

**Review of Policy Options for Poverty
Reduction in Kenya**

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Abstract

Poverty in Kenya is caused by a number of factors, which include low agricultural productivity and poor marketing of industrial and agricultural products, insecurity, unemployment and low wages, poor governance, misallocation of land, inequality of income and assets, inequality in access to economic opportunities, lack of education, unfavourable climatic conditions, HIV/AIDs, gender insensitive property rights regimes, and weak democratic institutions.

Efforts to combat poverty are thwarted by limited political commitment by government, donor-driven policies that lack local ownership, weak resource base for policy implementing agencies, exclusion of local organizations from policy implementation programmes, limited policy direction and lack of transparency and accountability in some sections of government.

This study is a review of past studies on poverty. The study utilized secondary data from the Kenya Institute for Public Policy Research and Analysis and from national and international publications. One of the findings of this paper is that several studies on poverty have been conducted but little progress has been achieved in poverty reduction.

The study shows that agriculture, health and education are the sectors that need to be reformed in order to make substantial progress in poverty reduction. A short term strategy should aim at raising productivity in agriculture, at promoting human rights and empowering people, and should target geographical areas prone to child labour and strengthen institutional capacities. The study recommends investment in human capital formation at all school levels and promotion of vigorous economic growth in the long run. There is also need to design monitoring and evaluation systems to assess effectiveness of poverty reduction programmes.

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1. Introduction

Poverty refers to lack of basic necessities of life and opportunities for human development. It is multi-dimensional and manifests itself in various forms, making its definition using one criterion impossible. It is pervasive and widespread among all socio-economic groups (Ayako 1997; Kamau, undated) threatening the very foundation of society. Poverty leads to deprivation, isolation, alienation, insecurity and despondency. Low-income poverty manifests itself in the form of malnutrition, high mortality rate, illiteracy, lack of access to basic education, drinking water, main health facilities and shelter. This study adopts the definition of poverty as the inability to attain a certain predetermined minimum level of consumption at which basic needs of a society or country are assumed to be satisfied. Poverty alleviation has featured as a priority policy objective in virtually all Development Plans, Sessional Papers, Presidential Commissions, task forces and other government economic policy documents issued in post-independence Kenya.

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 as the poor would also benefit from sustained growth. However, poverty reduction was not realised even when the country was experiencing strong economic growth in the 1960s and 1970s. Collier and Lal (1980) show that in 1974 about 29 percent (4.2 million) of the total Kenyan population were poor (using a poverty line of Ksh 2,000 per year for rural households and Ksh 2,150 per annum for urban households). Today, poverty afflicts more than 56.8 percent of the population (Mwabu *et al.*, 2002). Previous studies on poverty in Kenya show that the poor are clustered into a number of social categories including the landless, the handicapped, households headed by people without formal education, subsistence farmers, pastoralists in drought-

prone districts, unskilled and semi-skilled casual labourers, HIV/AIDS orphans, street children and beggars. In the year 2000, about 50 percent of the poor were concentrated in 34 out of 52 districts in Kenya (Mwabu *et al.*, 2002).

According to a poverty mapping study by the Central Bureau of Statistics, Kenya in 2003, there is clear evidence of considerable geographic variations in the distribution of well being among and within provinces, districts, divisions, and locations. However, pockets with high incidence, that is relatively small areas with disproportionately high proportions of the population falling below the poverty line, cut across all regions. There are 34 districts with at least one location in which more than 70 percent of the population is living below the poverty line. Poverty density “hotspots” – relatively small areas with very high proportions of poor people – are also scattered across many areas in Kenya. The poverty gap in less poor areas is 5 percent of the poverty line, whereas in the poorest regions, poverty gaps are about 50 percent. Central Province, with roughly one million poor people in the rural areas, ranks as the least poor province with most locations exhibiting a poverty incidence of less than 40 percent. Nairobi has 880,000 people living below the poverty line, Coast Province has about 909,000 rural poor, Eastern province has 2.5 million poor people, Nyanza, Rift Valley and Western provinces have 2.4 million, 5.7 million and 1.8 million poor people, respectively. The poverty levels vary across divisions and locations in all the provinces.

The Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) identifies various causes of poverty including worsening economic performance and upsurge in the HIV/AIDS pandemic. In addition, it identifies increased employment as the main vehicle for halting rising poverty and reviving the economy. However, the strategy does not identify specific actions to be taken to achieve the greatest

impact on poverty reduction. Also, it is not clear which sectors will contribute most to reduction in poverty and how this will be done. With this in mind, and noting the multi-dimensional nature of poverty, this study aims to provide information on the nature of poverty in Kenya, including inequality, and links each sectoral initiative to poverty reduction. The study reviews available information on the poverty situation in Kenya, policy options required to reduce poverty based on findings of past and present studies, and outlines main areas where specific interventions are required to lower poverty. This information will help the government establish baseline information that can be used to assess progress made in reducing poverty during the tenure of the current government.

The study is organised as follows: section 2 looks at economic performance while section 3 lays out the poverty and inequality situation in Kenya. Current poverty status and poverty alleviation initiatives are outlined in sections 4 and 5, respectively. Section 6 gives areas for specific interventions while section 7 suggests policy options to reduce poverty. Section 8 provides conclusions to the study.

2. Economic Performance

The period from independence in 1963 to 1973 witnessed the most rapid economic growth in Kenya's history. Gross Domestic Product (GDP) grew at an average of 6.6 percent and per capita income remained positive despite high population growth rates. The 1960s and 1970s were predominantly characterized by controls in virtually all key sectors. This approach seems to have worked well, as evidenced by the remarkable growth. There was expansion of output and employment propelled by expansionary fiscal policy. By the 1980s, Kenya had achieved a reasonable level of industrialization by regional standards (Lall and Pietrobelli, 2002). Crude death rate was dropping rapidly in Kenya and life expectancy was rising steadily. Annex Table 1 shows the demographic indicators in Kenya since independence. The table shows that infant mortality stood at 74 deaths per 1000 live births and under five mortality rate was 112 per 1000 live births by end of 1996.

However, with a series of external shocks in the 1970s, economic performance started dwindling and the inefficiency and inadequacy of the import-substitution policy became evident. For instance, the oil shocks of the 1970s, compounded by the mismanagement of the 1976-77 coffee boom, and the collapse of the East African Community, caused acute balance of payment problems. Substantial reforms, which were supported by the Bretton Woods institutions, were implemented in the 1980s and 1990s although the record of implementation was patchy and marked by many episodes of policy reversal. However, economic performance did not improve as evident in table 1.

GDP growth declined in virtually all sectors. Given the population growth rates of about 2 percent per annum in recent decades, it is evident that real per capita income has been on the decline since the mid-1990s. Key macroeconomic aggregates (Table 2) show that growth performance has remained depressive in the 1990s and in the new

Table 1: Average annual growth rates (%) of real GDP, 1964-2002

Sector/year	1964-73	1974-79	1980-89	1990-95	1996-99	2000-02
Agriculture	4.6	3.9	3.3	0.4	1.3	-0.1
Manufacturing	9.1	10.0	4.8	3.0	1.3	1.1
Finance, real estate, etc	9.8	12.4	6.8	6.6	3.9	2.3
Government services	16.9	6.5	4.9	2.6	0.8	6.6
GDP	6.6	5.2	4.1	2.5	1.9	0.7

Source: Government of Kenya, Economic Survey (various)

millennium, with a declining growth in investments (both private and public) and exports. This partly accounts for the declining wage employment in the formal sector, leading to a surge in informal sector employment.

While the poor performance cannot be solely attributed to a particular sector, HIV/AIDS has exacerbated the situation and its concealed effects might adversely affect future economic progress (Were and Nafula, 2003). Although the first case was identified in 1984, the economic burden of HIV/AIDS is likely to have become significant from the early 1990s, given the incubation period and the fact that high rates of infection were noted in the 1990s. As pointed out in Kenya's Poverty Reduction Strategy Paper (PRSP), the pandemic accounts for the increase in poverty through loss of productive members of the labourforce, AIDS orphans, population size and growth, and increased cost of healthcare and child mortality. Were and Nafula (2003) in their study using the KIPPR Treasury Macro Model (KTMM) found that HIV/AIDS, through its effect on labour productivity and loss of earnings, affects economic growth. Also, the associated high cost of healthcare implies foregoing economic growth if the resources could have been invested productively. While different channels have varying economic effects, the bottom line is that

HIV/AIDS is retarding economic development in a manner that has not been fully comprehended. However, only scattered information is available about the economic effects of HIV/AIDS in Kenya.

