;

- ask each school to publicise, through posters at the school and in traditional market places, its allotted number of teachers, the number, names and duties of teachers actually in post, and the school's strategy to deliver a learning environment;
- provide role models for girls from low income groups by increasing the number of women teachers in responsible positions in rural society;
- ask head teachers to assess the impact of this added value to the learning context on enrollment, and on rates for the completion of grades, especially for girls.

Table 6.2: Targets for Improved Access to Primary Education

Objective	Targets	Strategy/ Activity
Primary School enrollment and completion rates of the poor raised through more efficient school management	<ul style="list-style-type: none"> • The costs of the Teacher Establishment are settled for each selected Primary School and made known to all parents; 	<ul style="list-style-type: none"> • Knowledge of the teacher entitlement and costs of staffing for individual schools in high priority areas will increase parents' awareness of school management options • PTAs able to decide balance between teacher and materials costs within a single school budget • Democracy within PTAs will allow the majority of parents in high priority districts to choose how they want to run their schools in association with professional teaching inputs on curriculum and teaching standards
Primary School enrollment and completion rates of the poor raised through sector enabling policies about teachers' deployment	<ul style="list-style-type: none"> • Classroom PTR in primary schools increased; 	<ul style="list-style-type: none"> • Teachers redeployed from classroom duties and trained to assist or lead, at local levels • programme of concentrated attack on poverty in high priority districts using teachers as frontline community organisers and community training specialists and working with technical specialists in crops, livestock, marketing, health etc
Universal primary education by 2015	<ul style="list-style-type: none"> • at least 95% of all parents able to afford incidental costs of their children's school attendance 	<ul style="list-style-type: none"> • the personal support, classroom materials and building development costs of school attendance reduced to levels affordable by all parents through greatly reduced unit costs per school and grants from MoE to poorer districts and divisions.

6.31 MEHRD will also take sectoral policy decisions to reduce the financial burden on those households which are below the poverty line and have primary school children. It will achieve lower school unit costs by increasing the proportion of the resources it makes available to the primary school sub-sector. It will make this proportionate increase only in line with management efficiencies achieved in the operation of schools, and through devolution of financial responsibility to the districts, and not through any overall increase in funding to the education sector.

6.32 Of even greater importance will be MEHRD's role in either leading or helping to coordinate decentralised, cross-cutting initiatives against the income and human development aspects of poverty. Teachers are salaried, educated, numerous, and geographically dispersed and can play important leadership

roles in the rural areas if encouraged to do so by sectoral policy and national leadership. They can help achieve sustainable improvements by showing how participatory development, rural livelihood improvements, health status, access to water and education levels are linked. The national plan will provide a financial and institutional framework through which teachers and their supervisors can play a national role as well as a sectoral role in the eradication of absolute poverty from Kenya.

C: Health For All

The Access of Poorer Families to Health Facilities

- 6.33 Since independence in 1963, Kenya has continued to promote access to modern health care. The Government subscribed early and readily to the aim of *Health for All by the Year 2000* which sought to enhance access to health care services while also catering for a rapidly growing population. An early aim was to provide health care free of charge and to locate a health facility within 10 kilometres of each citizen.
- 6.34 Currently, 42% of the population is within 4 kilometres of a rural health facility; and more than 75% are within 8 kilometres. These are considerable achievements within a regional context. The public sector provides about 70% of the total hospital beds; and a similar percentage of the health centres and dispensaries. Table 6.3 shows that the growth in health care facilities, especially those most likely to benefit the rural poor, have more than kept pace with population growth. The rate of increase in the number of hospitals did not, between 1978 and 1987, keep pace with population growth but then moved ahead of population by almost 10% in the five years until 1992, and rose to achieve an almost 16% net increase by 1996.
- 6.35 The growth in the number of health centres, sub-centres and dispensaries, serving rural people mainly, has been ahead of population growth from 1978 onwards, and in the four years before 1996 achieved almost a 42% net increase. This increase in the number of facilities directly serving the rural population has been a major achievement in social provision. Even so, rural people with limited incomes continue to have difficulty in accessing primary health care services, either because of the nearest facility's distance from their homes, its lack of drugs and other essential supplies, or because they cannot pay the user charges.

Table 6.3: Health Care Facilities and Population Growth

Year	1967	1978	1987	1992	1996
Estimated Population (mill.)	10.9	14.8	20.8	23.4	26.4
Hospitals	199	226	254	301	387
% Growth in facilities +/- Rate of Population Growth			-28.2	9.2	15.8
Health Centres	162	233	282	477	548
Health sub-centres/dispensaries	500	1088	1535	1859	3058
Total Centres/Dispensaries	662	1221	1817	2336	3606
% Growth in facilities +/- Rate of Population Growth			8.3	16.1	41.6

Source: Ministry of Health, 1997

Patterns of Health Services Use

- 6.36 Approximately 16% of all rural residents use the public hospitals compared to over 25% who use public health centres and dispensaries, 26% who use traditional or self-administered treatments and 15% who cannot afford health care and thus do not seek it. The rural poor use hospitals relatively rarely and depend on health centres, to an extent on dispensaries, and on mission facilities. Two-thirds of married women live within 5 kilometres of a source of family planning advice and supply. General health services are less proximate. Only half of Kenya's women live within 5 kilometres of a facility providing ante-natal care; and only one-third live within 5 kilometres of a facility providing delivery services.
- 6.37 A major reason for the combination of continuing difficulties of access with good rates of net percentage growth in the provision of facilities is that facilities are not equally distributed, or necessarily targeted at the priority concentrations of poor households. Rift Valley Province and Nairobi, for example, have an average of 19 and 20 facilities per 100,000 respectively. On the other hand, Nyanza and Western Provinces, with high absolute numbers of poor households, have 11 and 10 facilities per 100,000 population respectively. Similarly, the urban population is about 16% of the total population of Kenya, yet close to 56% of medically trained Kenyans are stationed in the urban centres.

Preventive Health Care Promotion

- 6.38 The Ministry of Health has initiated a number of country-wide programmes, often with the support of donor partners, to combat priority problems in preventive health care and promotion. The most important have included: family planning, child immunisation, diarrhoeal diseases, and growth monitoring. The priority communicable diseases tackled have included AIDS, leprosy, malaria and tuberculosis. Interventions in these areas of health benefit rich and poor alike. Indeed, because some of the areas for health promotion and prevention are especially applicable to the problems and diseases of low income groups, and these groups are less able to prevent disease without such interventions, the poor are likely to benefit most.

Progress in Meeting Health Targets

- 6.39 The results from the 1993 Kenya Demographic and Health Survey (KDHS) indicate that Kenya has achieved remarkable progress in the delivery of key child survival interventions. The rates of use of antenatal care and tetanus toxoid coverage among pregnant women are both high. Almost half of women are able to deliver their babies with the assistance of medical professionals, even though some have to travel farther than 5 kilometres to do so. Maternal mortality was found to be 365 in 100,000. The level of utilisation of curative services for diarrhoea is relatively high; one-third of all children are given oral re-hydration salts.
- 6.40 Childhood immunisation coverage, achieved through the Kenya Expanded Programme on Immunisation (KEPI), and in partnership with UNICEF and NGOs, is also high. Table 6.4 gives the percentage of full immunisation coverage by rural and urban residence and by those districts with high absolute numbers of the absolute poor. The percentage coverage among poor households is lower than the national average. Poor households achieve 56% coverage for their children in Bungoma; poor parents in Murang'a achieve over 85% coverage.
- 6.41 Life expectancy for men improved from 46.9 years in 1969, to 52 years in the period 1969-79 and to 57.5 during the inter-censal period 1979-89. Female life expectation moved from 51.2 to 55.1 and to 61.4 during the same time frame. Despite these achievements there is still a major challenge ahead to meet basic health care targets, especially to focus on the specific health needs of poor households and to lower maternal and infant mortality. One in ten Kenyan children still die before reaching their 5th birthday. The rate in the five years before the KDHS was 96 per 1,000 live births. Infant mortality was 62 per 1,000 live births. Mortality among children under five is especially high in Nyanza Province. The infant mortality rate there (128) is almost twice that of the second highest rate (Coast Province at 68). Previous gains in the fight against childhood mortality are threatened as the rate of decline has stagnated recently. Poor nutrition may play a role in this. One-third of the

children under five are stunted, reflecting chronic under-nutrition. This proportion is 14 times the level expected in a healthy well-nourished population. 12% of the population in the KDHS were severely stunted. The results are not very different from those seen in the overall distribution of households suffering from income poverty and given in Table 3.1.

The Poor and Family Planning

- 6.42 The non use of family planning methods may also affect child survival rates. For example, spacing births at longer intervals reduces the level of child mortality. The KDHS data show substantially lower infant mortality among children born four years or more after a prior birth compared to those born two years or less after a sibling.
- 6.43 A growing number of Kenyan women are gaining more control over their own fertility. In 1984, 17 % of married women used a contraceptive method. In 1993, 33% were using contraceptives. Use of modern methods increased even faster over the ten years - from 10% to 27% of married women. Use of the contraceptive pill and injection rose especially rapidly in the ten years concerned. Among both men and women, contraceptive use is higher in urban than in rural areas. The differential in use by level of education is striking. Less than 20% of married women with no education are using some method of family planning, compared to 35% users from those who have completed primary education, and 52% users from those with some secondary education.
- 6.44 Table 6.4 also shows that contraceptive use varies by district sampled. It is lowest in Homa Bay (12.8%) and Kilifi (13.8%); highest in Murang'a (46%), Nairobi (45.4%) and Meru (41.2%). The above variation in use by district, the relative size of poor households (Table 3.1), and differential use by education strongly suggest that income poverty will lead to low levels of contraceptive use. These factors highlight the need to reduce regional disparities in fertility. Both men and women will be included in the health education programmes in order to influence cultural constraints.

The Need to Focus on Poverty and Health

- 6.45 In general, movement in health indicators is positive at national level but there will be need to concentrate new health programmes on the poorest districts and poorer households. Improved access to family planning services by poor households is one key priority area for action. The same priority districts - in the Lake Victoria Basin, on the Coast and in Eastern Province - for increased family planning service coverage and promotion are also high priority areas for increased attention to child survival.

Table 6.4: Selected Indicators of Access to Health and Safe Water

Concentrations of the Poor in Kenya by district and city	Number of Poor Households	% of all (non-poor and poor) currently married women by type of contraceptives*			% of Poor households without access to safe water	Number of Poor Persons	% of Poor children fully immunised
		modern	traditional	none used			
Machakos	98719	27.2	11	61.8	77.4	601819	83.6
Kakamega	83680	25.8	2.4	71.8	65.6	537141	65.5
Makueni	77557	27.2	11	61.8	83.9	545794	78.2
Siaya	68098	10.9	4.3	84.8	69.1	338564	69.1
Kitui	65090	na	na	na	87.5	416578	60.6
Bungoma	60924	16.9	3.9	79.2	69.8	449592	56.2
Homa Bay	59825	11.3	1.5	87.2	83.5	345980	68.7
Kericho	56233	23.6	2.9	73.6	77.2	394206	78.9
Vihiga	54926	25.8	2.4	71.8	30.3	335669	59
Nakuru	54677	23.1	5.6	71.3	33.9	307855	82.9
Kisumu	54594	na	na	na	62.5	299909	76.2
Kiambu	53444	na	na	na	68.1	289636	76.4
Kilifi	53091	10.3	3.4	86.2	56	430192	65
Murang'a	47937	47.1	6.9	46	61	346223	85.4
Kisii	44869	37.9	2.4	59.7	71.8	306509	71
Busia	44375	na	na	na	80	259816	81.9
Meru	40897	40.3	0.8	58.8	55.1	294137	78.2
All Rural	4012955	25.4	5.4	69.1	good to average rates in ASALS	22292892	average to high rates of 75% + in most ASALS
Nairobi	99508	37.8	7.7	54.6	na	477025	82.1
Mombasa	56070	32	5.6	62.4	na	329753	69
All Urban	1036517	37.9	5.5	56.6	64.7	4102668	72.6

Source: The First Poverty Report Volume I, 1997.

