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Country Analysis

Kenya

"I want to help my brothers"

She is very small in the red, velvet clad church chair. The sweater is turquoise, the skirt a grey plated garment, the hair in tight curls with a pink rubber band around a minimal tuft. Outside the window shutter of the corrugated sheet chapel some children are playing. Others are planting vegetables or washing their clothes.

Auma wanted to tell us about her family but stops, sobbing. After a while she continues, in little whispers. Her story is not unique, many Kenyan girls tell the same: They grew up in rural areas but were sent to town to take care of even smaller children. The parents got one mouth less to feed. Sometimes the children send money home to the family. The girls are used and often abused. Auma was sent to her aunt who needed help in the household. She was beaten and did not get enough to eat. After a year she ran away and was taken by the police to the Huruma orphanage, not far from Nairobi. Here she is protected and can go to school.

The orphanage started on a small scale in the 80's. Now 120 children live here. Ten years ago a primary school was started. The home is financed by a combination of private gifts, civil society organisations and foreign donors. The Government pays the salaries of the teachers. The children also contribute through making beads. Mama Zipporah lives on the compound with her own family. She shares her crammed bedroom with her husband who is the preacher in the home, but also with the small babies who are brought there. Right now a little infant whose mother died in childbirth is staring with round eyes from a cot in the darkest corner. The other children share four bedrooms where the beds are squeezed in. The small ones sleep four in the lower beds; the big ones share an upper bed by two. The red bed covers are tightly stretched and the young inhabitants have scrubbed the floors. The heat pours down from the corrugated sheet roof.

Mama Zipporah says that 80% of the children are victims of Aids. They talk about watching their mothers being ill, slowly dying. She was sick, they say. I tried to take care of her but she died.

Desperation in the slums

Auma, and 120 of her brothers and sisters try to find comfort and protection at the big bosom of Mama Zipporah. It may not suffice but the alternative is the streets. Kenyan streets have myriads of dirty little beggars and thieves. The authorities now make efforts to take these children into shelters. Some time ago, civil society organisations invited street kids from the whole nation to a meeting to hear what help they wanted. The children told one and the same story about violence and about abuse from police and other authorities that are supposed to be the guardians and helpers of the weakest in the society. They also talked about death in the gutter and how they used to *collect money between them to get the bodies of their friends taken care of. A children's morgue fund.*

There is always a "home" in the countryside. But many plots of land are too small to feed a growing family. Few daughters in Kenya inherit land, it is contrary to most customary laws. So many go to the city and become part of the change-of-lifestyle spelled urbanisation. With a shrinking and mismanaged economy there are few jobs to find. Unemployment in Kenya is extremely high even among well-educated and experienced persons. Otula went 12 years to school and had a good job in a company for 20 years. But he was laid off and has not been able to get a new job. Now he sells cheap household goods in the streets. Others try to survive by carrying bricks, growing vegetables in the backyard, guarding cars, shining shoes or windshields, buying razorblades or shoestrings cheaply and selling them to anyone who is just a little bit better off, stealing other peoples things, begging, or just praying to God.

His two daughters are both in secondary school. Otula is a widower but has decided to refrain from remarrying until the daughters can take care of themselves. "How is it for a single father to raise daughters in the slum?" "I tell them everything. If they have a problem they come to me, even with women's things. You have to take care of your children, especially girls."

The social problems in the slums increase rapidly. The army of idle, often drunk or drugged men pose a great danger to even very small girls. The rate of HIV/AIDS is rising at an alarming rate among teenage girls, much faster than among boys of the same age, reflecting the power imbalances.

"The people know about the risks", says Lorna who tries to make a living in the Kibera slum by roasting maize and selling in the streets. "But they take too many drugs and then they don't care. Old men think that young girls are not infected and so they rape them or give them money and drugs." Lorna takes care of her own daughter and the son of her dead sister. "What happened to your sister?" "Oh, she was sick and died."

Education as the way out and up

The striving parents in Kibera and the girls in Huruma orphanage share the same vision. They all speak the same mantra: Without education you will never have a good job. Without education you cannot take care of a family. The parents want the daughters to escape from the powerlessness of poverty. The orphans have dreams for the future that may seem modest but that represent a big step for them. They want to become nurses, teachers, evangelists and they want to help other people.

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1. The Setting:
Contrasts and challenges, continuity and change

Stark contrasts

Kenya is blessed with a plurality of climatic conditions and landscapes, mirrored by a similar diversity in cultures, languages, and religions. However, the complexity of the country goes deeper than that, into glaring contrasts:

Between rich and poor. Kenya has the highest income concentration among the poor countries. The top 10% earn 70% of the national income, the lowest 40% earn 2%.

Between regions. The incidence of poverty in the poorest region is twice that of the least poor region, around 60 and 30%. Life expectancy in these regions is 45 and 64 years, respectively.

Between urban and rural areas. Infant mortality and under 5 mortality rates are half in Nairobi as compered to national averages and one third of the poorest areas. Poverty has increased in both rural and urban areas but differences have levelled out in recent years due to rapid growth of urban poverty. 60% of the urban dwellers live in areas labelled slums. Still, almost 9 out of 10 poor are from rural areas.

Between men and women. Women are more poor and are more vulnerable to poverty than men. 69% of the women as compared to 43% of the men work as subsistence farmers. That means they are at risk when climate fails or soil erodes. Female headed households are especially exposed.

Severe social challenges

The pervasive ethnic dimension of Kenyan politics carries with it the permanent risk of conflicts. Violence, in cities and in families, is widespread. Large number of women are subjected to violence and sexual assault.

Social conflicts are looming. The political elite has amassed enormous wealth from public resources and although this has often received extensive coverage in the media, impunity has largely prevailed.

HIV/AIDS has been growing and the adult prevalence is 10–15%; also with strong regional differences. Some of the poorest regions – particularly around Lake Victoria – have the highest figures.

The situation for children has deteriorated; the under five mortality rate increased from 90 deaths per 1000 live births to 105 in the last decade. 850.000 children are orphaned, largely due to HIV/AIDS.

Huge potential

The key potential for Kenya's development is *in its people*. Enrolment in primary school had a peak up to 95% in mid 1990. But this educational base has started to erode. Enrolment is now down to less than 70%, with great regional differences. The region with lowest enrolment has a meagre 13%. Still, overall literacy is over 70%. Education has a positive gender trend: The gaps between the enrolment of boys and girls at primary, secondary and tertiary levels are narrowing.

Another key potential for growth and development is to be found in sustainable management and efficient use of the rich natural resources. Kenya is endowed with world class wildlife and biodiversity, a vast coastal zone to the Indian Ocean and a smaller to Lake Victoria, offering large fishing, marine resources and tourist potentials. Only one fifth of the land is arable, but with high-potential soils for production of high-quality coffee, tea, cotton, sugarcane, cutflowers, horticultural crops as well as dairy products. In addition, some hydropower and mineral resources exist. Realising these potentials requires, however, substantially increased small farmer productivity (where land reform is likely to play a significant role), boosted processing, new investments, enhanced marketing, and, perhaps most importantly; good governance.

The potential is also within a vibrant civil society that emerged during the 90's, both in spite, and because of, economic recession and political repression. These include free media, vocal and dynamic non-governmental organisations, respected and articulated religious institutions. In this context the relatively well developed and diversified bussiness sector needs to be mentioned. *Finally, the potential is also in the existence of a growing democratic culture,* borne and nurtured in the interface between political opposition parties and the civil society. Through this process is also emerging an increased awareness of human rights, not least the rights of women.

Desperate continuity …

The last 10 years of the millennium was a *lost decade* in economic, environmental and social terms. Economic growth exceeded population growth in 2 years out of 10.

Overall *poverty* rose from 45% to 55%. The number of poor people (defined in economic terms) increased from 10 to 15 million. Per capita income fell from 360 to 320 USD. Life expectancy of men went from 57 to 50 years. That of women changed even more dramatically, from 69 to 53 years.

The pattern of poverty changed as it became more widespread: Urban poverty now reaches the level of rural. But one face of poverty persisted: women were, and are, worse off in all dimensions of poverty; security, income, opportunities, risks.

Environmentally, deforestation accelerated, soils continued to erode, biodiversity is still at risk, urban air and water pollution increased, and the economy continued to put pressure on scarce natural resources in non-sustainable manners.

Corruption increased. It permeates society and erodes confidence within society. The trust that is needed, for small farmers and big investors alike, tapered off – and so did investment and growth.

… and of hope for radical change

But not a lost decade in political terms. The 2003 Government did not assume power through a coup, but through reasonably free and fair elections. The peaceful transition from one regime to another was not due to good fortune or providence, it was the result of the decade long work of the civil society and other progressive forces to widen the democratic space in the country. The government was elected on a promise of change. And the country is expecting change. In practice, in style and, above all, in transforming rhetoric into implementation.

Kenya is confronted with:

A bad point of departure: Widespread poverty and corruption permes the Kenyan society. There are glaring and increasing inequalities. The majority of the Kenyans are worse off today than 10 years ago, at least in economic terms. A few are better off.

A daunting challenge: To give Kenya a new start by maintaining momentum in the political transformation.

A complex task: To halt economic and social decline and thus reversing the increase of poverty. To maintain support for reform and change. To face the future but neither ignore nor be absorbed by the past**.**

An opportunity: Strong human and environmental resources, vibrant civil society, a new Government that seems determined to end the legacy of the past and chart a way to a new Kenya. The challenge for Kenya's development partners is to support the Kenyan people to seize this opportunity.