Table 2: Performance of key real macroeconomic aggregates

Variable (% volume change)	1975-79	1980-84	1985-1989	1990-1996	1997-2001
GDP	5.6	3.2	5.7	2.3	1.2
Private investments	3.2	0.9	10.2	1.3	0.4
Government investments	5.9	0.5	9.3	5.4	-0.5
Exports	-1.9	0.6	6.2	7.1	2.0
Imports	0.3	-5.5	8.4	9.5	1.8
Wage employment (private sector, % change)	3.0	0.8	4.0	3.5	1.5
Population (in millions)	14.1	17.1	20.3	24.0	29.5

Source: KIPPRA Treasury Macro Model (KTMM)

3. Poverty and Inequality

3.1 Poverty situation

Poverty in Kenya has attracted considerable research attention from individual researchers, donors and the government, particularly in the 1990s when data from Welfare Monitoring Surveys (WMS I-III) became available. Estimates generated from these research efforts provide a fairly good account of poverty trends in the country over that period. Table 3 presents a summary of some of the poverty estimates for the 1990s from these studies.

Studies based on the 1994 Welfare Monitoring Survey – WMS (Government of Kenya, 1998; Mwabu *et al.*, 2000) show that the total number of the poor in 1994 ranged between 39 and 44 percent of the total population. The total number of poor Kenyans has been increasing over time, growing from 11.5 million in 1994 to 12.6 million in 1997. The 1997 WMS shows that the poor constitute 52.3 percent of the Kenyan population, and that the situation of urban poverty has deteriorated further with 49.2 percent of this population being poor.

The increase in poverty in Kenya is easily observed from the rising number of people without adequate food and nutrition or adequate access to basic necessities such as education, safe water and sanitation, employment, health facilities and decent housing. By the early 1990s, 13 million Kenyans (about 50% of the population) had no access to safe water, and 6 million had no access to sanitation (UNDP, 1994).

Table 3: Summary of recent poverty estimates for Kenya, 1992-1997

Author	Reference year	Data source	Poverty incidence
Mukui (1993)	1981/82 1992	1981/82 rural survey and 1992 WMS I	Rural: 48% for 1981/82; 46% for 1992 Urban: 29.3% for 1992
Narayan and Nyamweya (1996)	1994	Participatory poverty assessment	Widespread poverty in rural areas; results similar to 1992 WMS, above
Government of Kenya (1998)	1994	1994 WMS II	47% rural population 29% urban population 43.8% national estimates
Mwabu <i>et al.</i> (2000)	1994	1994 WMS II	40% rural population 29% urban population 39% national population
Government of Kenya (2000a)	1997	1997 WMS III	52.9% rural population 49.2% urban population 52.3% national population
Mwabu <i>et al.</i> (2000)	2000	1997 WMS III	59.6% rural population 51.5% urban population 52.8% national population

Source: Government of Kenya (1997)

Substantial differences exist among regions in the incidence of poverty in Kenya (Table 4). First, in the 1990s, about 50 percent of the rural population and between 30 and 49 percent of the urban population were poor. Second, rural poverty is marked by its connection to agriculture and land (Webb *et al.*, 1991): poverty in the rural areas tends to be attributed more to low access to physical assets, particularly land; low agricultural productivity; and lack of non-farm employment opportunities than to lack of income. In view of agriculture's high labour intensity and relevance to local food availability, any anti-poverty strategy in the rural areas should aim at raising productivity in agriculture. It should be feasible to focus rural anti-poverty policy on improving agricultural output and productivity.

The large disparities in the incidence of rural poverty need to be eliminated by deliberate policy. Poverty incidence, for example, is exceptionally high in arid and semi-arid areas such as Marsabit, Turkana, Isiolo, Samburu and Tana River districts (Government of Kenya, 1997).

should be a matter of great priority. Secondly, the study finds 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. Lack of 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 study also finds that poverty afflicts female-headed households relative to 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 policies. Moreover, given the importance of female labour in rural Kenya and elsewhere in Africa, investing in female education (in particular basic education) should enhance productivity.

The findings in this study are rather long-term and they focus on the importance of education in general and primary education in rural areas in particular. The short-term policy option addresses the reduction in severity of poverty for those who are engaged in the agricultural sector. Therefore, the strategy of raising incomes of the poor should focus on investing in agriculture. Since the macroeconomic environment is important in determining the productivity of such an investment, macroeconomic and political stability are prerequisites for addressing poverty.

3.2 Inequality situation

Regardless of the induced relationship between growth and poverty, high inequality will directly reduce the impact of a given level of growth on poverty. The debate on growth-inequality dates as far back as 1950s with the seminal work of Simon Kuznets. The most widely used single measure of inequality is the Gini coefficient. The Gini coefficient is based on the Lorenz curve, a cumulative frequency curve that compares the

distribution of a specific variable with a uniform distribution that represents equality. Analysis of Gini coefficient for constituencies in Kenya indicates that the index ranges from 0.30 to 0.43.