HIV/AIDS and its Poverty Impacts

- 6.46 The impact, since 1984, of Acquired Immune Deficiency Syndrome (AIDS) caused by the human immuno-deficiency virus (HIV) will maintain the infant mortality rate at around 60 per 1,000 live births by the year 2005. Without AIDS/HIV, the infant mortality rate was projected to decline to 45-50 per 1,000 live births by 2005. On average, 12,000 new cases of AIDS are reported each year. The number of people infected with HIV is expected to reach about 1.7 million by the year 2000. The three provinces with the highest concentration of the nearly 75,000 AIDS cases nationwide are Coast (24%), Nyanza (21%) and Nairobi (15%). AIDS related deaths are estimated to be three times the number of deaths due to all other diseases combined.
- 6.47 The care of AIDS patients is likely to put the already limited health care resources under severe pressure; in 1996 AIDS patients occupied nearly 50% of public hospital beds, each costing Ksh 34,680 annually to treat. Females in the 20-29 years and males in the 30-39 years age groups are most vulnerable. AIDS deaths result in reduced household resources and income earning potential. AIDS deaths then further trigger households' poverty by reducing access to basic needs such as health care, education and food for the remaining members of the family. AIDS is a threat to the welfare of poor families and to the agricultural and industrial labour force.

Poverty and Increasing Health Facility Use

- 6.48 The pattern of health facility use is both sensitive to income and poverty indicators and also to health policies and spending. The rural poor, especially women rarely use hospitals and depend more on health centres and sub-centres. Further improvements to child survival, safe motherhood and antenatal services and access to family planning will depend largely on a dramatic increase in the proportion of households within the 4 to 5 kilometre target for health centre access.
- 6.49 Reducing the distance to government health centres while increasing the number of drugs available will almost certainly raise demand for service significantly and make a major contribution to the higher human development status of low income groups. Good health will reduce poor families' economic and social vulnerability considerably. Thus it will provide the healthy and productive labour force on which the nation must create broad-based economic growth if it is to prosper and use its potential optimally.
- 6.50 Private and Mission health facilities are more important sources of medical care for high income earners. This implies that improvements in rural and basic urban public health facilities would benefit the poor proportionately more than the rich. It also implies that there is further scope for cost recovery through user charges at hospitals, since it is the higher earning patients who use them disproportionately. This pattern of use by income category is not, however, reflected in the pattern of public expenditure and

cost sharing. Health Centre users pay nearly 20% towards their treatment, while hospital care consumers pay only 7.6% of the care.

- 6.51 Further progress towards health for all, early in the next century will require a re-balancing of these subsidies in favour of poor health care consumers. It will also require a commitment to making health centres, family planning clinics, antenatal and safe delivery care more immediately accessible to poor households and especially poor women through a higher quality of facility; and to their stocking with supplies of essential drugs and other consumables.

Resource Priorities

- 6.52 The MoH currently spends around 2-3% of GDP on health. GoK meets nearly half the nation's health care recurrent expenditure. The private market (through insurance and households' out-of-pocket payments) meets a further 42%; and missions, companies, donors and NGOs the remaining 6%. MoH spending increased from K£ 232 million (2.04% of GDP) in 1992 to K.£ 691 million (3.16% of GDP) in 1996. This same period also saw a significant shift from MoH recurrent expenditure at 3.3% of GoK recurrent expenditure in 1992 to 5.3% of GoK recurrent expenditure in 1996. Recurrent expenditure as a proportion of the total MoH recurrent and development budget fell from over 75% in 1992 to 60% in 1996.
- 6.53 The total budget for MOH was K£ 375,833,655 in 1995/96 out of which K£ 206,744,543 was allocated to curative care. National hospitals, provincial and district hospitals combined took 72 % of the lot, sparing a meager 28 % to be shared among lower facilities, preventive services and community interventions. The Ministry commits 65 % of the recurrent budget on personnel emoluments with less than 35 % going to the purchase of drugs, medical supplies, operations and maintenance. In comparison, private institutions use close to 54 % of their total budgets on providing quality services.
- 6.54 Cost sharing was introduced in government hospitals in 1989. Outpatient user charges were subsequently suspended in September 1990 owing to declining utilization of health services. The cost sharing system was, however, resumed in 1991. Currently, cost sharing finances account for over 7 % of non personnel expenditures and is projected to rise to over 30 %. Government still remains the main stakeholder in the nation's essential services and will aim for universal primary health care in collaboration with its partners in the private, community and voluntary sectors. Decentralisation of health care provision will play a major part in the health care strategy provided spending at district level does not lead to increased spending on district hospitals which have been confirmed to be already benefiting the non-poor disproportionately. The Government and other partners have observed that it is especially important that, to eradicate poverty, access of low income groups to family planning, safe motherhood and child health clinics is improved. This will be done through a combination of social

marketing, increase in the number of outlets, facilities and supplies in priority, deprived areas and in local level social mobilisation and targeted funding.

Targets for Health Care

6.55 The key targets for health care are given in Table 6.5. They emphasise the need to increase the coverage of preventative health care and to specifically include the poorest households in the poorest divisions in a varying number of priority districts. They target increased physical access to facilities by the poorest households; and a better quality of provision through the achievement of lower numbers of people served for each type of facility in the most poorly served divisions and districts. A high weighting will be given to mother and child health needs when making the detailed selections. Women's time, especially poor women's time, will not be undervalued. Their roles as farmers, traders and in family care will be included in the calculations when, at district and divisional level, service access benchmarks and norms are set.

6.56 The NPEP projects greater coverage of health services for low income groups. By 2010, implementation of the plan will eliminate the current shortfalls in poor households' access to Mother and Child Health Service Centres (MCHSC). In the case of the High and Medium Potential (HMP) areas, all households will have access to an MCHSC within 5km of their homes; all rural households in Arid and Semi-arid Land (ASAL) areas will have access within one hour by local transport. All disadvantaged groups will gain effective primary health care service at health facilities by 2015 or before. An increase in service

Box 4: Improved Health Care and Public Health for Low Income Households

- reduce morbidity of low income and disadvantaged groups from malaria, acute respiratory infection, diarrhoea, and skin infection by 15 % by 2010 and by 25% by 2015
 - reduce maternal mortality in poor households by 20% by 2010, and by 30% by 2015
 - infant mortality in poor households reduced by 10 per 1000 births by 2010
 - full immunisation coverage for children of low income households increased by 5% each year from current base
 - access to, and acceptance of, family planning methods increased to 50% of poor families by 2010
 - reduce by 8% each year until 2004, the lack of access to safe drinking water experienced by poor households.
 - by 2010, create universal access to safe water.
 - by 2010, eliminate the current shortfall in basic sanitation arrangements experienced by the poorest households through an average increase of 6 % per annum in provision.
-

effectiveness of 4% per annum will keep pace with population increases among poor households. Increases of 8% per annum in the priority areas will allow significant reversals of current deprivations in health care arising from poorly distributed health and water services.

6.57 Optimum use will be made of government, community, private sector and specialist NGO channels for delivery of services. The Health Sector Reform Programme (HEROS) recognises that delivery of services will be most effective when communities and NGOs join in partnerships for planning and implementation at district and divisional levels. Medical staff are also well placed to play key leadership roles in the rural areas and to help to achieve inter-sectoral aims.

6.58 The links between, for example, education and awareness, enhanced social demand, disease patterns, agricultural priorities and nutritional and health status are complex and often locally specific. Doctors and nurses will help to create awareness at decentralised levels of the need for inter-sectoral cooperation and cross-cutting action to counter poverty. The MoH will be asked to provide sectoral policies which assist the national plan.

Table 6.5: Health Care Targets Contributing to Poverty Reduction

Objective	Target	Strategy/ Activity
Incidence of common diseases such as malaria, acute respiratory infection, diarrhoea, and skin infection greatly reduced	Lower morbidity of the four diseases by 30 %, and by 2001, in 15 priority districts.	<ul style="list-style-type: none"> establish 20 Bamako initiative pharmacies in each district and supply them with complete BI kits and mosquito nets
Safe motherhood effectively promoted	Lower maternal mortality by 20%, and by 2002, in 10 high priority districts and in the poorest divisions	<ul style="list-style-type: none"> increase women's access to medically assisted delivery within 5 kilometres of homes in 10 districts form 40 motherhood support groups in at least 2 divisions of 15 target districts,
Infant mortality in high priority districts for poverty reduction reduced to below the national average	reduce infant mortality to 70 per 1000 in 10 target districts by 2001	<ul style="list-style-type: none"> construct MCH/FP wards in 3 eligible dispensaries in 2 divisions of each 10 districts provide food supplements for affected children in the 2 poorest divisions of 15 target districts provide guidelines on infant feeding
Full immunisation coverage for children greatly increased	Increase coverage to 90% in 3 target divisions of each district	<ul style="list-style-type: none"> provide immunization kits carry out community mobilization using participatory methods
The poor gain immediate and effective primary health care service at health facilities	by 2010 all HMP rural areas to have MCHCs within 5 km and ASAL districts to have MCHCs within 1 hour by local transport	<ul style="list-style-type: none"> construct, provide staff and equipment for 6 new dispensaries and 2 new health centres in 3 selected divisions of 10 highest priority districts

D: Safe Water And Sanitation For All

The Need for a Greater Sector Focus on Poverty

- 6.59 The Government of Kenya has set a target of water for all by the year 2000. Access to adequate and reliable supply of clean water and sanitation is key to public health, especially for low income groups. This is an area of public action in which significant impacts on family welfare and quality of life can be made through the combination of appropriate technical services, community management, and realistic poverty focussed planning and social appraisal. Current estimates of water supply indicate that 75% of the country's urban population has access to safe drinking water, while 50% of the rural population has access to potable water from various schemes.
- 6.60 In the case of the rural systems, deep well sinking and spring protection works are mostly required. In the 1995 PPA, poverty and lack of water were often linked; a poor person was sometimes defined as someone lacking access to water. In the dry areas, and in dry season periods, women may have to spend half the day travelling and queuing for water as water sources dry up. It can thus place a heavy cost on the time of already vulnerable and stressed families. Even in the HMP areas, safe water sources can be limited and scarce. Table 6.4 gives the WMS II results on poor households' reported access to safe water. Nakuru (33.9%) and Vihiga (30.3%) reported that only about one third of poor households lacked safe water. However, in some high potential and high rainfall areas such as Murang'a, 61% of poor households reported lack of access to safe water; and the rate was 70%+ in most other districts, with Makueni, Kitui and Homa Bay reporting a scarcity of safe water at rates in excess of 80%.

Women's Labour and Water Collection

- 6.61 A household's inadequate access to water can have major adverse consequences on the length and hardship of a poor woman's working day. In setting sector delivery targets for safe water, the key social indicator for achievement will be the impact on women's workload. This target has been selected because water collection involves, predominantly, women's labour and because it affects their priorities for family care.
- 6.62 Information available on the average distance travelled to fetch water suggests that more than 80% of rural women travel less than a kilometre in the wet season; and that they spend less than an hour each day fetching water. The MWR targets proposed for poverty reduction are to give all households access to safe potable water systems within 2 kilometres by the year 2010. This will be attained through the completion of some 400 ongoing water schemes, construction of 800 community based water supply projects, rehabilitation of 11,000 boreholes, 916 dams and 700 existing water supplies - all to operate at optimal capacity.

Community Managed Safe Water

- 6.63 There is a strong involvement of NGOs in community self-help water supply schemes. Evaluations done on community based water projects have shown that fee collection rates are high and reliable. Despite this, there is no mechanism for exempting the poor from user charges. It is therefore important that standards and mechanisms to include access by low income groups, and of poor women in particular, should be made explicit before water supply improvement schemes are scheduled by either NGOs or Government.
- 6.64 The major constraint in this sector is in the management mechanisms and sustainability of water schemes. Table 6.6 sets priorities for improving access to safe water and sanitation by the poor and building community capacity for sustainable management of the facilities.