The starting point for this analysis has been the definition of poverty given by the Kenyan PRSP:

"Poverty is multi-dimensional. It includes inadequacy of income and deprivation of basic needs and rights, and lack of access to productive assets as well as social infrastructure and markets." (Kenyan PRSP 2001–2003)

We have also let ourselves be guided by a democracy and human rights approach, which in essence, and in this context, implies that the reduction of poverty depends as much on whether poor people have political power as on their opportunities for economic progress.

We have tried to focus on issues of particular relevance for Swedish development cooperation, which implies that some issues that may be of great importance for many Kenyan's have not been fully analysed. This analysis will not be able to fully capture what is like to be poor in Kenya. It will hopefully illuminate some of the mechanisms that make and sustain poverty, but poverty in Kenya has far to many faces for us to capture but a few of even those mechanisms.

Kenya's Poverty Reduction Strategy Paper (Box 1)

Kenya has elaborated a Poverty Reduction Strategy Paper (PRSP), covering the period 2001–2004. In order to elaborate the PRSP a specific PRSP-secretariat was established within the Ministry of Finance. Several donors – among them Sweden – contributed with financial assistance. The drafting process was accomplished in a highly participatory manner. Consultations were carried out in 70 districts and in 10 of these in-depth participatory poverty assessments were undertaken. On the national level stakeholders such as representatives for the civil society, the private sector and donors were involved in the process.

The PRSP recognises that more than 50% of the population is living below the absolute poverty line, the majority in rural areas but with urban poverty rapidly increasing. The following sectoral priority list reflects the outcome of the comprehensive national consultative process:

- Agriculture and Rural Development
- Human Resource Development (education, health, shelter and housing)
- Physical Infrastructure (in particular roads, water and energy)
- Trade, Tourism and Industry
- Public Safety, Law and Order
- Public Administration

The PRSP was received in positive way by most key stakeholders, regarding analysis and priorities as well as the inclusive and participatory manner in which the process was carried out. However, the extent to which the former government actually "owned" the document and its proposed policies can be questioned. In retrospect it seems as though the government's main interest was to produce the document so that concessional lending from the Bretton Woods institutions would be restored. There was no real intention to shift policy in accordance with the PRSP. This is reflected in the poor quality of the so called "Action Plan" for the implementation of the PRSP which was presented by the government in September 2002. As a consequence of the shortcomings in the "Action Plan" and the apparent lack of political will to implement the PRSP, the document has of yet not been formally approved by the World Bank and the IMF.

Immediately after coming to power, the new NARC government started to draft a "Strategy for Economic Recovery" and a "Social Action Plan", which have now merged to one document. This work takes its points of departure in the NARC Manifesto, the "Post-election Action Plan" and the PRSP. Governance issues are at the core of the analysis made by the new Government. The government is also developing an "Implementation Action Plan" which will spell out the specific economic and structural reform measures the government plans to undertake in order to achieve the growth, employment and service delivery targets set in the documents mentioned above.

The PRSP and the NARC-government strategy papers are considered a good basis for analysing poverty in Kenya. Most of the policy statements are sound and the review of health, education, HIV/AIDS interventions, good governance, infrastructure, private sector, agricultural development and tourism as the essential means to poverty reduction and growth is reasonable. However, although the process by which the PRSP was drafted by many standards was an achievement, certain aspects were lost in the final product. The most important one was the gender analysis, which was watered down. Other issues relating to corruption and democratic governance was similarly not captured fully in the final document.

2. Democratic development

2.1 Present Political situation

The democratic space in Kenya has gradually been expanded during the last decade. This process has been driven primarily by progressive politicians and civil servants and a dynamic civil society, which includes churches, professional associations, women groups, and various advocacy and pressure groups working for the advancement of human rights and for democratic reforms. These individuals and groups have exerted pressure for many of the changes and political reforms that have taken place.

The third multi-party elections in Kenya held in December 2002 and the peaceful hand over of power should be seen as a confirmation of the positive democratic process –and could give it still more momentum. The people of Kenya were generally able to freely cast their votes for the candidates of their choice. While the 2002 election campaigns were marked by several incidents of violence and political intimidation, they were a great improvement in relation to the previous elections in 1992 and 1997, which were characterised by widespread violence and irregularities.

The people of Kenya voted for change. They were tired of corruption and economic mismanagement. The expectations for concrete results on the ground that make a positive impact on their lives are now high. The new government faces enormous challenges. It has inherited a country beset with an authoritarian political culture, as well as economic, environmental, institutional and social failures.

2.2 Political institutions

In Kenya the independence of the legislature and the judiciary have been denuded of independence by *executive hegemony*. During most of the single party period in Kenya, *Parliament* was acting on directives from the executive. Since the advent of multi-partyism in 1991, Parliament has made variant efforts to restore its credibility and dignity.

Strong measures are necessary for Kenya to achieve an independent, efficient and accountable *judiciary.* For a long time, the judiciary has been plagued by corruption and political interference and has been unable to provide adequate access to justice for the poor. The system suffers from lack of public confidence. The President has extensive powers over appointments, including those of the Attorney General, the Chief Justice, and Appeal and High Court judges. The NARC government has made efforts to clean up the judiciary and to build a new Ministry of Justice.

When discussing the political institutions, one must keep in mind that a process of writing a new constitution has been ongoing since 2001 and is expected to end early 2004. A draft constitution, developed in a participatory manner with extensive consultations, is currently (August 2003) being discussed at a Constitutional Conference with 650 participants from all over Kenya. It is widely expected that the new constitution will provide for clear separation of powers between the executive, the legislative and the judiciary, have a strengthened bill of rights with particular attention to women and other marginalised groups in society, and a far reaching devolution of power to local governments.

Within the Kenyan *media,* an independent and diversified press played a major role in the political changes of the 1990s. However, many of the newspapers have limited distribution. Regarding the electronic media, the state-owned Kenya Broadcasting Corporation, KBC, remains the only domestic source of current information for most people outside Nairobi and other urban areas. So far private stations mainly operate in some urban areas Political parties in Kenya have traditionally been characterized as coalitions of ethno-regional elite's competing for access to the state and its economic resources. This is based on the deeply held notion that depending on the proximity of a particular elite to the Presidency, an ethnic group is either rewarded with state induced "development", or ignored. The powerful expression of this conception of politics and political mobilisation has had grave implications for political parties. They have generally been unable to create and sustain national platforms of support, and party officials have subsequently reverted to operate by constructing alliances between elites of ethnic groups.
The shallowness, and consequently, fragility, of these alliances accounts for the constant fragmentation and lack of cohesion of the political parties, and for the incessant infighting among their leadership. In the 9th Parliament (2003–) there are six political parties represented.

The high turnover of members of Parliament (and councilors at the local level) suggests that there is a degree of accountability on behalf of politicians vis avi their constituencies. However, the ethnicisation of politics has limited the scope, or at least changed the features, of issue-based politics.

2.3 Political culture

The political culture in Kenya is shaped by the existing underlying social and regional cleavages in the country. It can be characterised as *patriarchal, focused on ethnicity and personality, mainly serving elite interests, and often violent.* One feature is the domination by elite groupings. They finance political party operations and centres around one charismatic leader as 'tribal spokesman' and/or party chairman.

This entrenched political culture has had disastrous effects on *female political participation*. Many of the prevailing neo-traditional and cultural norms in Kenya are detrimental to women in leadership. The focus of political campaigns on elite competition and the wealth of candidates alienate women, both as voters and candidates. Their lack of access to resources hampers women's campaigns, as does the level of violence and openly chauvinistic rhetoric that usually accompany the political processes. As political parties and other political institutions are patriarchal mechanisms, they are in and by themselves responsible for shutting out women from access to opportunities and resources within those structures.

The pervasive *ethnic* dimension in Kenyan politics, or "tribalism" as it is commonly known, is linked to the organisation of elite competition for resources, primarily those associated with state power. As the elite is organised around ethno-regional interests, they have explicitly adopted an instrumentalist view of ethnicity in order to advance those interests. In other words, politicians have regularly appealed to the ethno-regional identities and socio-historical claims of the local populations in order to galvanise their support behind their projects. At the level of individual politicians, these interests are more often than not closely linked to the fortunes of their business ventures, as political careers have been a way of furthering their private interests.

The concrete expression of the domination by the elite's, are the so called "patron-client relationships" that permeate Kenyan politics. Elite's have to a large extent relied on literally buying support from the population, resulting in far reaching pyramidal networks with a tribal spokesman, minister, party chairman or even the president at the top. Being a supporter of a politician or a political party can be a semi-permanent paid occupation, which also defines and limits their commitment to that 'cause'. To some extent this culture may explain why dry areas that from time to time are dependent on relief food, have been supporting the ruling party. The logic behind the patron-client relationships can also explain most of the grand corruption in Kenya.

From the perspective of most *poor*, involvement in politics has been shaped by the political culture discussed above and of local level political structures. Local authorities have generally been emasculated by the central government. Few local authorities are run in a transparent and accountable manner and with little if any participation of the locals. Instead, in many areas and cultures of Kenya, "traditional" or pre-colonial forms of authority still play a large role, mostly in the form of 'council of elders'. These decision-making forum, while being recognised by and to a certain degree accountable to the local community, still continue to marginalize women and youth. Consequently, most poor only participate in politics during election campaigns every fifth year when they are largely mobilised in ethno-regional voting blocs.

The political culture is also characterised by *violence.* Many politicians organise and finance gangs of youth to act as their security detail during campaigns, but many times also for disrupting opponents rallies and activities. Violent language and threats of violence are also common in campaign rhetoric. Certain gangs of youth have been so active and so organised that they can rightly be termed as militias.