In Kenya, inequality has three dimensions: regional, gender, and rural-urban. The distribution of the income favours the non-poor section of the society. The UNDP (2002) Kenya Human Development report notes that inequality has a lot to do with unequal access to productive resources such as land and capital. The non-poor populations have more access to such resources than the poorer ones. Lack of access or ownership to productive assets, particularly land, plays a great role not only in poverty but also in inequality. Land is an important asset of the rural poor for both production and livelihood. However, the 1997 Welfare Monitoring Survey indicates that the non-poor access (own or operate) more land than the poor. Access to farmland for the poor has important social and economic significance especially for poverty and income distribution.

The reasons behind the biased land distribution has been inadequate land tenure systems, which have allowed land accumulation by the salaried, wealthy, and powerful members of the society. This means that the poor, who are in need of land for their survival, do not own or have access to it. Also, cultural practices in Kenya have allowed only men to own land and have denied women the control or ownership of the same. This has not only resulted in low agricultural production, but also low incomes that are unevenly distributed.

The gender perspective of inequality presents women as generally having unequal opportunities to productive resources. For instance, their participation in the labour market is lower than that of men. Because of their limited education, women face unequal earning prospects in the labour market. They engage more in low paying employment activities with little job security (UNDP, 2002). Since

women have limited opportunities and access to formal employment, they engage more in agriculture, domestic work, and self-employment through informal activities. Although earnings from these activities are low, they have improved income inequality.

Regional disparities as experienced in Kenya may come as a result of normal working of economic forces. However, it has been noted that the government has promoted this disparity through policy bias. Priority has been given to high and medium potential regions at the expense of the low potential areas, which comprise over 70 percent of the country. The high potential areas have thrived more on agriculture—the main economic activity. However, there has been a big unexploited potential in the low potential regions and particularly in the livestock sector that dominates the arid and semi-arid areas. It might be important to learn from Botswana, a country with a lower livestock population than Kenya but earns more from beef exports. Therefore, developing these areas would ensure equitable development in the regions, economic growth, poverty reduction, and low inequality.

Employment opportunities in Kenya are also unevenly distributed, with Nairobi Province having the greatest share of the total wage employment, accounting for about 25 percent. This is followed by Rift Valley Province with about 22 percent. The North Eastern Province has the lowest share of wage employment of about 0.1 percent (Government of Kenya, 2001). This being the case, income earnings would not be expected to be equal. This picture is the same in urban and rural areas. The rural-urban disparity is an outcome of an underlying economic, ideological and socio-cultural orientation that perceives rural areas as peripheral to urban areas. Policy bias in favour of urban areas results in rural areas being left behind in many spheres of development. The assumption is that benefits from the urban areas would trickle down to rural areas, but this has not been the case.

4. Current Poverty Status

4.1 Causes of poverty

Different communities have different perceptions of the causes of poverty (Government of Kenya, 2001). Low agricultural productivity and poor marketing of farm produce were cited by many communities as the major causes of poverty. This is attributed to traditional farming methods, low soil fertility, unpredictable weather conditions (drought and floods), poor and inadequate extension services, high costs of inputs, low quality of seeds and lack of credit facilities. This has led to food shortages, under-employment and low incomes from cash crops, and poor nutritional status, which further reduces labour productivity and increases poverty. Mismanagement and collapse of agricultural institutions has contributed to poor marketing of produce and low incomes. Agro-industries have collapsed due to inefficiency and mismanagement and this has acted as a disincentive to farmers and has further impoverished many households.

Poor livestock health and high mortality rate has led to a decline in the number of animals and their products and therefore impacting negatively on the well-being of the people. Lack of markets for livestock and livestock products due to failure of the Kenya Meat Commission and similar institutions has contributed to exploitation of farmers by middlemen during times of drought when farmers have to sell their livestock and livestock products at throw away prices.

Insecurity is another cause of poverty, which was identified by some communities during the PRSP consultation process. It is manifested through banditry, hijacking, raiding and stock theft, robbery and looting, physical injury and mutilation, rape and murder. The consequence is loss and destruction of material property such as loss of both food source and capital. Many households have been rendered poor as a result of insecurity countrywide.