Table 6.6: Targets for Improved Access to Water and Sanitation

Objective	Target	Activity/Strategy
Increase access to safe potable water	Increase access, by 8% pa, to safe drinking water in 10 high priority rural districts by 2004 (those districts with 70% + poor households reporting no access to safe water)	<ul style="list-style-type: none"> • Help to form Partnerships Against Water Poverty in target districts and divisions with local NGOs, CBOs and responsible contractors; • With NGO and business partners assist the social mobilisation of the poorest households to identify safe water needs through PLA, gender-sensitive appraisal and community work-plans; • Provide materials for 1000 springs protection in suitable districts; • Construct demonstration ferro-cement tanks in 20 priority schools or dispensaries in each of the 10 districts, • Assist in construction of 500 water facilities in 10 high priority districts • Promote community based roof catchment in high rainfall areas.
Increase coverage of basic sanitation facilities in 20 most affected districts	Improve sanitation provision to 70 % coverage in 20 deficit districts	<ul style="list-style-type: none"> • Provide materials for slabs, and ventilation for 10,000 households in the high priority divisions, • Train 200 local artisans in construction of VIP latrines • Social mobilisation of the poorest households in priority districts through PLA and community work-plans

E: Building Participatory Development And Multi-channel Delivery Systems

The Need for Multi-Channel Delivery and Partnerships

- 6.65 The importance of achieving universal access to key social services means that Government must take the lead role in policy reform and development, financing and management in order to encourage innovations in service delivery. At the same time, no social service in Kenya can be wholly delivered by one type of organisation, even by Government. Education requires major contributions from government. It also requires similar contributions from households in school development and extra fees and from CBOs in the form of *harambee* fund raising. So even the achievement of universal primary education cannot be left solely to Government; NGOs, churches, trade unions and communities will all need to play their part. The effective delivery of family planning services, for example, equally requires a combination of the government health service, private sector manufacturers and traders, NGOs and social mobilisation and marketing through CBOs and community opinion leaders. It is impossible to think of a single service which is not 'multi-channel' in the way it is delivered.
- 6.66 The delivery of basic social services to poor communities and poor households will require 'partnerships against poverty' between government, NGOs, private sector businesses and traders, and community based organisations.

The Development of Participatory Methods

- 6.67 PPAs give assessment of local views about dynamics; at their best they can indicate some solutions. Researchers and development workers in Kenya have practised various forms of such participatory consultation and identification; but the critical next steps of setting priorities with communities for their's and other's actions and responsibilities are not yet fully developed. Development workers do not have a good database to use as a foundation for participatory decision-making with many disadvantaged households and communities because much district development work has bypassed them.
- 6.68 For example, community participation receives only limited attention in the current version of the District Focus for Rural Development 'Blue Book'. It follows that there is lack of information on what works, and what does not, with disadvantaged groups.
- 6.69 Leading NGOs, some of the ASAL development projects, church development agencies, the Social Services Department, and the Soil Conservation branch of MALDM have experiences to share and some in-house expertise, especially on small-scale projects. Many major projects have been completed without monitoring and evaluation being undertaken.

Consequently, the lessons from implementation remain unrecorded or are difficult to assimilate. In order to achieve sustainable participatory development, care is needed when assisting the development of local-level institutions. Initial facilitation is usually needed for six to twenty-four months, depending on the complexity of the communities and the social innovations needed. A programme of development in the methods used in Participatory Action and Learning is required to ensure that Kenyan departments, institutions and agencies have benefited from the latest methods and are able to work to mobilise the people for self-advancement.

Solutions through Participatory Development

- 6.70 The Government will take a lead in encouraging social mobilisation and multi-channel delivery to ensure that poverty eradication objectives are met as quickly as possible with maximum contribution of views and solutions from the 'grass-roots'. In cases where community perspectives on poverty and the views of leaders and officials can diverge, a lot of work will be done to harmonise their priorities.
- 6.71 Communities and poor households will be expected to organise themselves more effectively so that they can develop their own initiatives. With assistance from the lead Government departments and experienced NGOs, communities will be encouraged to demand better services from districts and frontline staff. The Government will facilitate the use of participatory methods to mobilise communities. The programme will allow communities, and their more disadvantaged households, to voice their development needs and play a major part in finding solutions to their problems.

Social Mobilisation through Group-based Savings and Credit

- 6.72 One form of self-advancement and method of participatory development which is rapidly becoming sustainable, and has potential to expand and help tackle poverty, is group based lending to micro-enterprises and small businesses. Lending programmes for poor borrowers travel along a knife-edge between failure to reach low income groups and the financial collapse of the bank through inability to recover loans and costs of administration. Lending to self-selected groups of borrowers, follow-up awareness raising and social pressures within the groups, links between group savings and credit, and intensive loan collection by mobile bank agents have all been found to have an important role to play in ensuring that credit reaches the poor.
- 6.73 Group based lending has grown significantly in Kenya. Using frameworks of social mobilisation and group organisation developed originally by the Grameen Bank in Bangladesh, the Kenyan organisations base their operations on loans advanced to individuals in groups of five, with loan security resting on peer pressure within the group. Rotating Savings and Credit Associations (ROSCAs) or 'merry-go-rounds' are also very popular,

need no outside intervention and usually involve groups of five to thirty people saving and lending to each other in a cycle. Many of the people participating in these group savings and loans schemes are essentially involved in 'survival economics'. Group based lending, therefore, has been an innovation in participatory development which secures loans for a hitherto neglected group of poor people.

- 6.74 It follows that there is a case for temporary, performance-related subsidies to innovative credit institutions with strong membership bases achieved through social mobilisation. The subsidies are needed to cover the costs of social mobilisation and of savings and loan administration in the early stages of a scheme. There is some scope to expand group-based lending to small businesses and micro-enterprises, especially to women entrepreneurs. Group-based lending institutions are also probably the only ones which can offer emergency consumption loans - needed by many of the urban and rural poor to meet seasonal and short-term or illness-related poverty crises - and which are likely to be repaid. Government will assist in this Plan period by creating an enabling environment for group-based, usually NGO managed, lending institutions. In particular, Government will encourage the responsible departments to further develop their skills and demonstration projects in the development of practical participatory learning and action.

Use of Local Facilitation and Participatory Methods

- 6.75 There are five Government units with some responsibilities for encouraging social mobilisation and social service delivery within the Ministry of Home Affairs, National Heritage, Culture and Social Services (MHANH/CSS). They are: Department of Social Welfare and Culture; Department of Community Development; Kenya Council of Social Services; the Women's Bureau; and the Children's Department. The Ministry will play a key role in social mobilisation and participatory development. Activities in social mobilisation, agriculture, health, education and *jua kali* enterprise will be planned together to make them coherent and accessible to disadvantaged men and women.
- 6.76 The potential importance of MHANH/CSS's remit has not so far been realised in the field. Its field level staffing includes: a District Social Development Officer (DSDO) in each district; a Deputy DSDO in some districts; District Adult Education Officers (DAEO) in half the districts; and Women's Bureau staff. Where the DSDO and related staff skills have been utilised in group formation, registration and development, they have not been supported by an adequate flow of funds for training, facilitation and leadership development, even if this was budgeted for. MHANH/CSS staff were also not fully involved in the follow up activities of the groups they were forming. Achieving greater coherence and capacity for the Ministry in its social mobilisation and welfare functions could help improve targeting considerably. There would also have to be enhanced collaboration with the different line ministries, feedback of information on group performance and

problem-solving, and adequate budgets for facilitation and training in participatory methods.

- 6.77 A strategy is given in Table 6.7 for: improving the capacity of staff of the lead departments; the creation of effective methodologies used for participatory development; local facilitation; gender awareness; and group-based lending, especially to meet seasonal and other emergency needs.
- 6.78 Widespread public participation is a critical pre-condition of successful plan implementation. It will involve: Public Relations (PR) and marketing through the media; business sponsorship; and the development of community action plans. The need to include the over 40% poor people in the search for national economic prosperity and for universal access to social services must be explained and promoted by national public relations campaigns. The launch of the plan will be accompanied by a nationwide marketing effort to publicise government efforts and to recruit public support for this challenging national social problem. For example, children will be encouraged to 'fight poverty in Kenya' through the PR campaign in schools and to recruit their parents and adult kin to support the national effort as well.
- 6.79 Despite intense competitive pressures to cut 'social costs', and thus to reduce welfare support to their employees, many major businesses in Kenya are also under increasing pressure in their key export markets to openly display corporate policy and ethical practices that are poor friendly. They will thus have many incentives to participate fully in the poverty eradication plan through business sponsorships and joint advertising of their products and the need to 'fight poverty'. These corporate endorsements of the plan will be a key element in mobilising the formal private sector behind the plan's targets and methods.

Table 6.7: Strengthening Popular Participation and Focussing it on Poverty Eradication

Objective	Targets	Strategy/Activity
<p>Knowledge of the many contributions that social and participatory factors can make to national development made more accessible to practitioners and policy-makers</p>	<ul style="list-style-type: none"> • national, published guidelines for the social development of poor rural and urban communities and households; • a resource book of improved gender- aware methods made available and used for economic and social planning 	<ul style="list-style-type: none"> • MHANH/CSS, research institutions and NGOs to compile and assess existing methods of Participatory Action and Learning (PLA) • identify gaps in the methodology for community action planning against poverty, develop new methods in gender-aware planning and publish the results nationally in the form of manual(s) for practitioners in poverty reduction
<p>Capacity of GoK, through MHANH/CSS, to design and implement poverty focussed programmes through popular participation(PLA) greatly enhanced</p>	<ul style="list-style-type: none"> • Participatory Action Programmes designed by each of the following, with facilitation by MHANH/CSS and NGO partners: <ul style="list-style-type: none"> * disabled * widows * children in especially difficult circumstances * adult illiterates * cultural minorities-Sabots, Okiek, Samburu, Maasai, • Preparation of high quality special projects to assist disadvantaged groups by MHANH/CSS planning unit • Demonstration projects linking PLA and livelihood improvements run effectively in rural areas and urban settlements by MHANH/CSS and partner NGOs 	<ul style="list-style-type: none"> • Build the capacity of MHANH/CSS for effective and coordinated social development work through staff training and systems development; • Develop high quality projects for GoK and donor grant funding; • After a preparatory period undertake demonstration projects to tackle specific disadvantages in selected districts and urban settlements. • Capacity building of NGOs and Micro-finance institutions.
<p>urban and rural poor able to borrow from institutions with long-term viability to meet emergency consumption and other crisis needs and for development of businesses</p>	<ul style="list-style-type: none"> • assist the establishment of 15 new group based lending schemes for high priority rural districts • assist the establishment of 5 new group based lending schemes for high priority urban settlements 	<ul style="list-style-type: none"> • Through budgetary support and donor grants, meet the social start-up costs of carefully designed group-based savings and credit schemes managed by innovative and responsible NGOs with established social bases in rural areas and urban settlements

Targets for Social Mobilisation

6.80 Public relations through the media and business sponsorships are both critical to public participation. The more conventional use of the concept refers to participatory action plans drawn up by local communities. If local communities become involved in stating their own perceptions of disadvantage and in setting priorities for reducing poverty

Box 5: Public Relations and Community Participation

- by mid 1999, appoint public relations specialist and develop a marketing campaign for media
 - publish 'best-practice' guidelines for rural and urban social development by 2000
 - 20% of communities to draw up action plans by 2004
 - MHANH/CSS to design Poverty-focussed PLA with NGO partners for:
 - ▶ disabled
 - ▶ widows
 - ▶ adult illiterates
 - ▶ cultural minorities;
 - ▶ children in especially difficult circumstances
 - ▶ urban and rural livelihoods
 - encourage group-lending, especially for consumption crises.
-

within their own areas, information on the dynamics of multi-dimensional poverty will improve and this will increase the effectiveness and 'ownership' of the planning process. Local community planning will therefore be encouraged - both to improve information on contextual factors and to increase commitment in communities to the fight against poverty.

6.81 The support given by Government and NGOs and the impact of community action plans on low income groups will be monitored to ensure they are indeed sensitive to poverty and disadvantage, including disparities arising from gender and minority culture. A further important aim in the early stages of the plan will be the enhancement of Government's own capacity in participatory planning. MHANH/CSS has responsibility to support women, youth, children and for various personal social services. It will work with civil society organisations, including NGOs, to develop skills in participatory poverty appraisal and to publish a set of national guidelines on best practice in working with the most disadvantaged and vulnerable groups. Urban street children, widows, the disabled, cultural minorities, and adult illiterates, for example, are all at special risk of poverty and will need specific rather than general solutions.