Between 1991 and 1998, the Rift Valley and Coast provinces were haunted by the so-called "ethnic clashes". Far from being spontaneous outbreaks, this form of political violence targeted members of ethnic communities perceived to be "strangers" and/or supporters of the political opposition. The outbreaks were usually preceded by public threats issued by senior KANU politicians, and the attacking "warriors" were well equipped and organised. Persistent accusations have been levelled against key government figures for complicity in the violence, and the state has been conspicuously inefficient in its investigations. Since 1991, it is believed that as many as 2 000 have been killed, and hundreds of thousands have been driven from their homes.Many of themremain internally displaced.

The perennial problem of cattle rustling remains a serious security threat for local communities and has resulted in loss of lives and destruction of property and infrastructure. The age old tradition of cattle rustling has taken the form of modern politics, economics and warfare, where the use of vehicles and automatic weapons has created a profitable trade in stolen animals with political implications, and has also raised the level and speed of violence. These activities have an economic significance, and there are indications that they involve elite interests with influence in the state apparatus.

2.4 "Agents of change"

The process of expanding the democratic space in Kenya has been a multi-faceted process driven by a plurality of actors.Most notable among them have been actors within the civil society, including human rights organisations and religious institutions. Within certain sectors, a number of ministries have played a leading role in reforming the state and its functions, in the direction of more participatory and progressive policies. The contribution of the press and the quickly growing private electronic media is hard to overestimate.

The impact of these actors have been most discernible around advocacy for constitutional reform. They have also been active in less immediately visible, but equally influential work, of supporting and mobilising local communities in rural areas and informal settlements. Since 2000, the religious institutions, including all major Christian denominations, Muslim organisations and the Hindu Council of Kenya, have under the name of the Ufungamano Initiative had a major influence on political developments. It was not limited to the constitutional review, but included democratisation generally and the elections in December 2002, which they monitored closely.

Civil society organisations (CSO's) have undertaken "outreach programmes" and managed to interact and cooperate with local communities, both in remote rural areas as well as in the peri-urban areas.
The success with which this has been done belies the picture that is often painted of NGO's, i.e. Nairobi based, middle class oriented, little if any membership base, over reliant on foreign finance and with no organic links with the poor (rural) majority. Against this background, the peaceful transition in Kenya appears less either a mystery or as an act of providence.

In addition to CSO's, some ministries – or individual civil servants within them – have been responsive to the process of democratisation, including the aspirations and the needs of the people. These actors can also be classified as 'agents of change'. At present, however, the most prominent agents of change are perhaps to be found within the NARC-government.

2.5 Human rights

Regarding the *civil and political spectrum of human rights,* all accounts of the situation during the last decade have been unanimous in their analysis. The slow but steady democratisation witnessed in Kenya has largely been due to efforts of non-government actors. The state on the other hand has been roundly criticised for failing to respect and uphold human rights. Although political repression of dissidents, political opposition and human rights defenders diminished gradually during the last years, many institutional deficiencies still present a huge obstacle for the enjoyment of the civil and political rights in Kenya. Police brutality is a problem of grave concern and torture and abuse of persons in police custody is still widespread. The prisons are in dire need of reforms and conditions there are in many ways life threatening. The judiciary is fraught with corruption and is sensitive to political interference. The poor and especially poor women bear the brunt of this state of affairs.

Impunity has been a widespread norm for wealthy and those with political patrons, making personal liberty at risk for those without resources or political influence. The freedom of assembly and association has since the colonial era been among the most violated of all civil and political rights. Political parties and organisations have occasionally been denied legal registration or been de-registered. The state has been interfering in many civil society organisations, like the Central Organisation of Trade Unions (COTU), which have rendered many of them inactive and with declining and apathetic membership. As a consequence human and women rights organisations have been intimidated and on occasions also victimised by government representatives and state officials because of their activism. At the same time, however, the press has enjoyed increasing levels of freedom, though independent media has mainly reached the urban areas.

The *economic, social and cultural rights* of Kenyans have deteriorated steadily because of mismanagement of public resources and lack of consistent commitment of the Government to poverty eradication. This has been exacerbated by the HIV/AIDS pandemic, which is worsened by and has implications on the downturn in health services. Poor health services and weak protection of Kenyan women increases their vulnerability to attract the virus. The lack of respect for a women's right to decide over her own body is a key issue.

The general living conditions have declined as a result of the negative political conditions and the ensuing socio-economic stagnation. Currently around 55 percent of the population can be regarded as absolute poor (in economic terms) More than half of the population lacks access to safe water and many, particularly in the growing slums, do not have adequate shelter. Resources are very unequally distributed which is closely interlinked to the prevailing political culture. It should also be noted that there is a causality between certain human rights abuses and environmental degradation, which then further threatens the human rights of poor people.

In January 2003 the new government immediately introduced free and compulsory education. An additional 2 million children are now going to school. This reform has reversed a long trend of declining enrolment and completion rates. However, girls are still vulnerable to being forced to work or take care of siblings in poor families. Children among the pastoralist communities in the semi-arid and arid northern parts of the country are still not reached by the new policy. It is unclear to what extent the policy may improve the very harsh conditions for disabled children.

The rights of the child is stated to be prioritised by the passing of the Children Act by Parliament in March 2001. Despite this effort the Government's latest report on the welfare of the child shows that the situation for children has deteriorated during the last ten years. The persistent economical crises and the increasing poverty levels make children highly vulnerable. They are the ones suffering most from poor sanitation and polluted water, and are least capable of ensuring sufficient protection. The HIV/AIDS epidemic is further increasing the level of child mortality, which currently exceeds 10%, as well as the number of orphans and other vulnerable children.

Women in Kenya suffer from a historic legacy of an absence of progressive laws and policies as well as weak commitment on the part of the political leadership to promote their interests as pointed out earlier. Furthermore, in most societies and cultures there are social norms that discriminate against women and girls. As a result, women control less resources then men and are less engaged in salaried employment. Female genital mutilation is practised in many parts of the country and almost half of all women have gone through this violation, even though it is illegal. Violence against women is a huge social problem. Conservative estimates indicate that almost 25 percent of all women between 12 and 24 years of age may have been raped. Women have the double burden of being responsible for both the reproductive work of sustaining the family as well as for the productive work on the farm, in petty trade etc. Few, if any, legal or policy reforms to address the human rights violations of women were introduced before 2003.

2.6 Regional differences

The regional tensions and inequalities are also manifested in differences in terms of democratisation and political development. Since the advent of opposition politics in the 1960s, there has been a general practice ignoring opposition strongholds in terms of development interventions and state resources, and discouraging any significant economic development there. This trend is reflected in official statistics, that indicate that the Lake Victoria basin is among the most marginalised of the heavily populated areas.

The regions dominated by the opposition since the introduction of multi-partyism in early 1990s, have suffered from this impoverishment, but have on the other hand enjoyed greater political pluralism as the opposition parties managed to open up political spaces. On the other hand, areas associated with the ruling party, so called "KANU zones", were favoured by comparatively larger share of government funded "development". However, it was more difficult for human rights organisations and religious institutions to work in these areas, where many of their activities were disrupted and communities victimised if they made contact with these CSOs. Some of these "KANU zones" were sites of some of the worst examples of "ethnic clashes".

Furthermore, the semi-arid and arid north, which is mainly inhabited by nomadic pastoralist groups, has been discriminated against since the colonial era, when the area was identified as unproductive (for agriculture) and primarily a security concern. This bias has continued post-independence. The few public institutions that benefited this part of the population have ceased to function. The new government has expressed a commitment to rectify this historic imbalance. For development to take place that will have to include addressing the availability and use of small arms in this part of the country, which will be difficult as many of the causes are to be found in marginalisation and under-development.

The Muslim coast and north eastern parts of the country are marked by religious tolerance and harmonious coexistence of various faiths, as has other part of Kenya. There is, however, a widespread belief among Muslims that members of the faith are discriminated against by the state. Muslims have also occasionally registered their disappointment with the general pro-west leanings of the central government.

There is a conflict dimension to the regional inequalities in Kenya that needs to be taken seriously.

2.7 Summary

Political development in Kenya impacts heavily on – and is to a large extent even a determinant for – economic and social development. This has created a two-sided picture of Kenya. On the one hand, the political leadership has failed to safeguard the human rights of its citizens and to implement necessary reforms. On the other hand, a dynamic society with active citizens in different capacities has expanded the democratic space during the last decade. The dominance of the executive has not always been an obstacle to pro-poor development, but it is clear that the executive far too often has used its power in its own interest and that of regime friendly constituencies, rather than in the interest of the Kenyan people in general.

Poverty in Kenya has many faces. For the individual, poverty is manifested through lack of access to and control over social, economic and political resources, which makes living conditions harsh. For poverty reduction to take place in Kenya there needs to be politically driven changes, not least with regard to democratisation and more effective and equal distribution of resources.

Large numbers of Kenyans do not necessarily embrace the democratic ideals that have been a force for change in Kenya. Previous regimes have deliberately tried to work against spreading of a democratic culture. Instead, politicians have often actively exploited ethnic cleavages and other, non-democratic values such as discrimination that have served their purposes. Even the very slow pace by which gender equality has been promoted should be seen in that perspective.

The politicisation of ethnicity in Kenya was challenged during the 2002 elections. Many Kenyan's expect the NARC government to abolish policies based on 'divide and rule' and favouring some ethnic groups at the expense of others. Consequently the relation between ethnicity and development may be more sensitive than ever before. Changes with regard to regional inequalities are likely to be interpreted in ethno-political terms. Consequently increased gaps – actual or perceived – in the regions with regard to even social or economic indicators may increase the tension between ethnic groups of Kenya. The stakes are high and include the legitimacy of the government and, ultimately, peace in the country.