Unemployment and low wages was singled out by communities, both in urban and rural areas, as a cause of poverty. Although many children had completed schooling, many had failed to secure meaningful employment due to lack of opportunities and skills for gainful employment and lack of crucial resources for production such as electricity. Most people cannot be self-employed due to lack of collateral to enable them access credit. In the case of women, access to credit is conditional upon their husbands' consent. Moreover, women tend not to own land or other tangible forms of security to secure a loan. Corruption and nepotism have worsened the situation, as poor households are often unable to pay the bribes demanded by potential employers. Recent reforms, including liberalization of the economy and retrenchment in the public services, have been necessary but, in the short-term, have worsened the problem of unemployment. Increased market competition combined with poor management has led to the collapse of many industries and factories, forcing many people to be unemployed. Lack of employment implies lack of income necessary to meet the basic needs such as food, shelter, clothing, education and medical services.

Poor governance is another cause of poverty and manifests itself in lack of transparency and accountability in management of public resources and funds meant to benefit communities. Mismanagement of bursary and *harambee* funds; mismanagement of co-operatives, relief food distribution, funds for women, youth and disabled were singled out by the community in the PRSP process as one of the results of poor governance. Harassment of households by the local administration is another cause of poverty. Poor governance has denied households and communities crucial resources and services that would improve their well-being.

Rural communities are dependent on land for production. However, many people have been rendered landless or squatters. The causes of

landlessness vary from community to community. In some communities it is as a result of high population growth, while in others it is due to land tenure systems such as communal land ownership. In pastoral areas, there are frequent conflicts over grazing and watering points, thereby causing poor utilization of land resources. In the coastal region, households do not have land title deeds, making it very difficult to own and access land for permanent utilization. Ownership and access to land in rural areas is a critical factor influenced by the interplay of the customary and civil law. Although women can legally inherit land, African customs essentially support a patrilineal mode of inheritance and many local cultures do not guarantee a woman the right to own land or to inherit her husband's property upon his death, and this makes women more vulnerable to poverty. Land fragmentation into uneconomical units, especially in high and medium potential areas where there is high population growth, is another cause of poverty.

Many communities generally lack roads and the existing few are in pathetic condition and impassable. In other areas, bridges are either not available or are on the verge of collapsing. This makes access to markets, hospitals and schools impossible or very difficult. Farmers are therefore not able to market their products and end up being exploited by middlemen.

Cost sharing in health facilities has lost meaning as the healthcare situation in most public health facilities has become worse, as reflected by lack of drugs, personnel, increased cost of drugs and general unfriendliness of staff, coupled with corruption.

The cost of education especially in primary and secondary schools is a huge burden on many households. Since the new government came to power, primary education is now free. However, secondary schools still charge high fees. For many parents who cannot afford the high costs of secondary education, their children drop out of school to work and

supplement households' budgets. The situation is worse for the girl child who becomes the first victim to drop out of school, due to the boy child preference in a situation where resources are not adequate.

HIV/AIDS is a recent development problem causing poverty. Prostitution, especially in urban areas, wife inheritance in some communities, use of tradition tools during circumcision, and lack of awareness of the disease are some of the major causes of the disease. The disease has aggravated poverty mainly because those dying are productive young people, leaving behind widows and orphans who become dependent on other members of the family. Those who are afflicted with AIDS also consume resources as they require drugs and special food. Some families are forced to sell their land to take care of these expenses. Women are more susceptible to HIV/AIDS because of biological factors, illiteracy, ignorance and lack of skills for employment, forcing them to be dependent on men for economic support. Women are particularly vulnerable to HIV/AIDS as they often lack power to successfully negotiate "safe sex". The situation is worsened by deteriorating economic conditions, which make it difficult for women to access health and social services.

Gender imbalance is a key factor in propagating poverty. Lack of ownership and control over productive assets such as land by women contributes to poverty in agriculture. Traditionally, in many societies women do not have rights to make strategic decisions and also to own property or to have property registered in their names. Related to this is lack of access to credit facilities by women due to lack of collateral. The analysis carried out during the participatory poverty assessment indicates that men dominate the access and control of household resources and decision making patterns while women control only minor resources and assets such as chicken, furniture and utensils.

The PRSP highlighted disability as a cause of poverty. People With Disabilities (PWDs) are socially marginalized, neglected and intimidated in many parts of the country. PWDs are poorly represented in many decision-making bodies, and therefore their interests are not catered for. PWDs have been denied access to public utilities, good healthcare, basic education and vital information leading to lack of employment opportunities resulting from lack of relevant skills and knowledge. These factors have reduced their ability to fend for themselves and have made them dependent on other members of their households, who are forced to divert their valuable time from gainful economic activities. At household level, their rights to inherit property are either abused or neglected. These factors combined cause poverty to both PWDs and their households.