7 IMPROVED PRODUCTIVE EMPLOYMENT OPPORTUNITIES FOR THE POOR

A. Achieving Broad-based Economic Growth

- 7.1 Since the majority of Kenyans are poor there is need to achieve economic growth through the use of their productivity. Failure to tap the poor's potential contribution to employment creation and growth will severely handicap the national economic effort. When low income groups are so numerous it is no longer desirable, or even feasible, to exclude their productive potential, create surpluses in highly productive sectors and then use those surpluses to alleviate their poverty by means of welfare and relief payments. What is required is a broad-based economic growth which starts from the need to protect and enhance the assets and income streams of those who are permanently and temporarily poor. The assets they work with include their human capital and labour skills and the social capital found within social networks and community institutions. It is these personal skills and social networks which provide employment, safety nets in times of distress, and routes to savings and remittances used for investment purposes when the formal employment sectors cannot help. There is good evidence to show that the poor cannot afford to be idle and do invest in their future. The NPEP therefore seeks ways of assisting poor men and women to increase the range and quality of their productive opportunities and livelihood choices.
- 7.2 The creation of productive employment opportunities is one of the most serious challenges facing Kenya today. A central component of the larger effort towards economic growth, poverty reduction and increased employment is the strategy for the balanced development of rural and urban areas. Improved productivity and output in agriculture, which is so essential for overall economic growth, is closely linked to services and inputs being provided from accessible urban centres. A central role in facilitating rural-urban balance will fall on Local Authorities. Therefore the Government will take active steps to strengthen the performance of Local Authorities in providing essential services and infrastructure.
- 7.3 The Government recognises three key kinds of support necessary to achieve the aim of balanced economic growth and poverty reduction as:
- the facilitation capacities needed **at local government levels**
 - support **from national level agencies** delivering key productive services and linking the rural and urban areas;
 - a balanced **policy** development and consistency for rural and urban areas.

B. The Potential To Improve Rural Livelihoods

- 7.4 Agriculture is by far the largest source of gainful employment in Kenya and will continue to be so until well into the next century. A dynamic agricultural

sector is crucial to the economic development of the country and requires a long-term strategy for employment creation.

- 7.5 Rural households are usually vulnerable because they lack certain access to sources of subsistence and income. Macroeconomic, institutional and social constraints can mean they are unable to increase their entitlements and assets and thus escape the poverty trap. They face risks because their resource base is often insecure and uncertain from unpredictable weather, the cobwebs of commodity pricing, uncertainties in input supply and cost, the uncertainties of government and landlord pressures over land, and the need to feed increasing numbers of mouths from ever smaller land holdings. The 'not-so-poor' can be hit by a combination of these factors and find difficulty in restoring a modest rural income; the 'poor' become 'very poor' when they experience the same misfortunes. Providing the opportunities so that low income groups can create more secure and sustainable livelihoods will require interventions on and off the farms, cooperation with neighbours, and the understanding and active support of policy makers and agency officials in sometimes distant urban centres.

Women's Role in the Rural Economy

- 7.6 Poor rural women are especially vulnerable. Understanding the special character of their current range of livelihood commitments in the family, in agriculture, other natural resource activities and non-farm jobs is a foundation from which rural poverty reduction planning must proceed. There are implications for decision-making, access to key resources, support and group participation and the opportunity costs of time.
- 7.7 Women bear a disproportionately large share of domestic and agricultural work. It has been estimated that their working days are on average two hours longer than those of rural men. Their contribution to family farm income is usually considerable; they are responsible for planting, weeding, cultivating and food crop harvesting. In the HP areas they may have sole responsibility for the food crops of the farm while the men specialise in more profitable cash-crops. They are also responsible for child care, housework, wood and water collection, and food preparation - none or few of which create cash incomes.
- 7.8 Over a quarter (26.2% according to WMS II) of all rural households are headed by women and so they are the key domestic, and in many cases also farm, managers and contributors of farm-family labour. There is no indication they have a proportionate share in decision-making and consultation in the rural administrative divisions and locations. Some of these women are widows. Some are left to manage the farm while their husbands migrate in search of wage work. In Nyanza and Western Provinces the rates of effectively female headed households are high. In Siaya, for example, 45.5% of households are female-headed.

- 7.9 It does also mean that in these high priority districts for poverty eradication, **two-thirds** or more of the target population are women. In the 1994 PPA, the very poor households were more than twice as likely to be headed by a woman (44%) as a man (21%). On average in the PPA sample, poor and very poor female-headed households accounted for 80% of all female-headed households. In Kitui and Busia, two of the high priority districts for poverty eradication, **over 95%** of female headed households were poor or very poor. This social profile of the target group - of poor and very poor wives and widows in the rural districts and husbands away in wage work - **requires** that the policy and programme interventions are cross-cutting and multi-dimensional. Single stranded sector planning - for example, in agriculture alone, or health care alone - will mis-diagnose the key priorities and dynamics in poverty eradication. Sustainable improvements in the productive rural economy (of crops, livestock, food processing and trading) must be designed from a knowledge of the opportunities and constraints placed, simultaneously, by the migrant labour economy and the reproductive and collecting economies; and vice versa.

Land Potential and Rural Poverty

- 7.10 There is a priority need to address poverty in the high and medium potential areas (HMPAs) because they contain the majority of low income groups, and because their halting economic growth contributes to the enduring poverty of the ASALs. In the higher potential areas (HPAs), poverty is concentrated and land pressure is a major constraint to overcoming vulnerabilities of income, assets and the resource base. Interventions will seek to increase farm productivity through intensification, to enhance household subsistence and income generating opportunities, and to provide security. Diversification of crops is one element to a development strategy for poor smallholders. This diversification could include the incorporation of trees on farm, small-scale dairy, export horticulture and seed production.
- 7.11 Soil erosion is a major hazard in the MPAs. Research results demonstrate that many farmers realise the value of soil conservation works and invest in them from their own savings and by borrowing from friends and relatives. Farmer led innovations and investment have meant that the medium potential lands can carry more people - but with less erosion than when they were used only for pastoral purposes.
- 7.12 In the semi-arid areas of Makueni and Kitui - also districts with high concentrations of the poor - the agricultural potential is limited. Sorghum, millet and extensive livestock will be encouraged. There are water harvesting and small-scale irrigation possibilities.
- 7.13 Farming systems measures for the conservation of soil and soil nutrients are very necessary. Poverty-focussed rural development planning will need greater knowledge of farm investment and wage labour migration linkages, in order to broaden national economic growth. Development can be sustainable

in these climatically vulnerable areas, which also have high erosion hazards, if participatory development and farmer-led crop variety selection is encouraged to ensure that it fits with other aspects of the farming system.

The Arid Lands as a Special Case

- 7.14 Poverty in the Arid Lands (ALs) is widespread. Development strategies are needed to reduce risk and uncertainty arising from resource degradation and climatic variation. These measures need not only be physically located in the ALs but could come from greater integration with the rest of the economy.
- 7.15 Approximately 1 million people live in the ALs and their physical isolation and poor infrastructure means that normal programmes to support economic growth and human capital formation do not reach them *in situ*, or do so at extremely high cost. They are highly vulnerable to both drought and flooding which rapidly destroys their assets and can decimate the livestock on which they depend on pastoralists.
- 7.16 The AL districts contain 20% of the nation's cattle, 30% of its sheep, 50% of its goats and donkeys and almost the entire camel population. Both human and livestock populations have risen at slightly less than the average Kenyan rates. The fragile resource base is under pressure even with the modest increase in numbers of livestock and people. Fragility is increased because range lands in key areas are degraded; and tribal conflicts lead to underutilisation of 40% of the range. There are numerous donor funded projects, the great majority of them targeted at the semi-arid rather than arid areas. The dispersed, small-scale and community development character of the projects underway and needed suggests that NGOs may be the optimum type of implementation agency for these areas. Government's role will be more critical in managing and supporting AL livestock prices at times of drought, in organising any large-scale relief necessary, and in creating the right policy environment for broad-based economic growth. The Government will play a leading role in the development of infrastructure and livestock marketing systems in these areas.
- 7.17 At times of drought the ASAL residents have to migrate to the urban centres, unless large scale relief is available, and may never return to pastoralism as a way of life. Special programmes are needed to increase their economic integration with the rest of the country. In this way they would be able to increase their human capital and have employment safety nets to access in times of disaster.

Land Rights, Employment Implications and Vulnerability

- 7.18 Small-holders are increasingly sub-dividing their farms among their descendants and are also succeeding, through various methods, in buying up farms for residential and farming uses. The transfer of farm land from the large farm sector to the small-holder sector by purchase and sub-division is

critical to employment generation and pro-poor economic growth. Labour-use statistics indicate that for every acre transferred from the large to the small-holder sector, a minimum of between 50-85 days more of employment for unskilled labour will be created. The labour intensity of small operations are well above that of large operations.

- 7.19 Every possibility of encouraging the transfer of land from the large to the small farming sector will, therefore, be taken since an increased demand for unskilled labour will raise the wages and incomes of low income households. The large farm sector has, hitherto, received considerable support through credit subsidies and through duty concessions on machinery and other imports. The removal of these economically inefficient concessions will force the large enterprises to increase on-farm efficiency or sell out to peasant land buying companies. The new buyers will not be low income groups; but the extra demand for unskilled labour from small farms will help reduce poverty.
- 7.20 Another major support to poor rural households has traditionally come from their access rights to common property natural resources. Continued use of forested areas for fuel-wood, materials for house construction, and wood for small business manufactures, of grasslands for grazing and of water bodies for fishing is important to them. Government will ensure that their continued access to, and sustainable use of, these traditionally common property resources is maintained.
- 7.21 Widows, divorced and separated wives are especially vulnerable to the loss of land rights. At their husband's death, customary practice in their societies may leave them with continued access for life to land for cultivation and to the household furniture and utensils/implements etc. There are numerous cases, however, where these expectations break down and the husband's relatives demand immediate access to the family land and to the household goods because of other needs and pressures. The woman is left with the house, her own livestock, ornaments and care of the younger children. Widows and divorcees in these circumstances quickly become destitute unless they have adult children to whom they can turn to for support. The Government will undertake most of the outstanding land reforms by 2002 to ensure land rights for women.

Non-Farm Small Enterprise

- 7.22 'The *jua kali* private sector' in the rural areas is (according to the 1993 national baseline survey):
- predominantly a rural phenomenon (78% of all MSE operations and employment in the country are rural);
 - significantly involved in manufacturing in rural areas (29% of rural MSEs are in manufacturing) where the sector mostly uses the natural resource base of crops, hides and forest products;
 - able to easily use readily available inputs - 26% of rural manufacturers report making or collecting their own inputs;

- predominantly year round in operation in rural areas rather than seasonal;
- predominantly micro (1 to 10 workers) in scale rather than small or medium scale;
- more likely to locate in the home (37% v 16%) or be mobile (7% v 3%) than the urban counterparts;
- an important household income generator providing at least half of the income for 69% of the households and, if operated by a woman, typically composed of either herself or herself plus an unpaid family member;
- dynamic - 70% of all the expansion jobs come from the one-worker enterprises which are predominantly rural and agriculture based;
- self-reliant and largely dependent on personal savings and self-funding from turnover.

7.23 To create livelihoods for the land-poor and landless, more sustainable off-farm food processing and *jua kali* micro and small enterprises are needed. Honey, (including conservation quality honey from nearby forests) sesame bars, cooking and other oils from oil seeds, groundnut pastes and butters, and jams are all potentially important. Trade and retail activity are important sources of income for some rural families. The Government will provide incentives and policy encouragement to the private sector to create jobs in food processing. The structure of the rural informal sector does however create important targeting limits and opportunities where the land poor and landless are concerned.

Traders and Marketing

7.24 For the tea, coffee and other established cash crops, marketing arrangements are in place based on central purchasing by parastatals. Market liberalisation seeks to increase competition and move trade fully into the private sector. Government policy is to privatise all non-strategic commercial enterprises owned either directly or indirectly by the State. This means that within the rural and agricultural sector all parastatals and state-owned companies involved in production, processing, marketing and financing are, with some few exceptions, to be privatised. Many new opportunities for trading and marketing for private sector entrepreneurs and for farmers' groups have arisen, and will continue to arise, as the privatisation policy proceeds. There have been recent major changes in the dairy and sugar industries, for example, as previous parastatal monopolies have been dismantled.

7.25 There has been an enthusiastic response from traders and farmers and the potential for greater growth in small-scale private trading. For example, in Kiambu in 1995, 80% of all milk was marketed through Kenya Cooperative Creameries. By 1997, this picture had reversed and 80% of milk was marketed through traders, many operating in a very small scale way and a number of whom were women. This organisational change has created more livelihoods for the smallholder sector in an important agricultural industry, one

which will grow as the consumption of milk grows. Other opportunities for the development of small-scale trading will arise as the liberalisation process proceeds. Most animal health and veterinary support to the livestock sub-sector was previously organised by the State, ranging from dipping facilities, holding grounds for disease control, vaccination programmes to curative veterinary service. Privatisation is moving more of these services into the private sector.