3. Social development

3.1 Social development

In many respects poverty today is more widespread than ten years ago. Inequality, which was high ten years ago, has also increased. Women, children, youth, elders and disabled people have suffered most. Social indicators illustrate the huge regional differences within the country. Life expectancy is almost 20 years higher in the areas with highest income per capita than in the poorest areas. The social indicators coincide with the political indicators and differences; those with low social indicators have either been entirely marginalised, such as the pastoralists, or have been seen as belonging to the political opposition. Urban poverty has increased dramatically. Increasing slum populations in urban centres are more or less forced to live outside formal society, with little or no access to public services.

Corruption, population growth with rapid urbanisation, environmental degradation, ethnic/tribal politics, crime and HIV/AIDS are some of the inter-mediate causes of the negative trend of the last decades. At the same time Kenya has witnessed a reduction of poverty in one dimension: The scope for political mobilisation, democratisation, including increased access to free information, civic mobilisation and entrepreneurship has widened.

These are but a few factors that has contributed to change in Kenya. They have influenced both formal and informal power structures and they have contributed to social change in large, if not all, parts of Kenya. Some of the changes have affected the 'social fabric' and hence some of the structures that used to be carriers of social development. Community and family structures, for example, are no longer able to deliver collective welfare since they are over burdened or have changing roles in their communities. This affects the ability of society to care for the most vulnerable in Kenya. Together with deteriorating state services, the situation has resulted in increased poverty and social injustices. At the same time, among the more important social changes witnessed since independence are the processes and the mobilisation towards democratisation.

In Kenya, as in most low-income countries, trends in social development are primarily measured by performance in the two main social sectors, health and education. Other trends crucial to social development include employment, access to free information and tolerance towards cultural pluralism. Increased access to resources and services goes hand in hand with the *right* and *ability* to utilise and influence them. In all these aspects development has been held back by government, by the urge to control resources and secure public funds to the ruling elite.

3.1 Health

The health sector in Kenya has experienced a downturn in all the major health indicators during the last decade. The Government contribution to the health sector per capita is 4 USD per year in 2003. The out of pocket expenditure towards health services amounts to almost 9 USD per capita. The Government has a National Health Sector Strategic Plan 1999–2004 (NHSSP) where decentralisation of essential health services is a major component. The implementation of the NHSSP has been slow, mainly due to lack of genuine commitment towards decentralisation and the necessary reform of the health sector.

Churches, NGOs, private institutions and donors deliver almost 50% of the health services provided in Kenya. This explains to some extent the high out of pocket spending. It also gives an explanation to the unequal distribution of health services. The rural area of Kenya is home to 65% of the population but receives only 20% of the Government resources towards health. The central referral hospital in Nairobi, Kenyatta National Hospital, alone accounts for 20% of the health budget.

The comparatively high level of out of pocket spending on health care by poor people indicates a willingness to invest in good health. Many people, however, particularly in arid areas, have hardly any access to health care what so ever, let alone specialised health care which is unavailable to the majority of Kenyan's.

HIV/AIDS in Kenya: a neglected disaster? (Box 2)

The HIV/AIDS prevalence rate among 15–49 years in Kenya is 15% (2001) with regional differences; 35%in Kisumu and 11% in Nakuru. It is estimated that the number of orphans due to HIV/AIDS is 850 000 (2001) and that life expectancy has dropped by almost 13 years.

HIV/AIDS has inevitably put families, communities and the Government under immense pressure to provide care and treatment to those affected.

Kenya has recently declared HIV/AIDS a national disaster. This was in recognition of the fact that over 2 million (2000) were HIV infected and a cumulative number of 1.5 million people had died due to AIDS.

Effects

AIDS kills young economically productive people, brings hardship to families, increases expenditure on health care and adversely affects the country's development. HIV/AIDS presents the greatest challenge to Kenya's economy today and in the foreseeable future. Available data reveal that most of those affected are in the 15–49 age bracket, which covers mainly the productively active groups. Young women in the age groups 15–19 and 20–24 are more than twice as likely to be infected as males in the same age groups.

According to World Bank figures HIV/AIDS contributed to a decline in the GDP growth in 2000 by 0,3%. Put in the context of the annual GDP growth in Kenya by approximately 1,5–2,0% this shows the severe impact of the pandemic. Other figures suggest that the GDP in 2005 should have been 14,5% (accumulated) higher without HIV/AIDS.

3.2 Education

One of the greatest challenges facing Kenya is to reverse the erosion of education gains of the first two decades of independence, which saw steady progress towards equal education opportunities. Primary school gross enrolment rates has dropped significantly from around 95% in the mid-1970's to less than 70% in 2002, largely due to the increasing costs of education to parents. Never the less, education is widely seen as a priority and a key to poverty reduction by most Kenyan's.

Following the decision to abolish school fees, many schools, especially in the urban areas, are facing a massive influx of children. In addition to the seven million children who enrolled in January 2003 (an increase of about 2 million from 2002), there are about one million more school-aged children who should benefit from primary education. Schools need additional and better quality instructional materials, more classrooms and sanitation facilities. In the short-term the authorities and the schools are finding ways to cope through double shifts and various forms of improvisation. The Pupil to Teacher Ratio has risen from 31:1 to 50:1. Most likely the quality of education will fall. The Government recognises that new measures will be needed to improve the situation.

3.3 The role of civil society

Social development can be seen as a result of an interplay between the state and civil society. Delivery of services and resources by the state on the one hand and demands and supplementary efforts by civil society on the other. It is apparent that Kenya's civil society has done more for the poor with less resources than the state. But civil society plays roles beyond those related to service delivery. Religious and cultural actors are important in Kenya. Settlement of land disputes for example, often involves councils of elders. These groups are far from always recognised as legitimate decision making organs by the governmentand they are often not recognised by outside actors.

Many informal groupings are established to address a certain issue, and then dissolves once that issue has been addressed (e.g. construction of a well). With urbanisation some of the traditional informal structures are loosing power, whilst the government does not always manage to fill their place. This may lead to an exclusion of poor people from the state.

Professional organisations, trade unions, student organisations, farmer's unions and producer's cooperatives have to a large extent lost their standing and level of activism as well as a great number of members since independence. There is however an trend that the current political liberalisation could lead to a rejuvnation of these social movements. Since the 1980s, a new type of actor have become increasingly important, the NGO. These have been very active in advocating and lobbying for certain interests, as well as being invovled in service delivery. Typically, they are relying to a large extent on donor funding and to a lesser degree on a big membership base. The last category of organisations exists though, and they are often formed by the poorest segments of the population, both rural and urban. These self-help groups, local women groups, religious groups, land protection groups, various 'traditional' cultural institutions, etc have become increasingly rejuvnated in the face of the economic hardships. In the face of political repression and the increasing poverty, some of them became increasingly militant and often used local religious and cultural idioms to express their radical agenda.

The vital role of the civil society with regard to democratisation has been mentioned in previous sections of this analysis.

3.4 Urban Poverty

A majority of the Kenyan population (65%) lives in rural areas. However, an increasing proportion lives in urban centres. Poverty has become increasingly urbanised. Between 1992 and 2000, urban poverty (defined in economic terms) grew substantially more than rural poverty. This rapid increase in both urban population and urban poverty is projected to continue, as the country undergoes a demographic as well as social and economic transformation.

The high rate of urban population growth has overwhelmed the capacity of most municipal governments to provide services. As a result, slum or informal settlements have mushroomed. It is estimated that almost 60% of the urban population in Kenya now live in informal settlements, in which few dare or can afford to make any investments. The current municipal structures and governance systems have proved inappropriate to handle the growing problem. Accordingly, residents of these settlements lack access to basic services and unemployment levels are much higher than in other urban settlements. Lack of security and adequate sanitation are amongst the most serious problems. Severe health problems follow as a consequence of both. Stigmatisation of the habitants of 'informal settlements' is common and their claims to public services easily annulled by the authorities because of the tenuous legal status of their dwellings.

3.5 Employment and social security

Kenya has experienced declining economic growth over the past two decades with few employment opportunities generated over the period. This has resulted in unemployment rates of more than 25% for most of the 1990s. Although the human fertility rates have declined consistently since 1980s, labour force growth rates have remained high, at a minimum of 4% per annum.

The manufacturing sector has grown only marginally over the last two decades, with negative growth during the last half of 1990s mainly due to policy failure, corruption and infrastructural decay. The tourism sector, which grew rapidly in the 1980s, declined during the 1990 due to insecurity resulting from internal conflict, but also due to competition from similar destinations. Less women than men are engaged in wage labour and they are consistently paid less then men.

Under- or unemployment is often not as stigmatising in Kenya as in for example Sweden. However, there appears to be a trend towards considering even non-traditional occupations as important for peoples identity. Underemployment thereby becomes damaging in several aspects. It reduces the income for the person effected and it often deprives him or her of influence (formal and informal). On a more aggregated level there is a relationship between unemployment and violence. Unemployed men, especially in cities, are comparatively easy to mobilise for purposes of participation in especially political violence.

To the extent it is available, social security is still primarily provided through informal structures. The formal social security system provided through the National Security Social Fund (NSSF) primarily caters for the formally employed, who constitutes only about 20% of the economically active population. Some legislation around e.g. labour laws exists though, but enforcement has often been weak.

3.6 Summary

According to the PRSP, Kenyans associate lack of basic social services with poverty. Poor Kenyan's access to basic social services has been declining for a number of years.

The government's responsibility to uphold, respect and protect the human rights of all Kenyans has been long neglected. As a state party to the major human rights conventions, including the International Covenant on Economic, Social, and Cultural Rights, the Kenyan government has the responsibility to, at its best of its capability, make sure that Kenyans can enjoy and engage in social development. But the government has often proved unable or unwilling to take its responsibility and has shown ignorance to local/community structures trying to address peoples social needs where public institutions have failed. These institutions, be they traditional or informal, carry legitimacy with poor people and possess local knowledge and potential solutions to social problems. They have, however, been denied their role as potential partners in national development or sometimes forced to serve the interests of the elite. This has undermined local democracy and the potential for human resource development, empowerment and participation.