4.2 Poverty profiles

Combining information on poverty measures with that on characteristics of the poor gives a poverty profile for a given population. A poverty profile shows how a given poverty measure (headcount ratio, poverty gap, or poverty severity) changes as a characteristic associated with poverty varies. It results from attaching specific measures of poverty to characteristics that describe the poor, such as illiteracy and lack of safe drinking water.

Table 5 presents poverty profiles by various dimensions. It also compares headcount ratios and poverty levels for 1997 and 2000. The 2000 estimates have been projected using poverty profiles for 1997 (Government of Kenya, 2000) and regression results (Ali and Thorbecke, 2000). Table 5 presents the results in terms of poverty levels and their relationship with the level of education of the household head. In 2000, poverty levels of households whose heads had no education stood at 72.02 and 69.05 percent for rural and urban areas, respectively. This is a

clear indication of the inverse relationship between poverty and the level of education of the household head.

As regards gender aspects of poverty, on average, women are the worst hit by poverty in both rural and urban areas (Table 5). One explanation for this is that women household heads, especially in the rural areas, do not receive much support from absent spouses for the upkeep of the families.

The mean household size was grouped into three categories for ease of analysis. The results for 2000 (Table 5) indicate that households with more than seven members were the poorest with poverty levels of 69.43 and 59.32 percent for rural and urban areas, respectively. Households with four to six members had poverty rates of 55.82 and 56.18 percent for rural and urban areas, respectively.

The results for 2000 show that poverty levels increase with age in the rural areas, but in urban areas poverty is lower among the elderly (those over 56 years of age). In rural areas, households whose head is in the age group of 45 years and above experience higher levels of poverty than other rural age groups. Only 39.55 percent of the urban households with heads whose age is within the age group of 56 years and above are poor compared with nearly 64.93 percent in rural areas.

Table 5: Poverty measures by socioeconomic group

Variable and social group	1997		2000	
	Rural P α = 0	Urban α = 0	Rural P α = 0	Urban P α = 0
Overall rural	52.93	49.20	59.56	51.48
Gender of household head				
Male	52.50	45.90	59.08	48.02
Female	54.10	63.00	60.88	65.92
Marital status				
Male married	52.70	46.20	59.31	48.34
Male other	48.40	42.40	54.47	44.36
Female married	52.30	56.00	58.86	58.59
Female other	56.10	64.90	63.13	67.90
Education				
None	64.00	66.00	72.02	69.05
Primary	53.60	63.90	60.32	66.86
Secondary	33.40	38.80	37.59	40.60
Higher (form 5-university)	6.80	14.30	7.65	14.96
Higher (technical/informal)	38.90	42.40	43.78	44.36
Household size				
1-3 persons	35.50	37.80	39.95	39.55
4-6 persons	49.60	53.70	55.82	56.18
7+ persons	61.70	56.70	69.43	59.32
Age of head				
15-29	37.90	53.60	42.65	56.08
30-44	49.10	49.60	55.25	51.90
45-55	58.10	47.00	65.38	49.17
56+	57.70	37.80	64.93	39.55

Note: The measures for 1997 are from Government of Kenya (2000).

Source: Mwabu *et al.*, 2002

5. Poverty Alleviation Initiatives

Since independence, the Government of Kenya has made several attempts to alleviate poverty. Several policies have been pursued in an effort to promote the welfare of the population. However, poverty has increased in spite of the initiatives taken by the government since independence. Manda *et al.* (2001) discuss some of the policies and strategies adopted in a bid to alleviate poverty.

(a) Growth promotion

Rapid economic growth has received precedence in Kenya and elsewhere in the world as a means of alleviating poverty and creating employment opportunities. This policy, among others, was adopted in various Sessional Papers as well as the five-year Development Plans as main goals of economic development. The economic growth policy has been maintained more or less throughout the last three and a half decades. The Sessional Paper No. 1 of 1986 recommended measures that included rapid economic growth led by private sector with support from a more efficient public sector. The growth strategy is based on an implicit assumption that the 'trickle down' process would take place, therefore redistribution of growth. However, this was not realised even after achieving a high growth rate of almost 7 percent per annum in the 1960s. The failure of economic growth to solve the problems continued to be observed even in the 1980s and 1990s.

(b) Basic needs and rural development

Basic needs and rural development as a strategy was designed to improve the economic and social life of the rural poor. However, the rural dimension of poverty was not combined with explicit reference to social, political, cultural and environmental concerns, all of which were either mentioned in passing as by-products of mainstream development programmes or were completely ignored.