- 7.26 There is a challenge to livestock owners to be more prominent in maintaining the health of their animals; and to the trading sector and NGOs to develop and provide the services needed efficiently and with value added. For example, the 'barefoot vets' have shown the potential of junior grades of paravet and strategically placed *dukas* stocked with medicines and advice. There are opportunities for self-help groups and farmer-managed cooperatives to deal more directly with brokers, major domestic traders and exporters in the tea and horticultural industries. Producers need to organise themselves more effectively and find ways to sell their produce. Currently they lack knowledge of, and so control over, marketing options.

The Creation of Rural Social Capital

- 7.27 The dismantling of parastatal controls creates opportunities for social mobilisation and increased use of civil society organisations and self-help groups as well as individual businesses. Past reliance on State institutions for marketing, food security and extension services, high *harambee* expectations, and the pressures of land scarcity and population numbers appears to have weakened rural cooperation and reciprocity in some areas of the countryside. Now that market liberalisation has been adopted as policy, the commanding role of the parastatals has been removed and the private sector is in the process of filling many of the organisational spaces left by their absence.
- 7.28 There is also a large space left within which Community Based Organisations (CBOs) should strengthen the bases of rural cooperation and social mobilisation. It is not clear that they are doing so with sufficient urgency and may need initial assistance from NGO and Government department partners. Rural residents do sometimes need this initial guidance and encouragement to accept that social mobilisation is permitted. For a considerable time, the prevailing assumption of development policy was that the State and its departments and agencies was better organised and motivated and had the resources to assist the peasant sector. Civic associations representing a wide variety of interests at the community level, particularly those of more disadvantaged groups, need encouragement to step in and become the democratisation counter part of privatisation.
- 7.29 Facilitation of self-help groups can aid farmers to advance themselves through trading operations. NGOs have met with considerable success in the financing of small-scale commodity trading through women groups. The lessons learned will be extended by MALDM, and NGOs working with it in

partnership, to the organisation of trading and marketing in areas more traditionally the concern of parastatals and of men. Farmers can form special purpose community groups, negotiate, and market their own products in order to take full advantage of the liberalisation policy. Outside of the main cash crops, moreover, marketing infrastructure has always been poorly developed or supported and producers groups formed to fill gaps in the marketing chain are likely to find many opportunities to exploit.

Improvements in the Livelihoods of Poor People

7.30 Many of the people below the poverty line are self-employed in micro- and small enterprises or combine small-holder farming with part-time trading and seasonal or migratory employment. The capital they work with includes their human assets of health, education, and labour skills and the social capital found within social networks and community institutions. It is these personal skills and social networks which provide self-employment and income generation, safety-nets in times of distress, and routes to savings and remittances. It is in this sense that the lower income groups usually have 'livelihoods' rather than regular 'employment' and are in various stages of permanent and temporary poverty as their livelihoods prosper or are undermined by natural calamities, changes in economic markets, or they fall ill or out of favour with important social contacts.

7.31 The focus of plan implementation will be to protect and enhance the assets and income streams making up rural and urban livelihoods. Searching for poverty-reducing technical change, building and enhancing social capital through group cooperation, support for new marketing initiatives for lower income groups, and the removal of local and national government regulations which obstruct petty trade will all help improve existing livelihoods and contribute to broad-based economic growth.

Box 6: Target Support to Livelihoods

- abolish regulations restricting small-scale vendors and artisans
- help poor people to organise the marketing of their products and crops
- significantly reduce the time spent by women on fuelwood and water collection
- target research and extension at resource-poor farmers to raise their on-farm productivity
- ensure that 40% of all extension messages are relevant to very poor

7.32 The great numerical importance of rural poverty requires a specifically targeted and accelerated eradication programme for the rural areas. The poverty focus of the agriculture sector programme of investment will be strengthened. Urban livelihoods improvement will be consolidated and intensified to cover increasing proportions of the low income and disadvantaged population. Outline targets are given in table 7.2.

C. Urban Livelihoods And Poverty

Structure of Urban Employment

- 7.33 The *1998 Economic Survey* reveals that in the five years from 1991 to 1996 the urban workforce rose by 19% from nearly 701,000 persons to almost 834,000 persons. Nairobi's share in urban employment fell slightly, from just over 50% in 1991 to nearly 47% in 1996. Employment in community, social and personal services accounted for almost 40% of the total. The second largest contribution, at 21%, came from the manufacturing industries. Wholesale and retail trade, restaurants and hotels contributed 16.5%; transport and communications, construction and business services each contributed around 10% to the total.
- 7.34 The contribution to social and personal services sector of national employment is 41% in educational service, 25% in public administration and 14% in domestic service. National female employment was greatest in educational service (24% compared to 14.5% for males), public administration (14% compared to 9%), domestic service (8.5% compared to 5%) and in trade, restaurants and hotels (similar female and male employment rates at 8% and 9%). One possible implication of this employment structure is that a smaller size to the public administration and teaching services, achieved as part of public sector reform, could have a greater adverse impact on the poverty of women than that of men.

Special Targeting and Urban Poor

- 7.35 Some features of urban poverty reflect the social character of the poor. For example, street children and disabled beggars in the major urban centres represent a category of individuals in especially difficult circumstances. Programmes for them are organised by the social services and children's departments within MHANH/CSS. The Charter for Social Integration and the targets to improve and increase facilitation for popular participation will cater to their needs. Other features of urban poverty are best solved through programmes of physical improvement to shanty-towns and informal settlements. The challenge here is to improve urban facilities in a way that directly benefits the disadvantaged households and is not captured in the form of higher land prices and higher rents to the non-poor.
- 7.36 Programmes of urban settlement improvement have been especially targeted at the secondary towns in order to prevent unbalanced urban growth and to develop lessons which can later be used in the transformation of Nairobi's settlements and poorer areas. The Small Towns Improvement Project coordinated by the Ministry of Local Authorities (MLA) and a programme Partnership Approaches to Meeting the Needs of the Urban Poor (PAMNUP) are examples of poverty focused initiatives based on social mobilisation and capacity building in key municipalities and Nairobi.

Priorities for Urban Poverty Reduction

- 7.37 The main contributions to the eradication of income poverty in the urban areas will come from:
- *jua kali*, and other informal sector activities;
 - Government protection of lawful informal sector activity;
 - an improvement in the quantity and quality of employment created by the corporate private sector.
- 7.38 The Government continues to review, and radically revise where necessary, the many sets of municipal and central government regulations. Some regulations and their enforcement appear to hinder, unnecessarily, street and market trading operations. The economic and social justification for the many licences and controls imposed on small businesses is far from clear. Each licence or permission needed creates the opportunity for petty corruption and harassment and is, in effect, an uncontrolled tax on the informal sector which does not benefit Government revenues. The licences and regulations will be reviewed within the early years of the Plan period unless there is a strong justification for their continuation.

Poverty Reduction through Micro-enterprise and Small Business

- 7.39 The informal sector is becoming an increasingly important feature of the Kenyan economy. It's significance is often thought to be predominantly urban. The *1997 Economic Survey* records that almost 1.7 million people were 'engaged' in the urban informal sector in 1996; it was nearly 1.2 million in 1994, a year when there is comparable data on the extent of urban poverty. Using 1994 as the base date, the informal sector would account for almost one third of the entire urban population. The total for the population dependent on the urban informal sector in 1994 - 1.17 million - is almost identical with the total incidence of absolute urban poverty - 1.21 million.

Table 7.1: People 'engaged' in the Informal Sector (in millions)

	1993	1994	1995	1996
Urban	0.96	1.17	1.47	1.69
Rural	0.51	0.63	0.77	0.95
Total	1.47	1.80	2.24	2.64

Source: Economic Survey 1997, Central Bureau of Statistics, Ministry of Planning and National Development.

- 7.40 Not all low income groups work in *jua kali* enterprises; and not all *jua kali* workers are poor. Nonetheless, it is the *jua kali* sector which must expand to maintain at least survival livelihoods for the most economically disadvantaged in the population. Informal sector employment is expected to grow at 6.5%

per annum until 2001, more than half as much again as the rate of growth in formal sector employment.

Working with the Urban Poor

- 7.41 The Government will also help organise secure premises and or sites to assist the larger urban MSEs. Some informal sector businesses need very low-cost secure sites close to the major areas of economic activity. Land and premises close to markets are particularly scarce and expensive for new entrants into the sector. Policies of assistance with premises are in place but they have not been implemented with sufficient urgency.

Corporate Sector Support to the Informal Sector

- 7.42 There is increasing interest in the informal sector and small enterprises from national banks. Two major banks have fairly well established small business lending schemes. The motivation for these developments are set, in one case, by the banks' founding articles. In the other case, the bank concerned hopes to assist informal businesses to graduate to a more formal status. The terms offered vary. One concentrates on reducing the requirements of security; the other offers below market rates of interest. The performance of the two banking programmes is at present variable and the ultimate success of the schemes is yet unclear.
- 7.43 Both of these major banks are increasing their branch networks with agents in most major market towns but have recognised that branches were often uninterested in promoting the small 'unprofitable' loan schemes. K-REP, an NGO, has had considerable success with its *Juhudi* lending activities in Kibera in the informal settlements of Nairobi. Repayment rates are good. Effective rates of interest are high - over 30% simple interest on a declining balance once fees and group default levies are included. The long-run sustainability of the schemes are highly likely if the social cost overheads can be met through external support.
- 7.44 Banking institutions state that erratic movements in interest rates have placed a major burden on MSE development. Small immature businesses find these movements very hard to bear. The major private sector organisations consulted in the preparation of this plan have all stressed that stable economic conditions and prudent management of the economy are the most valuable contributions that the Government could make to poverty eradication in Kenya.

Targets for improving livelihoods

- 7.45 Poverty-focussed targets from the sector ministries mainly responsible for livelihoods improvement are at present weakly defined and will need to be made more robust during the period of preparation for plan implementation. MALDM will refine and sharpen the agricultural targets given.

Ministry of Research and Technology will refocus its urban technology targets on urban employment and poverty reduction as a high priority.

7.46 The great numerical importance of rural poverty requires a specifically targeted and accelerated eradication programme for the rural areas. The poverty focus of the agriculture sector investment programme will be strengthened. Urban livelihoods improvement is already dealt with to a limited extent at programme level by initiatives such as the PAMNUP, the Small Towns project and Habitat. These initiatives will be consolidated and then intensified to cover increasing proportions of the low income and disadvantaged population.

Table 7.2: Social Mobilisation and Livelihood Improvements

Objective	Target	Activity/Strategy
1. Women's heavy workload and drudgery reduced	<ul style="list-style-type: none"> Achieve parity in time spent by men and women on rural farms. Reduce time spent by women in fuel and water collection 	<ul style="list-style-type: none"> Mount gender sensitisation campaigns to encourage men to share more in women's work Design 'Return to Rural Areas' (Rudi Mashambani) programmes reminiscent of the time around independence
2. Productivity per hectare raised significantly through rural and NR extension, marketing development, and social mobilisation	<ul style="list-style-type: none"> Raise productivity by 20% in HPAs and HMPAs by the year 2002 in the focus districts. 	<ul style="list-style-type: none"> Encourage intensification of farming activities through social mobilisation by MHANH/CSS and responsive extension work by MALDM frontline staff Encourage crop diversification in HPAs and HMPAs through social mobilisation and frontline extension campaigns Incorporate trees on farm, small-scale dairy, horticulture and seed production
3. Agricultural potential and off-farm productivity of the arid lands enhanced	<ul style="list-style-type: none"> Increase livestock production by 10% in ALs by the year 2002. Develop Livestock marketing systems. 	<ul style="list-style-type: none"> Undertake peace enhancing initiatives and halt cattle rustling Design special programmes to integrate the AL activities with the rest of the country's economy.
4. Rights of access to productive agricultural land achieved by all citizens	<ul style="list-style-type: none"> Revise national laws, and influence customary laws, to allow women equal access to land 	<ul style="list-style-type: none"> Complete the law reform process started in 1994 by the year 2002. Mount community mobilization campaigns for enhanced access to land by women in the target districts.
5. Social capital and self-reliance of poorer communities significantly enhanced	<ul style="list-style-type: none"> 20% of poor urban and rural communities to have community action plans designed and being used by 2004 	<ul style="list-style-type: none"> direct facilitation action by MHANH/CSS and NGO partners in the poorest 20% of the urban and rural communities in selected districts and cities to help communities design and use community action plans dissemination activity in the other rural communities within the same districts and cities stimulate social and technical innovations through seed-corn or 'pipeline' funding
6. Small and micro-enterprises assisted in 15 focus districts and 5 urban areas and productive opportunities for poor significantly expanded	<ul style="list-style-type: none"> Enhance Jua Kali output by 20% by the year 2002 Ensure availability of electricity for 50% of Jua Kali artisans by the year 2002 	<ul style="list-style-type: none"> Initiate aggressive marketing for Jua Kali products Extend rural electrification to priority districts with emphasis on Jua Kali artisan production. Increase women's potential in MSE through appropriate targeting
7. Liberalization of agricultural produce marketing completed in smallholder crops and livestock.	<ul style="list-style-type: none"> Ensure that 50% of agricultural produce is marketed by small scale rural farmers by the year 2002. 	<ul style="list-style-type: none"> Continue with liberalization of the agricultural industry to free most parastatals to rural farmers
8. DFRD revised and improved to become a tool for use in the delivery of poverty eradication programmes.	<ul style="list-style-type: none"> Ensure that DFRD is a vital tool for programme delivery by the year 2000. 	<ul style="list-style-type: none"> Revise the DFRD framework further, beyond the 1995 revisions, to remove bottlenecks which still exist.
9. Agricultural research designed to reflect poor farmers needs; and research results adapted to enhance actual farm and non-farm productivity and technologies	<ul style="list-style-type: none"> Target research and extension at resource-poor farmers on a pilot basis in 5 districts by the year 2002. 	<ul style="list-style-type: none"> work with and train scientists and technical specialists to focus on poverty objectives. Facilitate agricultural researchers to focus on the needs of rural farmers and involve them in research and dissemination of findings. Enhance the ongoing dissemination of agricultural information including agricultural pricing Enhance research on low cost input.

