

## A Review of Policy Options for Poverty Reduction in Kenya

### Introduction

**P**overty in Kenya is multidimensional and widespread among all socio-economic groups. It manifests itself in deprivation, isolation, alienation, insecurity and despondency. Low-income poverty manifests itself in the form of malnutrition, high mortality rate, illiteracy, and lack of access to basic education, drinking water, health facilities and shelter.

Most of the poverty reduction strategies Kenya has adopted and implemented since independence have not yielded the anticipated results. For instance, during the first two decades after independence, Kenya's development strategy was based on the idea that poverty would be alleviated through rapid economic growth. However, poverty reduction was not realised even when the country experienced strong economic growth in the 1960s and early 1970s (6% GDP growth rate). Also, policy bias in favour of urban areas – with the assumption that benefits from the urban areas would trickle down to the rural areas – has resulted in rural areas being left behind in many spheres of development. Although poverty alleviation has been a priority policy objective, poverty has increased over time.

The number of people leaving below the poverty line increased from 40 percent of total population in 1994 to about 52 percent in 1997, about 57 percent in 2000 and almost 60 percent in 2003. Rural poverty incidences are higher compared to urban areas, as shown in the table below.

This policy brief is based on a review of various poverty studies carried out by KIPPRA, including a study on *Predicting household poverty: A methodological note with a Kenyan example*. It reviews the poverty situation in Kenya, interventions and policy options required for poverty reduction. It is against the KIPPRA poverty estimate for the year 2000 that the government has pegged its efforts to restore economic growth, generate employment opportunities, and therefore reduce poverty levels from about 57% to 52% by the year 2007.

### Major Findings

The studies carried out show that poverty in Kenya is caused by, among others, low agricultural productivity and poor marketing, insecurity, unemployment and low wages, poor governance, inequality of income and production resources, inequality in access to economic and social goods and services, lack of education, unfavorable climatic conditions and, recently, HIV/AIDS.

The studies also show that the poor are clustered into a number of social categories including the landless, the handicapped, households headed by those without formal education, subsistence farmers, pastoralists in drought-prone districts, unskilled and semi-skilled casual labourers, HIV/AIDS orphans, and street children and beggars. In the year 2000, for instance, about 50 percent of the poor were concentrated in 34 out of 52 districts in Kenya – districts covered under the Welfare Monitoring Survey III of 1997.

SUMMARY POVERTY ESTIMATES FOR KENYA

Year	Data source	Poverty incidence
1992	Welfare Monitoring Survey (WMS I)	46% for rural population; 30% for Nairobi and Mombasa
1994	1994 Welfare Monitoring Survey (WMS II)	46.8% for rural population; 29% for urban population; 43.8% for national estimates
1997	1997 Welfare Monitoring Survey (WMS III)	52.9% for rural population; 49.2% for urban population; 52.3% for national estimates
2000	KIPPRA methodology using poverty indices from WMS III, Economic Surveys and First Report on Poverty in Kenya, Vol 1: Incidences and depth	59.6% for rural population; 51.5% for urban population; 56.8% for national estimates

Qualitative studies mainly based on participatory poverty assessment show that the leading signs of poverty are begging; lack of food; poor shelter, lack of clothing and health; engagement in odd jobs; dropping out of school; child labour and idleness. Income inequalities are also associated with rising poverty in Kenya. The sources of inequality have regional, gender, and rural-urban dimensions. Income distribution tends to favour the non-poor and is associated with unequal access to productive resources such as land and capital among the poor and non-poor populations.

Although the Government is committed to reducing poverty, its efforts have previously been hampered by a weak resource base for policy implementation, low participation of local organisations in policy formulation and implementation, and lack of transparency and accountability in some sections of the government.

The studies indicate that the educational attainment of the head of the household (in particular high school and university education) is the most important factor associated with less poverty. Education is extremely significant in explaining the probability of being poor. Therefore, promoting education is central in addressing problems of moderate and extreme poverty. The studies also find that poverty has a higher impact on female-headed households relative to their male counterparts and that female education plays a key role in reducing poverty. Promoting female education should therefore be an important element of poverty reduction strategies. Moreover, given the importance of female labour in rural Kenya, investing in female education (in particular basic education) should enhance productivity. On the other hand, poverty increases the vulnerability of marginalized and disadvantaged groups such as people affected and infected by HIV/AIDS. The impact of HIV/AIDS on productivity and loss of life of the economically productive members of the society exacerbates the poverty situation.

## Recommendations

Agriculture, health, and education are the most important sectors to be targeted for poverty reduction. Specifically, the government should consider the following strategies in poverty reduction:

*Raising productivity of small farmers* to enable them get out of subsistence farming and chronic hunger by enhancing the productivity of their land; introducing improved agricultural technologies, better seeds, tillage and crop rotation systems, drought resistance crops and pest and soil management; and improving rural infrastructure such as irrigation systems, storage and transport facilities connecting villages to larger market centres. To raise long-term productivity, security in landholding can protect the rights of farmers and give them incentives to invest in land improvement;

*Promoting human rights and empowering poor people* by allowing them to participate in decisions affecting their lives and protecting them from arbitrary, unaccountable decisions by government and other forces. National strategies must include a commitment to women's rights to education, reproductive health services, property ownership, secure land tenure and labour force participation. They must also address other forms of discrimination by race, ethnicity or region that can marginalize poor people;

*Target geographical areas prone to child labor* in order to offset both direct and indirect opportunity costs of education, strengthen school feeding programmes in regions where they exist, and introduce and sustain the same in target regions where school non-attendance could be associated with poverty. Healthcare services should also be enhanced in these areas;

*Target poor but bright students for bursary:* Although the government provides bursary to secondary schools through the constituency bursary fund, majority of the poor and bright students do not benefit. There is need to de-link bursary funds from political influence, and increase allocation per student;

*Strengthening institutional capacities* by encouraging the private sector to participate in poverty reduction programmes. This can be achieved by creating an enabling environment for the private sector through tax incentives, providing legal and policy framework for private sector participation, by simplifying licensing procedures, and by involving the private sector in policy formulation and decision making;

*Promoting female education*, in particular basic education, in order to enhance productivity; and

*Regular monitoring and evaluation* to assess the effectiveness of poverty reduction programmes.

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### About KIPPRA Policy Briefs

*KIPPRA policy briefs are aimed at a wide dissemination of the Institute's policy research findings. The findings are expected to stimulate discussion and also build capacity in the public policy making process in Kenya.*

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