(c) Land settlement schemes

Spontaneous land expansion has been used in the past as an important response to alleviate poverty. In the 1960s and 1970s, the country was able to design and implement some poverty-oriented programmes, which included settlement schemes in which thousands of landless people and squatters displaced by the colonial settlers were provided with small-scale landholdings especially in the Rift Valley. Nonetheless the full potential of this scheme in terms of reducing poverty and raising incomes of the people in most cases was not achieved due to mismanagement of resources meant for them, poor project implementation, inadequate recurrent budget provisions and lack of commitment and prioritisation by the government. Further, corruption and administrative mistakes reduced the overall effectiveness of the scheme. Land meant for the poor, landless, and squatters has been grabbed by politically powerful people through corrupt means, making it difficult to reduce poverty through land distribution.

(d) District Focus for Rural Development

The District Focus for Rural Development (DFRD) strategy was launched in 1983 with the main objective of allocating resources on a more geographically-equitable basis. This strategy aimed at eliciting participation of the local people in the projects funded and help alleviate poverty. However, due to poor preparation, unfamiliarity of district staff with methods of participatory planning, the absence of monitoring and evaluation combined with the weak commitment of sector staff to inter-sectoral initiatives, a number of decentralised projects were poorly conceived and designed (Manda *et al.*, 2001). Moreover, the target groups, the poor and the vulnerable groups were largely excluded from direct involvement in design and implementation.

(e) Initiatives on pro-poor trade

Other initiatives include the shift to informal sector, specially targeted projects and consumption and production credit.

5.1 Challenges in implementation of poverty alleviation programmes

Poverty alleviation programmes in Kenya have yielded limited impact on poverty reduction due to weak implementing institutions, limited capacity and uncoordinated policy formulation. Omiti and Obunde (2002) assess policies put in place in the fight against poverty since 1952, the role and capacity of institutions involved in poverty alleviation programmes, existing institutional structures and made recommendations on social and institutional approaches towards poverty reduction.

The study shows that the role of institutions has neither been given adequate attention nor reviewed to ensure feasible poverty eradication programmes and policies compatible with existing institutions and policy enforcement institutions. Policy decisions such as the enactment of the Non-Governmental Organisation Coordination Act in 1990 lacked a conducive environment for team efforts in policy formulation and implementation. To a large extent, data and information on poverty alleviation programmes is either lacking or scattered for comprehensive analyses, participatory planning, budgeting and implementation.

A significant number of antipoverty programmes have failed due to limited political commitment; donor-driven activities that lack local ownership; weak resource base for implementing agencies; poor policies; exclusion of key institutions from implementation decisions; duplication of efforts by implementing institutions such as government, civil society institutions and private sector; inadequate regional or

sectoral coverage; limited policy direction; and lack of transparency, accountability, stakeholder participation and effective governance (Manda *et al.*, 2001; Omiti and Obunde, 2002).



6. Areas for Specific Interventions

6.1 Employment creation

The Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) hopes to reduce poverty and create 500,000 jobs with most jobs being in the small enterprises sector. By 2007 it is expected that 2,636,130 jobs will have been created. The quality of employment (in terms of its ability to get people out of poverty) depends on whether it is located in the formal or informal sector and on the nature of prevailing labour market institutions. The formal sector is small and capital intensive, with limited opportunities for large scale labour absorption in the short-run. In contrast, the informal sector is large and labour intensive, with highly heterogeneous activities ranging from street vendors to small kiosks, hotels, open air motor garages, dress making, tailoring units, and small scale transport and telephone operators.

Oiro *et al.* (2004) look at issues of employment and poverty in Kenya. An analysis of occupational patterns and poverty decomposition shows that pastoralists have the highest poverty rate of 35.95 and 38.18 percent based on the FEI and CBN poverty lines, respectively. Skilled public sector workers have the lowest poverty gap of 6.11 and 7.16 percent based on the FEI and CBN poverty lines, respectively. The agriculture sector has the highest headcount index of 59.28 percent based on FEI and 61.24 percent using CBN. In terms of sector of employment, workers in the informal sector have higher poverty indices compared with their counterparts in the formal sector.

Persons in casual wage employment have the next highest poverty incidence after those in the agriculture sector. For all sectors combined, approximately 50 percent of the employed persons live below the poverty line.