Societal democracy, which encompasses a culture of tolerance, co-existence, equality etc., is linked to social development. The past decade has also witnessed an ambiguous development in this field. Increased oppression has gone hand in hand with increased roles for CBOs and NGOs and a widened democratic space in large parts of the country. Social development can consequently not be disassociated from political and economic development.

The existing patriarchal culture deprives women a number of benefits that men enjoy. This has consequences in economic terms (women earn less, participate very marginally in business etc.) and in political decision-making (very few women are parliamentarians). Primarily it is a matter of women being considered having less value in themselves and for society. The sub-ordinate role of women is one of the most severe forms of inequality in Kenya. It deprives the society – and not only the women – of social, economic and democratic development. It also exacerbates the magnitude and the societal impact of HIV/AIDS.

Consequences of HIV/AIDS include AIDS orphans, increases in cost of health care and higher child mortality. In addition, there are huge indirect costs as a result of HIV/AIDS. Teachers and health personnel get sick and die or are forced to stay home to take care of family members, farmers become less productive etc.

Kenya is a highly unequal country, measured with economic and social indicators. This has far reaching consequences for political participation and power sharing. If the state is relevant or useful only to the elite, there is a risk that the state is not perceived as legitimate by the poor. By not actively reaching out, the state is in fact excluding and marginalising people from participation and from development. Greater distribution of wealth is thus a way to promote social development.

4. Economic development

4.1 Stagnant economic development

Recent economic trends in Kenya have been stagnant. GDP-growth has been declining since the mid-1990s and falling substantially below the population growth rate, estimated at 2.4%. In 2000 real economic growth even turned negative, dropping to – 0.3% – its lowest level since independence. GDP per capita has decreased from USD 360 in the early 1990s to USD 340 in 2002. Poor governance is the main impediment to Kenya's economic development. Poorly managed public resources, widespread corruption, and the government's inability to deliver services efficiently, have undermined preconditions for recovery and sustainable economic development. In addition to this the El Nino rains of 1998 and the subsequent two years of drought had very damaging consequences for infrastructure as well as for manufacturing and agricultural production. Ethnic clashes in the running up to the 1997 elections, the 1998 bombing of the US embassy in Nairobi and the terrorist attack on a hotel in Mombasa in 2002 had severe negative impact on the important tourist sector. Making matters worse, the national HIV prevalence rate reached 13,5% in 2000 and about 1.5 million people have died of AIDSsince 1984, leaving almost 1.3 million orphans. In addition to the humanitarian disaster, the cost of the epidemic is expected to total more than USD 2 billion over the next five years. It is estimated that without HIV/AIDS gross domestic product would be 14.5% higher than current levels.

As a result of the poor economic performance poverty in Kenya is becoming worse. An estimated 56% of the population is presently living below the poverty line, of which three-quarters live in the rural areas but with the number of urban poor rapidly rising. The delivery of both health and education services has been falling. Kenya today has one of the most unequal income distributions in the world. The new government faces enormous challenges in its attempts to reverse the negative economic development.

Economic indicators	1998	1999	2000	2001	2002
GDP (USD bn)	11.5	10.6	10.4	10.4	10.5
GDP growth (%)	1.6	1.3	-0.3	1.2	0.8
Inflation (%)	6.8	5.7	10.0	5.7	1.9
Exch. rate (Ksh:USD)	60.4	70.3	76.2	78.6	78.8
Current acc. bal. (USD m)	-475.4	-89.6	-203.6	-317.9	-260.7
Tot. ext. debt (USD bn)	6.9	6.5	6.3	5.9	5.7
Dept-service paid (%)	23.3	25.8	17.1	14.4	10.7

4.2 Macro-economic indicators and policy

Economic growth

In 1997 Kenya's economic growth began to slow down considerably, culminating in a 0.3% contraction in real GDP in 2000. A moderate recovery emerged in 2001 with a growth of 1.2% but 2002 saw another decline to 0.8%. The slowdown in GDP growth is due to several factors, including election uncertainties, the continued suspension of donor assistance, low investor confidence and the continued deterioration in Kenya's infrastructure, which inflates business costs. Given a population growth of over 2%, the sluggish growth means that real GDP per capita has continued to suffer.

Inflation

Inflation averaged some 6% in the late 1990s. But with rising prices for food, fuel and power, inflation rose to 10.0% in 2000. To contain inflation, in 2001 the Central Bank of Kenya restrained the expansion of money supply and this move, combined with prudent fiscal policy, eased the pressure on prices and in 2002 inflation amounted to only 1.9%. However, in January 2003 inflation surged to 6.5%, well above the Governments target of 5%. The rise can be attributed to several factors including higher food and increased housing and fuel prices. An anticipated weak domestic demand and the appreciation of the shilling against the US dollar is expected to hold back inflationary pressures in the coming year

Exchange rates

Kenya has maintained a floating exchange rate since 1993. The Central Bank allows the shilling's value to be determined by the interbank market but intervenes in the event of extreme volatility. Since its flotation the shilling's value has varied considerably, reflecting external and internal pressures. The real effective exchange rate started to gradually depreciate in 1997, when the IMF suspended its "Enhanced Structural Adjustment Facility". In recent years however, pressure on the shilling has eased as a result of larger foreign exchange receipts from tea, horticulture, and to some extent tourism, as well as weaker corporate demand for foreign exchange. Many analysts believe that the shilling exchange rate is artificially high because of speculative short-term flows attracted by high interest rates

Balance of payments

Forecasts that Kenya's current-account deficit would deteriorate in 2002 has not been realized. The deficit in 2002 was 2.5% of GDP compared with 3.1% of GDP in 2001. Lower private transfers in the uncertain pre election period, combined with weaker tourism inflows, was more than offset by a decline in the merchandise trade deficit. Although revenue from tea and coffee exports stagnated, horticultural sales grew strongly and manufactured exports benefited from higher demand for steel and cement in East Africa and from a steep rise in textile shipments to the US under the "Africa Growth and Opportunity Act" (AGOA).

Kenya's balance of payments is volatile and heavily influenced by exogenous factors. Fluctuating world market prices continue to affect traditional exports such as coffee and tea. World prices of crude oil, a major import, also exert a strong influence. Prospects would improve with the normalization of relations to the Bretton Woods institutions which would increase confidence in the economy and encourage foreign direct investment.

Trade policy

Kenya has made considerable achievements in opening up its trade regime since the early 1990s. Overall protection level has decreased. Tariffs are now the main trade policy instrument. The tariff structure has been streamlined, with fewer tariff bands and lower average (at 16.6% in 2001/02) as well as lower maximum rates. Almost all quantitative import restrictions have been dismantled.[1] Despite the outward oriented trade policy reforms the trade regime is still considered moderately restrictive by the IMF.[2] If the benfits of trade reform are to materialize fully for Kenya it is important to continue the trade reform. Furthermore, challenges are found in the pursuance of other reform measures which could contribute to increased trade and investment.[3] These reforms are currently falling behind. Examples include privatization, reform of investment regulations or the financial systems.

Foreign dept

Since 1996 Kenya's external debt has fluctuated around USD 6.0 billion. Although Kenya has been able to service its debt in a fairly timely manner, tightening liquidity and high dept service have forced it to reschedule debt twice through the Paris Club. Kenya is not eligible for debt reductions under HIPC but normal relations with the IMF and the World Bank would make it possible for the government to continue negotiate rescheduling through the Paris Club. Finland has already cancelled Kenya's bilateral debt, an example of the improved relations with the donor community that has followed the elections.

Monetary policy

Given that the main goal of monetary policy is to achieve stable prices, money supply targets are based on the real GDP growth rate. Thus, given the persistent slowdown in economic growth in recent years, the

[1] WTO (2000), Trade Policy Review – Kenya, Geneva.

[2] IMF rates Kenya's trade regime at 6 on a 10-point trade restrictiveness index where 10 is the most restrictive.

[3] IMF (2002), Kenya: Selected Issues and Statistical Appendix, Washington, D.C.

Central Bank has maintained a tight monetary policy. It is expected that monetary policy in the coming year will be aiming at keeping inflation below the official 5% target.

Interest rates

In recent years excessively high interest rates have strongly discouraged long-term investment and constrained the Kenyan economy's ability to grow. With nominal rates ranging from 20–30%, the private sector has been unable to borrow. In addition, the 11–18 percentage difference between lending and deposit rates is much higher than the 5% spread common in other developing countries.

Fiscal policy and domestic dept

During 1997–2001 the Kenyan Government pursued prudent fiscal policy. The budget system, however, experienced some major problems that threatened fiscal balance in the short and medium term. These problems included considerable arbitrariness in the budget process, a bloated public sector with a correspondingly high wage bill, and large budget deficits financed by short term domestic borrowing through Treasury Bills. In recent years debt service and wage obligations ate up more than half the budget, squeezing out other recurrent spending and capital investment. Thus it is extremely difficult for public spending to foster growth. Although the Government collected nearly 25% of GDP in revenue (well above the average of 16% for sub-Saharan Africa) the budget was unable to ensure sufficient provision of basic economic and social infrastructure to support productive activities.

4.3 Economic recovery

In terms of economic structure and sectorial contribution to the GDP in 2001, Agriculture remains the major contributor, with 24.1%, followed by Manufacturing 13.0%; Trade, Restaurants and Hotels 12.7%; Transport, Storage and Communications 6.2%; Financial Services 10.6%; Government Services 14.7%; Building and Construction 2.4%; Other Sectors 16.5%. Kenya thus has a reasonably diversified economy, though most employment is dependent on agriculture. Kenya is the world's third largest exporter of tea, which, together with coffee and horticultural products, contributes about 47% of merchandise exports. Tourism accounts for another 12.7% of Kenya's GDP, and is the second most important source of foreign exchange.