PART IV

**INSTITUTIONAL AND FINANCING FRAMEWORK
FOR PLAN IMPLEMENTATION**

8 INSTITUTIONAL AND FINANCING FRAMEWORK

A. Institutional Framework

Implementation Challenges

- 8.1 Implementation of poverty reduction strategies is challenging. The institutional framework selected for plan implementation will demonstrate how inter and intra sectoral policies and field operations aimed at delivering specific improved services to disadvantaged groups are coordinated and integrated. Limited resources will be used wisely, costs tightly controlled, and actions coordinated to achieve highly visible impact on poverty reduction in specific communities. There is need to link policy formulation for poverty reduction, public sector reform in national agencies and local authorities, and the participation of poor households and communities. The transmission along vertical links of community plans upwards, and national standards of social responsibility and accountability for results downwards, will be accompanied by horizontally arranged partnerships between government, the private sector, civil society and donors.
- 8.2 The management body charged with plan implementation will need to know how to set detailed operational targets which reflect:
- ▶ **multi-channel delivery systems** (e.g. division and district 'Partnerships Against Poverty' including representatives of sector ministries, private sector, communities and NGOs);
 - ▶ **greater local knowledge of the dynamics of poverty** (through local social mobilisation, stakeholder analysis, community work-plans);
 - ▶ **greater national knowledge of trends and impacts** from looking at the depth and severity of poverty in selected high priority areas and the cost-benefit impact of its various sectoral measures and inter-sectoral programmes.

The Long-term Management of Poverty Eradication

- 8.3 In the long run, poverty eradication needs sector ministries charged with basic economic and social services to adopt an explicit poverty focus. In the short to medium term, however, sector ministries have many competing national responsibilities. They cannot concentrate exclusively or even mainly on the poor; nor offer only those kinds of services needed by low income groups. Furthermore, sector ministries must manage their many responsibilities with sharply declining budgets. Recognition of the need to address poverty at policy levels in the sector ministries is often accompanied, at middle management and operating levels, by an almost complete absence of accurate information about the nature and causes of poverty or knowledge of how the sector could contribute to its reduction.
- 8.4 The SDD experience over four years (1994 - 1998) shows that a small secretariat in a coordinating ministry (OP) suggesting programmes and

methods to the sectors is not sufficient to counter the low priority given to poverty reduction in the individual line ministries. The key sectors needed for effective action on poverty eradication are also core services of government with universal goals and many other responsibilities. The Ministries of Education, Health and Water are three good examples.

- 8.5 One solution to the set of constraints faced by the sector ministries is for them to restructure, reorganise priorities and set strategic options within the budgetary constraints. This is a long-term solution because it will take a long time to:
- refocus line ministries' thinking on service provision for poor households while carrying this thinking through to operational priorities and follow-up at sub-national levels;
 - integrate these new patterns into an inter-sectoral district focus framework.

The Short and Medium-term Solutions

- 8.6 Currently no single unit of government is responsible for coordination of poverty reduction initiatives. Coordination is dealt with, variously by, Office of the President, Ministry of Finance, and Ministry of Planning and National Development and action undertaken by at least five different line ministries.
- 8.7 The Department of Development Coordination within the Office of the President (OP-DDC) has provided both the SDD secretariat and the secretariat for the preparation of this national poverty eradication plan. It aims to link and coordinate sector activities and to maintain a profile for poverty reduction on the Government's agenda. It has the authority of the OP behind it. The experience of coordinating the Social Dimensions of Development Programme has provided invaluable lessons. Moreover, significant policy advice and action on behalf of nearly 50% of the nation - and a category of citizens singled out, moreover, because of their compounded disadvantages and the difficulty in finding solutions - requires a critical mass of specialists and the authority to make major policy and budgetary decisions.
- 8.8 The Ministry of Planning and National Development (MPND) is responsible, through its Central Bureau of Statistics and Human Resources Department, for the design and implementation of the Welfare Monitoring Surveys and Participatory Poverty Assessments. It also provides economists and planners for the planning units of other ministries and District Development Officers (DDOs) for each district.
- 8.9 These seconded officers are responsible, among their many other duties and with very limited resources, for poverty assessments. They are almost totally reliant on broad national sources and donor supported development projects for the information they use. The national information does not extend to sub-district levels where DDOs could, if given adequate resources, data and

community support, help plan district poverty reduction measures. It is not always available to guide poverty-focussed planning in the key sectors.

- 8.10 The Ministry of Finance spearheads the annual public sector expenditure reviews and, to the extent that poverty criteria are used in screening budget proposals, it is also involved as a coordinating ministry for poverty reduction.

Poverty Eradication Unit (PEU)

- 8.11 For implementation of NPEP a central coordination unit, to be called Poverty Eradication Unit (PEU), will be established in the Department of Development Coordination, Office of the President to spearhead operations, and set standards on poverty reduction for dissemination within Government ministries and other national agencies. Initially, the Plan Preparation Secretariat will form the nucleus of the PEU. In the short to medium term, the central unit for poverty eradication will develop strategic policy and assist the five key sector ministries responsible for basic economic and social services to define and implement their own poverty reduction targets. It will also commission branches of government, NGOs and the private sector to undertake direct poverty reduction programmes. It will be a small strategic unit with low recurrent costs and a substantial development budget. Partner agencies will also closely scrutinise the unit's effectiveness, its accountability to the general public and the transparency of its procedures. It will also bring together a critical mass of people with the appropriate analytical and implementation skills and who are in short supply in Government.
- 8.12 The PEU will kick-start the process, monitor and evaluate the implementation of the plan. The PEU will consolidate information on cross-cutting and contextual issues and focus support on priority problems. It will schedule and promote poverty focussed programmes to ensure that local and national expectations are not raised unduly ahead of the technical and financial ability to deliver solutions.

The Institutional Structure for Poverty Eradication

Commission for Poverty Eradication (CPE)

- 8.13 A Commission for Poverty Eradication (CPE) will be established within the Office of the President, by appointment or by Act of Parliament, to spearhead the Government's policy and to mainstream poverty reduction as a core government function.

8.14 The Commission will have a Chairman who will manage the single portfolio of poverty eradication, policy and programming, and advise the president on:

- how to carry forward the National Poverty Eradication Plan;
- how to progress strategic discussions with plan partners and implementing national agencies;
- how to create and finance a national public relations campaign against poverty;
- the financing of direct poverty reduction action in the rural districts and urban areas;
- the selection of priority geographical and sectoral targets;
- the need to encourage citizens, communities, voluntary organisations and business to mobilise their energies and resources against poverty;
- the enabling policies needed to implement the Plan in the key sectors;
- the establishment of explicit poverty reduction priorities within district administration;
- the incorporation of a poverty reduction focus into civil service reform, staff training and personnel management;
- trends in poverty and priorities for specific interventions.

8.15 Members of the Commission will represent the different constituencies in the national partnership against poverty. They will be drawn extensively from business, religious and voluntary organisations that have special experience or expertise to contribute on social mobilisation, the role of the private sector and the ethical context of poverty and disadvantage.

8.16 The administration of the Commission's work will be carried out by a well staffed Poverty Eradication Unit (PEU) to be headed by a well-qualified and appropriately experienced Director and to be given adequate budget. The Director will report to the Permanent Secretary, Development Coordination. Close working links will be maintained with the Ministry of Finance, the Ministry of Planning and National Development, the key sectoral ministries and with other Office of the President functions, especially:

- the Presidential Economic Commission;
- the Directorate of Personnel Management (concerning Civil Service Reform and the training of senior civil servants in poverty awareness and reduction strategies);
- Provincial Administration ;
- District Focus for Rural Development;
- Relief and Rehabilitation Department;
- NGO Coordination Bureau;
- Arid Lands Resource Management.

8.17 CPE will pay particular attention to the strategic development of:

- decentralisation and poverty reduction, including liaison with District Focus for Rural Development (DFRD) as necessary;

- poverty reduction seen as a core function of government and civil service training and career development;
- partnership with the private sector and civil society organisations

Piloting of NPEP approaches

- 8.18 The commission will oversee the implementation of pilot projects to confirm the geographical targeting and sector priorities in this plan and to provide detail for links needed between policy, public sector leadership, private and voluntary sector partnership and community action planning. In the initial stages, CPE will work in selected rural divisions in 15 districts and 5 urban areas and gradually expand its operations to cover all districts. The pilot districts will be selected on the basis of district poverty ranking using a composite targeting formula. This will take into account the numbers of households below the poverty line, the magnitude of poverty in the district, and such social indicators as malnutrition, infant mortality, school enrollment/participation rates, and accessibility to basic health services.
- 8.19 CPE programmes will be able to take a leadership role in defining the future for DFRD policy and planning. In its operations, CPE will incorporate the following five principles which were initially identified for incorporation into the reform of DFRD:
- commitment to community mobilisation;
 - the removal of all administrative control functions from development functions;
 - greater focus on the division rather than the district;
 - officials to become providers of service not development;
 - further detailed attention will be paid to targeting poverty and directing funds to its reduction.
- 8.20 CPE will take the lead in advocating that poverty eradication is treated as a core function of government. It will organise the training of senior and middle level civil servants in poverty assessment and reduction strategies. The aim of the training programme will be to ensure a broad understanding of the NPEP within Government and also to create the base from which, in the middle stages of the plan and with the poverty eradication process underway, the functions of CPE can be transferred to the sectors and to the Ministry of Finance.
- 8.21 CPE will also take the lead in encouraging the formation of 'Partnerships Against Poverty' at Division, District, City and National Levels. These partnerships will include the private sector, the churches and NGOs. The major NGOs and major companies have considerable poverty reduction experience to share and to contribute to the national effort. Poverty Forums will be instituted to advise on plan implementation and on the formation of the network of operational partnerships. In time, these partnerships may find formal expression within an Anti-Poverty Trust Fund with Government, the

Private Sector, and NGOs and religious organisations all playing complementary technical and financial roles.

District Focus For Rural Development

8.22 Devolution of administration powers and resources to districts and the decentralisation of decision-making to communities are key to the Government's policy of District Focus for Rural Development. The concept was first launched in 1983 and has been revised three times to keep abreast with current development thinking and practice. The aim of DFRD was to create a devolved, integrated and efficient administration at district level and within reach of the mass of the rural citizens. The implementation of this aim has been severely constrained by lack of resources. For a time, the operation of the Rural Development Fund gave renewed life to the districts. When it finished, under-funding, changes in priority and delays in releasing funds increased.