In order to break the negative development with regard to both material poverty and inequality economic growth will have to meet three requirements. It will need to be high, sustainable and pro-poor (in the sense that it has a redistributive effect in favour of the poor).

Economic growth can be translated into reduced material poverty through two main processes: (i) through creation of enhanced employment and income opportunities that are accessible to the poor, and (ii) by creating a larger resource base for a redistributive fiscal system. The Governments economic recovery strategy takes employment as its central theme because it is a pivotal link between economic growth and poverty reduction.

Agriculture

Agriculture is the dominant sector in the Kenyan economy supporting some 70% of the population and contributing – directly and indirectly – between a third and half of the national GDP. The majority of the Kenyan people are small-scale farmers and livestock keepers. Most of them live in the densely populated parts of western and central Kenya and they usually have very small land holdings, only around a hectare and often less. Population pressure on agricultural land, has resulted in land fragmentation and degradation (principally soil erosion and declining soil fertility), shortened fallows, lowered per capita crop production, food insecurity, and diminished overall productivity and reduced opportunities for employment creation. Unless changed, the current unsustainable land management practices will have serious consequences for future generations as well.

Although women constitute the bulk of the labour in agriculture, they are very often marginalised in terms of accessing, controlling and owning land and other productive resources.Only 7% of the country's area is arable land and 0.9% is permanent cropland. Arable-land area per capita has decreased from 0.23 ha in 1980 to around 0.14 ha in 1998. Consequently, the country is plagued by food insecurity and has problems feeding its population. Compounded by re-occurring droughts and occasional floods, reliance on food aid has also been increasing.
Food import as percentage of total import has increased.

Cash crops showed mixed results during 2002. Horticultural and sugarcane production showed strong year-on-year growth of 8.8% and 35.6%, respectively, although other subsectors performed less well. Attracted by strong export demand, farmers have increasingly moved into horticulture, and output expanded for the third consecutive year. Coffee production continued its decline, falling by more than 20% compared to 2001. Farmers are deterred by continued low world prices (despite a partial recovery towards the end of the year) and the mismanagement of domestic coffee sector reforms. Tea production recorded a modest 4.2% fall in 2002, compared with an expansion of 32.2% in 2001.

Putting agriculture on a path of growth, in terms of output as well as returns to land and labour, in an environmentally sustainable manner, is a key to economic recovery. The importance of food security as well as the fact that the majority of the poor derive their living from the agricultural sectors underscore the crucial role played by this sector. Among the necessary ingredients for agricultural growth are secure property and tenure rights, access to markets for both outputs and inputs, comprehensive measures to reduce the risks faced by not least poor farmers, and not least a dynamic non-farm sector. A symbiotic development of agriculture and of non-farm activities, primarily in the form of Micro and Small Enterprises (MSEs), is needed to provide alternative employment opportunities to an already overcrowded agricultural sector as well as to provide the necessary infrastructure for a more market-oriented agriculture. The HIV/AIDS pandemic will put additional stress on the country's fragile resources and ecosystems and will inhibit economic growth as it reduces the available labour in agriculture. This will, hence, hinder conservation measures of the soil. It also reduces labour availability for water and wood collection, which places an additional burden on women and young girls.

Kenya's PRSP indicates that agriculture needs to grow by 4–6% a year to make meaningful contribution to poverty reduction. The paper argues that the sector could expand by more than 5% a year if the constraints facing it are addressed. The PRSP points to inadequate supplies of quality seeds, inappropriate production techniques, lack of access to credit for most small farmers, expensive farm in puts, poor rural infrastructure (especially feeder roads, power supplies and market facilities), inconsistent policies, weak institutions and laws governing the sector, and an inability to control pests and diseases that affect crops and livestock. Thus the Government needs to implement policies that target these constraints.

Manufacturing

Real manufacturing output has stagnated, and the growth rate fell from 0.7% in 2001 to 0.5% in 2002. Exports were boosted by increased cement and steel sales to regional markets and by the rapid growth of textile exports to the USA (under "the African Growth and Opportunities Act"). Domestic activity, however, remained subdued. Although electricity supplies recovered after the downturn due to drought in 2001, manufacturing continued to operate well below capacity. The growth rates are far under the targets set in Kenya's industrialisation programme, which recognised that manufacturing needs to grow faster than agriculture and eventually become the economy's engine of growth.

Also in this sector can the sluggish performance be attributed to poor economic governance. In April 2002 the IMF reported: "The costs of doing business in Kenya have increased over the years owing to pervasive governance problems, high real interest rates, and an inefficient utility sector. In addition delays in reforming key sectors – such as telecommunications, and ports and railways – and the deteriorating security situation have increased the cost of doing business."

A salient feature of Kenya's manufacturing sector is what is often characterised as the missing middle (i.e. very few firms employing 10–50 workers). The missing middle reflects inability of small manufacturing firms to grow, hence resulting in the overall stagnation of the sector in Kenya. The number of MSEs was estimated to 200 000 in the year 2 000. A study from the same year found that virtually no small firm in manufacturing grew its work force beyond 9, and that those that came closer to this often collapsed. The virtual lack of linkages (market and technological) between small and large firms in Kenya is a key factor in explaining the lack of growth of small firms into the "missing middle" and eventually into large manufacturing firms.

On short and medium sight, the garment industry should constitute an area of special focus in a recovery strategy. The garment sector combines high potential for rapid employment creation, foreign investment and export earnings.

Growth of small manufacturing firms in Kenya is mainly inhibited by lack of secure property rights and security of tenure of business location. Without secure property rights, entrepreneurs often lack the confidence to reinvest in their enterprises. Likewise, it constrains access to external finance and deters large firms from establishing linkages (e.g. outsourcing) and thus undermines the small firms ability to establish linkages with large firms through contracting. Only if these issues are addressed could Kenya benefit substantially from the provisions of the AGOA, the Cotonou agreementand emerging regional and international markets.

Services

Another important sector with respect to employment and earning of foreign exchange is *Services*. Services account for more than half of Kenya's GDP and some two-thirds of formal employment. Key sub-sectors are tourism and travel, financial services, communication services, and transport services. In recent years tourism alone has been the third largest contributor to GDP after agriculture and manufacturing. Tourism has also become the largest earner of foreign exchange after tea. Still, for several reasons tourism has been weaker than in the first half of the 1990s. Although no tourists were hurt in the tribal clashes that preceded the 1997 general election or in the 1998 bombing of the US embassy in Nairobi, tourism is extremely sensitive to events that affect actual or perceived security of visitors. Deteriorating roads and increased competition from other African countries have also hampered tourism in Kenya. The 11th September events in USA and the terrorist attack on a hotel in Mombasa in 2002 contributed to reversing a modest recovery in the sector. The growth of trade, tourism and hotels fell from 1.1% in 2001 to 0.4% in 2002. Tourism revenue in the first 11 months of 2002 fell by 18% to USD 199 million compared with USM 243 million during the same period in 2001.

Natural resources and the environment

Kenya's economy is heavily dependent on its natural resources. Kenya is also classified as a water scarce country and is highly vulnerable to climate and hydrological variability. Shortage, often man made, and mismanagement of natural resources such as land, water and forests have reached hazardous levels. This has increased the vulnerability of the country to extreme environmental events, such as floods and droughts. The depletion of natural resources limits the potential for economic growth and scarce resources, specially land and water, creates tensions and conflicts between individuals and groups. Government policies have reluctantly – or not at all – addressed issues such as land reform. Neither have no serious efforts been attempted to treat or manage water as a scare resource or to protect the rapid degrading catchment areas.

4.4 Summary

Despite being largely frozen out of foreign aid and denied an ESAF/PRGF agreement with the IMF for most of the last decade, in macroeconomic terms Kenya has managed to maintain relative exchange rate stability and kept inflation to modest levels. However, beneath the broad macroeconomic indicators the picture is bleak. Economic growth is stagnant, poverty is deepening, infrastructure is crumbling, corruption has been rampant, petty and violent crime are spreading and the country's competitive position is being eroded.

Besides fulfilling its specific election pledges the new government's main challenge is to revive the underperforming economy. The PRSP dating from 2001 is currently being redrafted, and is likely to be presented as Kenya's new medium-term policy when the budget is announced in June, 2003. The government identifies agriculture and tourism as the main engines of economic growth – at least in the short and medium term. It is true that Kenya has a comparative advantage in both sectors, but they also remain vulnerable to external developments. It is clear that inappropriate policies have inhibited agricultural development, but at the same time is recovery and growth within the sector highly dependent on climate and world market prices for cash crops. As indicated above, tourism faces constraints beyond the government's control even if the limits imposed by a deteriorating infrastructure can be removed. Kenya's, by African standards, strong and diversified manufacturing sector is another potential source of economic growth – not least in the regional (EAC) and AGOA and Cotonou agreement contexts.

Turning the stagnant economic development clearly requires economic reform and strong measures to combat corruption. Besides this it demands substantial investment in order to rehabilitate and further develop the country's infrastructure. This in a situation where the government faces strong popular expectations on quick improvements in areas such as health and education service delivery. Even though Kenya compares well in government revenue collection, it is in the short to medium term very limited scope for the new government to reallocate budget expenditures in accordance with its priorities and in order to meet popular expectations. More than 50% of expenditure is being eaten by payments on the dept and salaries to the public sector. A large share of the dept is internal and Kenya is not eligible for dept reduction under HIPC. Even if the planned public sector reform is implemented and the number of civil servants substantially reduced, this will create free resources only in the medium to long term perspective. In the short term the reform will actually increase the pressure on budgetary expenditure. The new government thus faces an acute dilemma in mobilising resources for its election pledges as well as for investments necessary for economic recovery.

It is against this background that the government is giving high priority to normalising relations with the IMF and the World Bank as well as bilateral donors. Without a PRGF agreement with the IMF Kenya remains barred from budget support from the international financial institutions and most bilaterals. Negotiations on dept rescheduling in the Paris Club also requires IMF approval. It is evident that without substantial external support the government will have great difficulties in finding resources to meet its pledges and implement its policy priorities. If the government fails to mobilise these resources not only the economic recovery, but also the continued democratisation, may be seriously jeopardised.

5. Regional perspectives

Kenya's foreign relations are based on the principles of peace, good neighbourliness and respect for the territorial integrity of other nations. International and regional co-operation also form a major component of the foreign policy of Kenya. Kenya participates actively in several regional initiatives. The new Kenyan government has also made it clear that it will give high priority to further regional and sub-regional integration. The government remains committed to playing a strong role in EAC, IGAD and COMESA. This co-operation is founded on the realisation that development of Kenya is intimately tied with that of neighbours in the region. With the globalisation of the world economy, Kenya's external relations are being governed more and more by the need to promote a favourable environment for trade and investments. The conflicts in the Horn of Africa and the Great Lakes Region consequently do not only undermine stability and security but have also impacted negatively on the natural resource quality and quantity (fisheries, water, forests, soils) socio-economic development in Kenya and the region as a whole.

Kenya is situated in a conflict ridden region with frequent fighting and tension in both the Horn of Africa and the Great Lakes. Two neighbouring countries, Sudan and Somalia, have for many years been embroiled in civil strife. The inaccessible borders with both these countries make it easy for small arms and light weapons to move from one country to another. Insecurity from criminal activity has increased as a result of the relatively easy accessibility of such arms.

The current regional environmental degradation contributes to stifle the opportunities for sustainable development and poverty reduction. Key regional environmental issues include trans-national/cross-border logging and timber trade, unsustainable regional fisheries in Lake Victoria depleting Nile Perch, Tilapia and *dagaa* stocks, coastal and international river pollution, cross-border poaching and trade in endangered species, regional soil erosion with downstream/neighbouring country-effects, and inadequate regional water resources management. Increasing the regional cooperation and coordination may offer opportunities not only for reversing these trends, but also enhance regional economic growth and reduce poverty.

Owing to the strife in the region, Kenya has also become an asylum country in the region, presently hosting about three hundred thousand refugees. The insecurity in the region has made Kenya more exposed to terrorist attacks. Corruption and incompetence in security and emigration departments have also contributed to the infiltration into Kenya of different terrorists groups. Kenya has suffered the direct impact of terrorism having been victim twice the last five years, the latest being witnessed in Mombasa on 28 November 2002. The new government is committed to provide all the necessary efforts and resources towards peace building and the fight against terrorism.

Kenya enjoys relative stability and plays a stabilizing role in the region through active engagement in peace efforts in the region. Currently Kenya is hosting two peace initiatives under the auspices of IGAD: between the Government of Sudan and SPLM/A and between the warring factions in Somalia. Kenya continues to work with the OAU and the UN in peace initiatives and contributes with peacekeeping troops. Kenya co-ordinates the follow-up to the Nairobi Declaration on the problem of the proliferation of illicit small arms and light weapons in the region.

The members of East African Community (EAC), Kenya, Uganda and Tanzania, want to promote economic cooperation, sustainable utilisation of the region's natural resources, arrest pollution and environmental degradation and ensure peace and security through their cooperation. The intention of EAC is to establish a Customs' Union, a common market, a monetary union, and finally a political federation. EAC is driven by a strong political will at the government level, particularly in Kenya and Uganda, for forging closer integration between the three partner states. The new NARC government has expressed its intention to accelerate its efforts to complete the establishment of a truly integrated EAC. Both Rwanda and Burundi have applied to become members, but the regional conflicts that these countries have been part of have so far been an obstacle to their joining. The enthusiasm for their accession has therefore varied between the three partner states over time. The three Governments have however declared that both Rwanda and Burundi are part of East Africa historically, ecologically, economically, culturally and linguistically and that they shall become members of the EAC at some point. They already participate at a technical level in some of the EAC working committees, as well as in the Nile Basin Initiative (NBI).

Unlike in the past, the new EAC is guided by the subsidiary principle and is only concerning itself with harmonisation of policies and laws, coordination and facilitation within identified sectors. However, EAC has also been given one mandate of a regional and geographical nature and that is to coordinate and facilitate the development of the Lake Victoria basin as an economic growth zone. This shared ecosystem, the boundaries of which also include Rwanda and Burundi, is the home of some 30 million people. Half of this population live in poverty, defined as less than one US dollar per day. Some 12 million of those 30 live in the Kenyan basin, which is close to 40 percent of the population in the country. These levels of poverty has led to an unsustainable use of the natural resources, so that poverty and environmental degradation have reinforced each other in a negative spiral.

EAC, with the support of Sweden, has developed an open ended Partnership Agreement, which development partners can enter into and support a regionally coordinated approach under an East African leadership.

To coordinate and facilitate the sustainable development of the lake basin area, EAC is in the process of elaborating a Vision/Strategy for the lake. It is planned that the EAC Vision and Strategy will be ready in July 2003. The Swedish Strategy for Lake Victoria, which is currently being revised, will reflect these East African priorities.

Kenya is a Member State of the Common Market for Eastern and Southern Africa (COMESA). The main aim of COMESA is to promote cooperation and regional economic integration through trade between the 20 Member States. In October 2000 the free trade area was launched. Under the free trade area Kenya has seen an increase of sugar and maize imports. The loss of tariff revenues has raised awareness in the country of the fiscal implications of trade liberalisation. Envisaged are common external tariffs by the year 2004 and a monetary Union by 2025.

Kenya is a member of the Inter-Governmental Authority on Development (IGAD). The initial role of IGAD was to combat the devastating effects of drought and desertification prevailing in the Horn of Africa. In 1996, IGAD was revitalised and its mandate expanded to address issues of conflict and development. While there is a clear role for IGAD to play, particularly in policy harmonisation and conflict management in the Horn, there is serious concern that IGAD has neither sufficient resources nor expertise to fulfil its new mandate. Under the IGAD arrangement, Kenya has played a mediating role in the conflicts of Sudan and Somalia.

6. Summary and Conclusions

6.1 Summary

- The root causes of poverty in Kenya are mainly to be found in the political environment, its culture and institutions.
- Power and resources in Kenya are unequally distributed, making poor people very poor and the rich very rich.
- The unequal distribution of power and resources does not stop at the level of the individual; there are huge regional imbalances in Kenya that fuels ethnic tensions. These inequalities and tensions are often amplified in urban areas, meaning that poverty has increasingly acquired an urban face. However, poverty is predominantly a rural phenomenon.
- During the last decade the civil society has been instrumental in the struggle for democratisation and poverty reduction. In addition, many civil servants within the line ministries have been promoting change from 'within'.
- Gender inequality is one of the most pertinent problems in Kenya. It causes, and is exacerbated by, HIV/AIDS.
- HIV/AIDS impacts negatively on development on all levels: it results in loss of livelihoods at the level of the farmer, loss of human capital as well as decision-makers in politics and business. Children are forced to carry a heavy burden.
- Natural resources, particularly land, water, forest and energy resources, are scarce resources in Kenya. Environmental degradation and pollution are important obstacles to sustained poverty reduction. Mismanagement and ethnic-politics has obstructed solutions making unsustainable use of these resources part of the politics of excluding poor people.
- The new government has devoted itself to address the issues raised above. There are thus high expectations on the government's commitment to deliver. The funds available for realising these commitments are limited.

6.2 Conclusions

The Kenyan strategy and the Swedish Country Strategy Process: The Kenyan PRSP reflects a multidimensional understanding of poverty, though falling short in certain aspects. Even though the PRSP was produced during the previous regime the new Government has taken it as one its starting points. As a consequence the country analysis to a large extent builds on and reflects the PRSP, modified by the Economic and Social Recovery Programme launched by the Government.

The analysis suggests that bad governance, corruption and increased inequality created a fundamental lack of trust within the society that triggered off a vicious circle. The lack of confidence between Kenya's leaders and it's citizens, between Kenya and its domestic and foreign investors led to reduced investments, slow or negative growth, low employment – and subsequently increased poverty. Bad governance with inability to maintain the rule of law made possible the depletion of the natural resources and large-scale environmental degradation and water and air pollution – also resulting in increased poverty and the erosion of the basis for future growth.

The causes and effects of bad governance and increased poverty reinforce each other in a downward spiral. Bad governance leads to low investments and increased poverty; increased poverty leads to low consumption and investments not forthcoming.

The analysis suggests, however, that the issues of bad governance and mistrust are at the heart of the matter –they constitute what may be labelled a 'root cause'. No investors, foreign or domestic, will provide finance if money prevails over law leading to a situation of genuine insecurity and lack of predictability. No donor will support a Government, which has its own enrichment highest on its agenda.

The present Government in Kenya came to power on a ticket of change: To strengthen democracy and fight poverty. The possibility to strengthen democracy and introduce good governance is within their own realms. If successful, this is in itself a reduction of poverty. Continued democratisation will be a necessary – but probably not a sufficient – means of fighting poverty. To reduce economic poverty requires large investments. These financial resources will not surface or be made available without a changed "contract" between Kenyan leaders, its people and its partners.

The new Government, thus, has directed its political resources to establish good governance, a revamped judiciary, a new constitution, and not least to put an end to corruption – on the belief that this will lead to a new "contract" that will provide the internal and external financial resources needed to reduce poverty.