8.23 There have been two main difficulties experienced with DFRD as an organisational tool for poverty reduction in the rural areas. The first concerns the quality and depth of social mobilisation through community participation:

- the concept of community participation used in the Blue Book is limited to the assistance which communities can provide for implementation - the possibility of working partnerships between communities and agencies is not mentioned;
- despite this limitation of the stated concept, it has been possible, in practice to develop effective working partnerships at the design stage provided adequate facilitation resources and time were allowed for the purpose;
- working partnerships have been difficult to maintain after the design stage because the high expectations achieved through mobilisation are difficult to fulfill in practice;
- the inability of DFRD to meet the much higher expectations of mobilised communities arises in large part because of the allocation of equal, and therefore thinly spread budgets to all districts regardless of need, implementation capacity and technical requirements;
- representation through community participation reaches upwards no farther than location level at best;
- the communities currently lack the skills to prepare Community Action Plans (CAPs), or to identify categories of the disadvantaged for poverty-focussed planning, in ways which could be used by the District Planning Unit (DPU).

8.24 The other main difficulty in the DFRD concept and practice has concerned the impact of decentralisation at district level and the lack of substance in national support for inter-sectoral planning:

- neither the DDO nor the DSDO have the resources or authorised systems in place to allow them to use participatory assessments for profiling and reporting purposes even if they were available;

- the attempt to decentralise without sufficient resources has achieved centralisation at the district level rather than more resources at village and community levels;
 - there are virtually no planning functions at national level which mirror the ideals of inter-sector planning promoted for the districts;
 - those national coordination mechanisms which are in place are unable to control or greatly influence the sectors' decisions.
- 8.25 The current DFRD manual, the Blue Book', was revised in 1995. The encouragement of local participation, the acceleration of development in the districts where the majority of the people live, balanced development and equity, and improved coordination are among the key objectives listed in the revised strategy. There is scope for further revision in DFRD structures to meet the needs of poverty eradication.

Service Delivery by National Agencies

- 8.26 Research and extension methods targeted at the multi-dimensional, and often locally specific, nature of rural poverty are required. Research and extension service staff usually find it easier to work, initially, with the more economically secure farmers with average land holdings. They then hope that 'contact-farmer' systems will allow the dissemination of innovations to the smaller and poorer farmers. The needs of resource-poor farmers are often different; and research and extension needs to be targeted directly on them rather than rely on unplanned dissemination.
- 8.27 Poverty targeting by MALDM and agricultural research and NGO partners will include:
- working with, and training, scientists and technical specialists to ensure they actively consider poverty objectives when selecting, developing and testing natural resource technologies in the laboratory;
 - encourage agricultural scientists to adopt participatory approaches to farming systems innovations and to work directly with poor farmers to set research priorities and to field test their own innovations;
 - identifying and servicing the needs of rural non-farm micro-enterprises:
 - ▶ increasing the flow of market information about the immediate and likely demand for natural resource based products and for rural services through rural radio;
 - ▶ forming group based savings and loans, at either a minimal financial service level or with additional awareness raising support, for poor rural households interested in micro-enterprise.
 - increase information through extension and rural radio about crop and livestock prices and marketing options;
 - low input and conservation farming for the resource poor, especially in horticulture; poultry and apiculture development;
 - lower prices, higher quality and greater availability of seeds.

B. Financing of Poverty Eradication Activities

- 8.28 The activities of the Commission for Poverty Eradication (CPE) will be financed by the Poverty Eradication Budget (PEB) which will be 'public expenditure neutral', and obtained by setting aside a proportion of the budget. The funds will then be passed on, **according to agreed priorities for poverty reduction**, to operational units in the sector ministries and other agencies.
- 8.29 The poverty eradication funds will be allocated by CPE to existing sector ministries and operational units on a sub-contracting basis, and in conformity with agreed Terms of Reference, in order to meet poverty reduction aims. Both CPE and the sector operational units will need to 'sign off' that use of the funds will achieve useful or significant poverty reduction outcomes before the funding can be released by Treasury. In the unlikely event that technical and financial proposals from sector ministries do not meet the terms of reference set by CPE, the Commission will be authorised, in consultation with the sector concerned, to call for implementation tenders from private sector organisations and NGOs.
- 8.30 By this means, the line ministries will be asked to show that they have the professional skills and sense of urgency and commitment to undertake poverty reduction work in their specialised areas. Failure to demonstrate their capability to meet terms of reference or carry out agreed programmes will, in time, have implications for their staffing levels, future programmes and recruitment prospects. Sector programmes and staffing may continue unchanged or even increase depending on the line ministries' commitment to poverty reduction aims.
- 8.31 Passing that portion of the budget which might be spent on poverty reduction through CPE will also increase the transparency of allocation and spending priorities. Taxes, budget levies and other income spent on eradicating permanent disadvantage and providing relief for temporary vulnerability and disaster impact across all the sectors will appear as a single item in the budget allocated to a single unit of Government.
- 8.32 The 1997 Public Expenditure Review estimated expenditure on poverty alleviation at 7.5% of total public expenditure. The government will aim at setting aside or 'ring-fencing' at least 10% of the budget for purposes of poverty eradication. The CPE expenditures will be integral to the annual Public Investment Programme (PIP) and will be incorporated into the 3 year budget cycle. Many ministries have experienced considerable variation in the allocations actually received compared to the printed estimates. The development budget is also heavily dependent on donor contributions; and on external concessional programme finance to generate the counterpart funds needed to co-finance the development budget. This combination of circumstances has made the financing of the development budget highly uncertain.

- 8.33 The large number of sector projects, weak prioritisation procedures and lack of in-built incentives to complete projects and achieve impact also play a major role in poor programme and project implementation. These multiple constraints cannot be addressed by the NPEP alone or outside of the framework of general public expenditure reform. Nonetheless, the geographical and sectoral targeting of service delivery to reach the poor, the charter of rights and responsibilities, and the targeting of resources through the CPE and 'ring-fencing' arrangements will streamline the process of financing and implementation. It will eliminate non-priority projects, ensure that field operations are precisely targeted on the poor, increase accountability for any poor results and relate expenditure to priorities identified by beneficiaries in the rural districts and urban areas.

The Anti Poverty Trust Fund (APTF)

- 8.34 The second mode of financing poverty reduction initiatives will entail establishment of a semi autonomous Anti-Poverty Trust Fund, (APTF), independent of central government. The establishment of a collaborative poverty focussed trust fund outside government structures will require a strong management framework and excellent monitoring and evaluation arrangements to ensure that the fund's resources are well spent and do achieve visible poverty reduction impacts.
- 8.35 The APTF will be set up as a semi autonomous delivery mechanism to channel funding for small scale projects directly to eligible beneficiaries. In line with its major objectives, the APTF shall be granted the right to mobilize resources on its own. Contributions shall be sourced from government, private sector institutions, from external donors and voluntary organizations in cash or in kind.
- 8.36 Initially, the Poverty Eradication Budget (PEB) will be used to demonstrate how collaborative arrangements can best be established within government and with selected partners. Later in the Plan period, as the results and lessons of the demonstration effects of collaborative poverty reduction programmes are revealed, the scope and size of decentralised trust funds, managed by district and local partnerships and coordinated through a national APTF, will be defined. The Poverty Eradication Budget method of financing requires CPE and the sector ministries to jointly implement the poverty eradication programme through the specific targetting of lower income households. The APTF method of financing will encourage a wide range of development partners to make substantial pump-priming grants to the Fund. Civil society organisations will have direct access to the funds and will wish to run their programmes in order to supplement and complement Government's programme; within the enabling environment created, the corporate private sector will undertake wealth-creating projects with poverty reduction potential.

- 8.37** The APTF will mobilise large sums of money outside of public expenditure limits. Trusteeship arrangements will encourage formal independence and accountability. The PEB will be one of the principal sources of government contributions to the proposed Anti Poverty Trust Fund (APTF). One model extensively discussed is an APTF managed at national level by an independent Board of Trustees with funds channelled through a major commercial bank. NGOs, government departments and districts would help set up partnerships at local levels and disburse infrastructure grants or a line of soft credit to community groups with innovative poverty reduction proposals.
- 8.38** The technical arrangements needed by an APTF to ensure a visible impact on poverty reduction, will be clarified and the management structure defined in the APTF Operational Framework document under preparation. For the fund to become a viable vehicle for NPEP implementation, Poverty Forums will be formed at the national and local levels to set priorities, and define the link between the fund operations and the modified District Focus for Rural Development (DFRD) rules and policies. Efforts will be made to ensure that the APTF provides alternative delivery mechanisms from which government agencies will gain lessons in effective poverty reduction efforts. The management rules and partnership arrangements shall be flexible but sufficiently transparent to avoid abuse. They will be refined regularly to accommodate the views of civil society organisations (including NGOs) which are expected to play effective roles in the new partnerships. Ultimately, CPE bears the responsibility to co-ordinate and harmonize the APTF activities with other national poverty eradication programmes.

PART V

IMMEDIATE WAY FORWARD

9 ACTION PROGRAMME: 1999-2004

- 9.1 Firm arrangements for the implementation of the plan will be put in place within the first eighteen months. The first priority is to establish the Commission for Poverty Eradication (CPE), by Presidential appointment or Act of Parliament. The second priority is to staff it so that it can play an administrative and technical role in the launch of the Plan and begin the preparations for plan implementation. An initial complement of some 15 professional staff headed by a Director will be put in place for the PEU.
- 9.2 The following sections will be needed in the PEU from the outset:
- public education and marketing;
 - development of rural livelihoods, and small and micro-enterprises;
 - urban employment, income generation and self employment;
 - social mobilisation and community development;
 - basic social service delivery systems;
 - gender awareness planning;
 - Research on poverty trends and information systems;
 - capacity building and training within national agencies.
- 9.3 A coordinated media campaign will be organised to heighten awareness, educate the public about the urgency of poverty eradication, and promote the approach adopted in the plan.
- 9.4 Legal review of the provisions of the draft Charter for Social Integration will be another urgent task for the PEU. The draft will be referred for review to the Attorney General's Chambers to establish its constitutional status and the legal implications for adoption and enforcement.
- 9.5 The PEU and Ministry of Finance will work out procedures for streamlining and 'ring-fencing' a poverty reduction budget in the early stages of implementation. Ministries will be expected to take this into consideration during Ministerial Public Expenditure Review (MPER) and Medium Term Expenditure Framework (MTEF).
- 9.6 Within the first year of plan implementation, the CPE will:
- design a training programme in poverty reduction for senior civil servants in conjunction with the Directorate of Personnel Management;
 - prepare detailed plans for field demonstration projects, including the final selection of geographical and sectoral targets;
 - form partnerships for detailed design and implementation with those NGOs which have established a poverty reduction experience and have shown they can contribute significantly to the national plan;
 - form partnerships with key private companies to tap their experience of integrated measures for wealth creation, employment and poverty reduction.

- 9.7 Pilot field operations will begin as soon as possible in selected divisions chosen from fifteen priority rural Districts and in five poor areas in urban centres. Operations in each of the selected areas will be fully established by the second year of the plan's implementation and continue to full implementation within the first phase of the plan which runs from 1999 until 2004. The pilot operations will range across a wide variety of sectoral targets, including those in social services and community participation, the improvement of rural and urban livelihoods, education, health, water and sanitation. The detailed scheduling and priorities for individual sets of sectoral targets in the selected divisions and urban areas will be carried out in partnership with local stakeholders. Numerical targets are required to guide 3 year investment planning needs; but they should be seen as provisional and to be confirmed or revised by the detailed participatory programming studies. The CPE will set terms of reference for the programming consultants who will recommend detailed criteria for the selection of priority divisions and low income urban areas.
- 9.8 The aims and outputs of this first phase of the plan are set out in part of the logical framework. The initial focus is on the development of implementation methods which can integrate safeguards for the rights of low income groups with improved basic social services and productive opportunities; and achieve this attack on multi-dimensional poverty through multi-channel delivery systems using the expertise of the private and voluntary sectors as well as of government. These are challenging but necessary aims and a pilot programme of field level targeting will establish what works best under differing local conditions. At the same time the geographical targeting strategy will create the means to achieve visible impacts within the plan period and will benefit some 20% of the nation's poor households.
- 9.9 In the second and third phases of the plan, the lessons learned in phase I will be extended, first to those districts containing half the poor households, and then to cover all rural districts and urban areas. They will also be mainstreamed within the key sectors and in other coordinating units of government. Phase I will be intensive. The CPE will kick-start the process and focus on high priority districts and urban centres where visible impacts can be achieved and key lessons learned about implementation through partnerships and multi-channel delivery. Phase II will be less intensive and will seek to replicate the lessons learned in a wider selection of districts and urban centres and with a larger set of stakeholders. Phase III will be extensive and aim to consolidate the gains and mainstream them throughout the country. The outline logical framework for Phases II and III is set out on page 91. The lessons learned will be consolidated within the core functions of government, transferred to the sector ministries and local authorities, and extended by them to cover all districts and urban areas and all relevant sectors. By 2015, at the end of the plan period, it is expected that universal coverage for the human development services - primary education, primary health care and safe water and sanitation facilities - will have been achieved and the headcount of income poverty reduced to 30% or less.