The Government has formulated its strategy and priorities to alleviate poverty with the utilisation of available domestic and (increased) donor funds: Improved social services through reforms of health, water and education systems. Increased growth through better physical infrastructures. Improved economic climate for private initiatives through lowered interest rates and reformed financing systems. Efforts to curb HIV/AIDS are high on the agenda.

It can be concluded from this analysis that the Swedish contributions in health, water, roads, agriculture, and good governance are highly relevant. Increased efforts to support the restoration of the judiciary seem to be a natural consequence of the analysis. The rapid urbanisation and the even more dramatic increase of urban poverty seem to require increased attention. Increased focus on measures against further spread of HIV/AIDS, both through inclusion and integration in all programmes and through direct interventions, is another conclusion. Promoting gender equality is likely to be a corner stone in all these fields.

Taking as a starting point that poverty is caused by the political environment, its culture and institutions, *poverty reduction must also have democratisation as a focus*.

Furthermore, since these aspects permeate large segments of Kenyan society, not only the political institutions in its broadest sense, the strategic choice for Kenyan Government, and donors, *is not only* ***what*** *to do, but also* ***how*** *to do it*. Political reform must include not only the political and legal institutions but also be a major objective and method for reforms in other sectors, be they in agriculture, education, health or in urban development.

An opportunity to break with the legacy of the last decade: Since poverty in Kenya to a large extent can be attributed to weak and poorly managed public institutions, lack of political will, corruption and a weak democratic culture, with attendant consequences on economic and social development, democratisation will be a precondition for pro-poor development. Since the democratic space has widened in Kenya during the last decade, there seems to be a real option to achieve such a development in coming years.

Annex 1.

Key data on Kenya

Area (thousands of km^2)	Net ODA disbursements/capita (US$)
Population (million)	Total debt service (% of exports of goods and services)
Annual population growth (%)	Government expenditure on education (% of GDP)
Population/Area	Government expenditure on health (% of GDP)
Average life expectancy (years, male/female)	
Infant mortality rate (deaths/1,000 live births)	Population with access to safe drinking water (%)
Literacy (%, male/female)	Parliament seats held by women (%)
Population below official poverty line (%)	Government seats held by women (%)
GDP (current US$ billion)	Human Development Index (HDI)
GDP/capita (US$)	HDI ranking
GDP/capita (PPP)	Human Poverty Index (HPI)
GDP growth 1998–2002 (%/year)	Gender-related Development Index (GDI) (not sure if there is data)
Inflation, GDP deflator (annual %)	HIV/AIDS prevalence
Gross domestic savings (% of GDP)	Corruption Perception Index (CPI)
Gross domestic investments (% of GDP)	CPI ranking
Public savings (% of GDP)	
Genuine savings (% of GDP)	
Deforestation (ha/year)	
Cost of pollution	
Population with access to sanitation (%)	

Annex 2.

Natural Resources Management in Kenya – An example of how lack of Democratic Governance has resulted in misuse of public resources

The development within the broad sector of natural resources and the environment in Kenya provides an example of the pattern repeated in many other areas. This pattern, which entails that the lack of good governance, political will and more generally democracy, has had disastrous effects within the area/sector and contributed to the prevailing poverty levels in the country.

During the 1980s and 1990s laws and institutions were increasingly subverted and undermined as the government became increasingly authoritarian and used its unmitigated authority and power for its own interests and, after the introduction of multpartyism, survival.

As the entire judiciary and many previously autonomous organizations were part of this emasculation, there has been a lack of mechanisms for effective enforcement of existing laws and regulations.

This development has had grave implications for the natural resource sector, as much of the land and many natural resources are public and held in trust by the central, or in some instances, local governments. It must be mentioned specifically that the President has constitutionally and legally enjoyed immense power in the management and distribution of these resources.

Equality and rights, at any level of society, must be enforced by and with legal instruments and institutions based on an accepted legal framework equal to all. In the absence of such a framework, in part or totally, all sectors and levels of the Kenyan society suffers from injustice and unequal treatment.

Women are especially victimized by the lack of legal instruments and/or enforcement of laws. As one of the more deeply rooted problems in society is the lack of property rights, or more accurately, the enforcement of the existing laws, women and girls are often left out from ownership and the security that comes with owning and controlling your own land and resources. For the natural resources sector, this is a main problem area that must be addressed and tackled urgently.

These factors have led to wanton abuse of the natural resources for private interests and political expedience through the pervasive patron –

client relationships and/or corruption that has defined the political culture. The examples are many:

- Forests have been decimated through illegal logging carried out with the tacit approval of the state and through the official de-gazettement and distribution of parts of the national forests to private interests.
- As a result of the loss of forest and vegetative cover, water resource degradation has become a problem of threatening proportions. Currently, Kenya is suffering from severe floods, particularly in the western parts, as a direct result of the destruction of the water catchments.
- Most if not all of the major crops, including the cash crops, have suffered, some fatally, from the wilful mismanagement of the marketing boards and parastatals that had been charged with the development of these crops, also including dairy production.

The erosion of the natural resource base has also worsened the existing conflicts over competing claims over such resources. Some of these resource conflicts were politically manipulated and amplified into the so called "ethnic clashes" during long periods of the 1990s.

Another negative feature within this area, has been that the Government has adopted the same negative view of community participation and influence in the management of natural resources and the environment as the colonial administration. This has meant that local communities have been alienated from resources that they had utilized in a sustainable manner and were instead 'policed' to as potential threats to the conservation of these resources. In face of the growing poverty, local communities have instead increasingly started to 'illegally' exploit these resources unsustainably as short-term survival or coping strategies.

There are many examples of positive social forces, actors within the Kenyan society that have battled against this development. Civil society organisations like Kenya Land Alliance (KLA) and Forest Action Network (FAN), to mention two have through research, lobbying and community empowerment tried to introduce a more democratic and participatory management of natural resources. The urgency of the matter also led many organisations within the human rights movement to participate in this struggle, Kenya Human Rights Commission (KHRC), for instance, is a member of KLA. Another example of this work is when paralegals trained by the women's rights organisation Education Centre for Women in Democracy (ECWD) saved through a sustained campaign involving the local council of clan elders Kaptagat forest in Rift Valley from destruction.

Not only civil society organisation were involved in this, the Sida supported NALEP-programme of the Ministry of Agriculture is spreading information to local communities on their rights and help them to form democratically elected development committees and common interest group. With the new government relations between civil society and the state are improving. A striking and promising example is the appointment of Prof. Wangari Maathai, the former leader of the Green Belt Movement and a very vocal critic of the "old regime", to Assistant Minister for Environment and Natural Resources.

Summarizing these trends at an aggregated level, one have to state that the use of natural resources have been so unsustainable, that if the mis-governance of the sector continues it would threaten national cohesion and survival. Furthermore, there heave been weak or non-existing participation in decision making, management and development of natural resources, which have exacerbated the unequal accesses and rights to lands and property, socially, regional and between gender. Women are often the direct managers of natural and environmental resources. Although more often then not lacking ownership and control of the property, they have the responsibility to manage it all the same.

In the final analysis, it would seem that empowering people to take control over their own lives and their surrounding environment would be a necessary requirement for sustainable use of natural resources and improved living standards in rural areas. In addressing the need of management and sustainability, women have to be the main stakeholders guiding and influencing the process of positive change.

Continued from page 2:

"That is the only way she can get a good life", says George, talking about his daughter Millicent's education. He was sick with polio as a child and walks with crutches. He has been working as a cobbler but is now unemployed. George thinks Millicent is more important than the three sons. "Girls help parents more." Millicent is only four but already wears the brown-white striped school dress with white socks. She goes to pre-school where the children are ranked. Millicent is number 5 of 53. The children who get support from an aid agency are constantly told to be grateful and work hard; if the notes are bad the support will vanish. Millicent is aware of the expectations. She sits quiet in the lap of the social worker who tells her to work really hard in school.

"What do you want from life?"

It is midday in the industrial area of Nairobi. Most of the factory buildings are shabby; many have reduced the production or closed down. The pavements are part of the muddy streets; people jump over the puddles to look for cheap clothes, liquor and household tools exposed by the ever-present hawkers. On the squalid stands hang many pictures of the newly elected president Kibaki.

In the middle of this confusion a dignified procession of boys and girls in spotless white tunics and headscarves strides towards the mosque and the Friday prayer. Behind a closed gate is a rescue centre for children from the streets, picked by the social workers of the community.

Mary is helping with the dishes while a group of restless boys are feverishly running around her. She is a sturdy girl with almost clean-shaven head, big hands and feet. She looks down. It is hard to believe that this small girl with her tiny voice has a strong will. But she has struggled hard for herself. Her father is long gone, he disappeared into jail convicted of murder; her mother was partly engaged in prostitution, partly in hawking food in the streets.

Mary managed to make the unwilling mother pay the school fees through primary school. But there was an examination fee until the primary education reform and when the time for the finals came the mother refused to support the daughter. She told Mary to get married and stop being a burden to the family.

When the mother went away a few days she hid the food from her children. Mary was desperate. She found the maize that the mother had stored, sold it, paid the fee and got the examination necessary to be able to continue to secondary school. She took a receipt to prove how she had used the money. It did not help. The mother was furious, chased Mary out of the house and told the brothers to throw her clothes after her. For one month Mary slept outside, the mother stopping the neighbours to help her, even to take her in.

Finally the mother left and the brothers took to the streets. A neighbour took Mary to an aid organisation that accepted her for sponsorship. Few youngsters are lucky enough to get this support.

"The lady helping you is not a rich person, Mary", says the social worker. "She is sacrificing a lot for your sake. So when you go back to school you must study hard." Mary nods and promises to devote herself to her studies. What does she want from life?

"I want to help my brothers."

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.

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