10 LOGICAL FRAMEWORKS

- 10.1 The two Frameworks set out each of the initial and the mainstream phases to plan implementation. The activities in the Phase I logical framework are representative and indicative only. A fuller statement of the activities is given in Chapter 9.

	NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION
GOAL	A significant reduction in the proportion of people living in extreme poverty by 2015	30% of people or less in absolute income poverty universal primary education achieved universal primary health care achieved maternal mortality significantly reduced mortality of infants and children under 5 reduced access to water and sanitation for all	WMS 2015 PPA No XX Sector specific analyses in education, health and water
PURPOSE	The development, by well coordinated partnerships between GoK, civil society and the private sector, of planning and implementation methods which can safeguard the rights of poor citizens, and improve both their productive opportunities and their access to affordable basic social services.	By 2004, improved methods of poverty focused planning (including field demonstrations) being used in one coordinating ministry, three sector ministries, 15 very poor rural districts and the corresponding facilities in 5 urban areas.	Surveys of Sector Reforms and Field Demonstration Programs and strategy documents released on the evaluations of mechanisms and impacts
OUTPUT	<ol style="list-style-type: none"> 1. A central Commission for Poverty Eradication (CPE) established, powers defined and staffed as soon as possible before June 1999 2. Official launch by March 1999 leading to nationwide debate and promotion of poverty eradication plan 3. Draft Charter for social integration reviewed for constitutional status and legal implications 4. Forums for 'tag-teaming' a % of budget intended for poor households speedily agreed and implemented by Treasury and key sector ministries 5. Civil servants at senior and middle management levels and key private sector staff trained. 6. Capacity for poverty-focused planning at local level enhanced, and specific methods demonstrated in divisions by NGOs, private sector and ministries 7. Livelihood strategies of poor people in different agro-ecological and urban zones of Kenya, and the impact on them of plan interventions, understood 	<ol style="list-style-type: none"> 1. (a) Commission appointed by President; or created by Act of Parliament; (b) dynamic Director in place by June 1999. 2. Plan endorsed and launched by HE President. National advertising campaign finished/ run. 3. Draft Charter submitted to AG Chambers for review. 4. Ten percent adopted by Ministry of Finance and budget line created by July 1999 5. By 2000 all senior civil servants and one quarter of middle level staff in 3 key ministries are familiar with poverty reduction concepts and strategies 6. Field manual of decentralized methods developed; critical feedback on, and publication of, results of demonstrations. 7. Divisional extension staff using livelihood profiles adjusted to their own area and use them to report the detailed need for sustainable technologies, credit and institutional support back to District 	<ol style="list-style-type: none"> 1. Media coverage and spot surveys at divisional and district levels 4. National budget 5. Directorate of Personnel Management records 7. Six monthly reviews by field strategy teams and an independent researcher/assessor.

<p>ACTIVITIES</p>	<p>BUDGET:</p>	
<p>1.1 Poverty Forum meetings replaced by meetings of CPE members. 1.2 Recruitment and induction of technical staff 2.1 Set TOR for PR consultancy 2.2 Coordinate with media representatives 3.1 Establish standards of public service and responsibilities for use at middle management levels 5.1 Training of trainers identified and training modules designed 5.2 Run training programme, with quality checks. 6.1 Decentralised 'Partnerships against Poverty' using GoK, Private Sector, Local Authorities, and NGO links, organised in selected local areas 6.2 Community action planning ('Cap') initiated and technical, organisational, and financial needs assessed 6.3 Appropriate technical and financial follow-up to 'Cap' secured from relevant support agencies 6.4 Some local user charges for basic services limited using ring-fencing funds 6.5 The results of field tested local planning methods and follow-up technical support to communities disseminated to key sector ministries 6.6 'X' Memos of understanding by end 1999 6.7 Build up of a series of participatory resources, assets and contacts assessments. 6.8 Community representatives go with link agency to group savings and credit scheme, technical agents etc 6.9 Ring-fenced funds eliminate books/materials costs for children of targeted households 7.1 Concept notes for action research on livelihoods 7.2 local research institutions contracted 7.3 Qualitative and quantitative research</p>	<p>Staff Travel Overseas Consumables Capital Eqp Training etc Overheads Contingency TOTAL</p>	<p>Directorate of Personnel Management records Module materials; module evaluations Monitoring reports from CPE and sector unit field operations Research design and results</p>

KENYA - NATIONAL POVERTY ERADICATION PLAN : LOGICAL FRAMEWORK OF PHASE 1, 1999 onwards

GOAL	NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	<p>A significant reduction in the proportion of people living in extreme poverty by 2015</p>	<p>30% of people or less in absolute income poverty universal primary education achieved universal primary health care achieved maternal mortality < mortality of infants and children under 5 < water and sanitation</p>	<p>WMS 2015 PPA No XX Sector specific analyses in education, health and water</p>	
PURPOSE	<p>The lessons learned in the first phase of the plan about the effectiveness of the charter, poverty reduction policies and of sector interventions and poverty impacts are extended throughout the country.</p>	<p>Poverty Eradication stated to be a core function of government and playing a key role in civil service training programmes and promotion requirements</p>	<p>Directorate of Personnel Management reports and special enquiries</p>	
OUTPUTS	<ol style="list-style-type: none"> The Charter for Social Integration fully implemented and access to the administration of justice and basic rights achieved for all disadvantaged groups. Partnerships Against Poverty formed and working in all parts of the country Geographical and sectoral targeting extended to all rural districts and urban areas. Lessons learned in Phase I about poverty focused planning and implementation adopted and mainstreamed in all the key sector ministries 	<ol style="list-style-type: none"> The sets of rights and responsibilities adopted and adjusted to suit lower level officials and different cultural and regional circumstances Newspaper reports; NPEP monitoring system 3.1 NPEP programme extended to 50% of poor households by 2010 3.2 NPEP methods adopted by all districts and cities between 2010 and 2015 4. Methods being used by 5 or more ministries 	<p>NPEP monitoring reports</p>	<p>Agricultural research institutions continue to function effectively and with their focus on resource-poor farmers Primary Education curriculum has been reformed and emphasises core skills of numeracy and literacy Decentralisation has lowered the unit costs of primary education to parents</p>
ACTIVITIES	<p>to be identified</p>	<p>BUDGET:</p> <p>Staff: Travel Overseas Consumables Capital Equip Training etc Overheads Contingency</p> <p>TOTAL</p>		

KENYA - NATIONAL POVERTY ERADICATION PLAN : LOGICAL FRAMEWORK OF PHASES II and III, 2005-2015

PART VI
APPENDICES

Table A1: Rural Poverty Ranking by District 1982 to 1994

1982		1992		1994	
District	Headcount%	District	Headcount%	District	Headcount%
Nyeri	27.56	Lamu/Tana	46.22	Nyeri	20.37
Kiambu	34.21	Kajiado/Narok	46.80	Lamu	27.08
Muranga	37.86	Kisumu	51.81	Nyandarua	28.73
Meru	48.03	Siaya	55.85	Elgeyo/Marakwet	30.58
Nyandarua	50.47	Meru/Tharaka	58.36	Kajiado	31.33
Kirinyaga	53.01	Embu	61.57	Migori	31.59
Nakuru	55.89	Machakos/Makueni	61.85	Kwale	33.14
Embu	57.72	Kwale/Taita	64.87	Nakuru	33.93
Kisumu	58.36	Kiambu	65.29	Kirinyaga	35.63
Taita Taveta	62.26	Nyeri	66.46	Muranga	37.39
Baringo/Laikipia	62.80	Muranga	68.48	Narok	37.76
Kajiado/Narok	66.85	Kilifi	69.37	Kiambu	38.16
Nandi	68.99	Kirinyaga	71.51	Uasin Gishu	38.77
Trans Nzoia	69.29	Kitui	71.97	Meru	39.86
Siaya	69.84	Nyandarua	72.81	Siaya	40.45
Kakamega	71.43	Baringo	73.23	S.Nyanza/Homa	41.25
Machakos	72.07	Nakuru	73.61	Kisii	41.84
S. Nyanza	74.88	Kakamega/Vihiga	73.74	Kisumu	43.32
Kwale	76.02	Homabay/Migori	76.92	West Pokot	44.07
Uasin Gishu	77.36	Laikipia	76.96	Nandi	44.39
Bungoma	79.3	Nyamira	77.58	Laikipia	47.93
Kericho	80.74	Bungoma	79.91	Tharaka/Nithi	48.19
Kitui	81.34	Elgeyo/Marakwet	82.56	Kakamega	48.66
Kilifi/Tana	82.78	Kisii	84.80	Taita Taveta	48.92
Busia	84.21	T. Nzoia/UGishu	87.64	Bomet	49.41
W.Pokot/Mt Elgon	89.22	West Pokot	87.76	Baringo	50.09
Kisii		Nandi	88.13	Garissa	51.97
		Busia	88.79	Vihiga	52.87
		Kericho/Bomet	93.93	Mandera	53.30
				Bungoma	53.91
				Busia	54.59
				Trans-Nzoia	54.79
				Kericho	54.82
				Wajir	55.33
				Nyamira	56.63
				Embu	62.94
				Kilifi	64.20
				Kitui	66.20
				Machakos	67.27
				Makueni	67.99
				Tana River	69.06
				Turkana	75.84
				Samburu	79.64
				Isiolo	81.59
				Marsabit	83.84

Source: 1981/82 RHBS, 1992 WMS & 1994 WMS

Note: The absolute poverty incidence is based on total expenditure on food and non-food requirements. Food Poverty lines for 1981/82 RHBS, 1992 WMS and 1994 WMS were Ksh.89.90, Ksh.404.66 and Kshs. 718.73 respectively. The corresponding absolute poverty lines were Kshs.105.95, Ksh. 484.98 and Kshs. 833.33.

TABLE A2: WORLD SUMMIT FOR SOCIAL DEVELOPMENT TARGETS

Quantitative and Time-Bound Goals Adopted in Copenhagen, March 1995

	<u>By Year</u>
1. Poverty Eradication Policies and Strategies	
Formulate or strengthen as a matter of urgency, and preferably by the year 1996, national policies and strategies geared to substantially reducing overall poverty in the shortest possible time, reducing inequalities and eradicating absolute poverty by a target date to be specified by each country in its national context.	1996 or after
2. Education	
a) Universal access to basic education	2000
b) Completion of primary education by at least 80 per cent of Primary school-age children	2000
c) Closing of the gender gap in primary and secondary school education	2005
d) Universal primary education	2015
3. Health	
a) Life expectancy of not less than 60 years	2000
b) Reduction of mortality rates of infants and children under five of age by one third of the 1990 level or 50 to 70 per 1,000 live births, whichever is less	2000
Infant mortality rate below 35 per 1,000 live births and under-five mortality rate below 45 per 1,000	2015
c) Reduction of maternal mortality rate to one half of the 1990 rate	2000
Further reduction of maternal mortality rate of one half of the rate in 2000	2015
d) Reduction of severe and moderate malnutrition among children Under five years of age by half of the 1990 level	2000
e) Primary health care for all	2000
f) Reproductive health to all individuals of appropriate ages	2015
g) Reduction of malaria mortality and morbidity by at least 20 per cent from their 1995 levels in at least 75 per cent of affected countries.	2000
f) Eradicating, eliminating or controlling major diseases constituting, global health problems, in accordance with paragraph 6.12 of Agenda 21	2000

4. Resource Mobilisation and Allocation (20:20 Compact)

Agreement on a mutual commitment between developed and developing country partners to allocate, on average, 20 per cent of Official Development Assistance (ODA) and 20 per cent of the national budget, respectively, to Basic social programmes.

Source: United Nations, World Summit for Social Development, Report of the World Summit for Social Development (Copenhagen, 6-12 March 1995), (A/CONF. 166/9), 19 April 1995, pages 13, 50, 51 and 83.