Table 6: Poverty measures by sector of employment

Sector of employment	Poverty measure (%)				% Contribution to total poverty			
	P α =0		P α =1		P α =2		P α =0	
	FEI	CBN	FEI	CBN	FEI	CBN	FEI	CBN
Agriculture	59.28	61.24	24.39	26.62	13.80	15.23	74.74	82.47
Formal sector	31.97	33.63	10.23	11.63	4.93	5.66	13.07	15.01
Informal sector	33.26	35.07	11.94	13.32	6.31	7.08	8.02	9.00
Casual labour	57.71	60.00	23.40	25.35	12.99	14.36	4.19	4.63
Overall employment	48.31	50.18	18.83	20.71	10.35	11.50		

Source: Oiro, Manda and Mwabu (2004)

The study finds that subsistence and informal sector activities could constitute coping strategies for the poor households, and therefore policies that enhance productivity in subsistence and informal sectors (or expand employment in the sectors) would be a gateway to poverty reduction. Such policies would tend to reduce poverty severity and inequality without affecting the headcount index. Therefore, low-wage employment in informal sectors in rural and urban areas alleviates the suffering associated with poverty and should be encouraged and supported by public policy.

6.2 HIV/AIDS

Poor health, particularly by HIV/AIDS, has been cited as a major cause of poverty, affecting poor people's productivity. A two-way causal relationship between poverty and AIDS can be postulated. Poverty increases the vulnerability to HIV/AIDS especially for females, which through its impact on productivity and loss of life of the economically productive members of the society, exacerbates the poverty situation.

Despite numerous policies, poverty still remains widespread in Kenya, afflicting disproportionately more women than men (Kimalu *et al.*, 2002).

The national poverty rate estimated at 52.3 percent in 1997 had increased to 56.8 percent by 2000 with wide regional disparities (Mwabu *et al.*, 2002). In general, the prevalence of poverty among female-headed households is relatively higher than in male-headed ones.

The dynamics of HIV/AIDS and poverty are best comprehended at the micro level. At the household level, the cost and income losses due to deaths are devastating but also have serious implications on the macro economy. First, the costs of care of the HIV/AIDS patients deplete family's savings, sometimes resulting into debts and sale of family assets. Loss of income could imply reduced consumption, resulting to low demand for goods and services and therefore low production and investment. Deaths of breadwinners increase the poverty situation and vulnerability at the household level, which in itself might facilitate the spread of the virus due to increased vulnerability. Moreover, death of parents results in rising number of orphans, who have to rely on the society for their welfare, therefore causing further strain on economic resources. Many a time, such children are unlikely to afford better healthcare and education, which perpetuates the poverty situation.

The impact of HIV/AIDS on economic growth is not only multifaceted but also turns out to be partly concealed, with effects both in the short run and long run. HIV/AIDS also has direct effects on output, as well as future economic development. Moreover, there could be two-way causal effects between HIV/AIDS and development resulting in a vicious development cycle in which HIV/AIDS undermines growth, which in turn exacerbates the spread of the pandemic, further reducing economic growth. The impact is mainly analysed in terms of HIV/AIDS effects on main determinants of growth. For instance, Bonnel (2000) points out the impact of AIDS on three main determinants of economic growth, namely physical, human and social capital.

6.3 Economic growth

The PRSP identifies economic growth and macro stability, raising income opportunities for the poor and improving the quality of life as key strategies towards poverty reduction. Macroeconomic environment is important in determining the productivity of any investment; macroeconomic and political stability are therefore critical in poverty reduction (Geda *et al.*, 2001).

According to the World Bank, poverty can only be reduced through promotion of opportunity for the poor in terms of market reforms. Reforms reflect structural and institutional conditions, facilitate empowerment by actively involving the poor, middle class and other groups in the society in the political process and enhancing security as well as the well being, while promoting investment in human capital and in higher-risk, higher return activities with important implications for poverty reduction.

6.4 Child labour

Child labour is common and widespread both in the rural and in the urban areas in Kenya. According to the 1998/1999 Child Labour Survey, there were about 1.9 million children aged between 5-17 years engaged in work for pay, profit, or family gain in 1999. Out of the 1.9 million economically active children, 984,000 were boys and 910,000 were girls. The majority of the working children were in the age group 10-14 years, which constitutes 43.6 percent. Other studies have captured a slightly higher incidence or proportion of child labourers relative to the 43.6 percent or 1.9 million reported in the 1998/99 survey. About 1 million are employed in the most intolerable forms of child labour: in the tourism and services sector services where they are exposed to commercial sex exploitation; in plantations and mines, where they are exposed to dangerous working conditions; and in domestic service and

in urban informal sector occupations such as garbage collection. Several studies have, however, shown that an overwhelming majority of the Kenyan working children are in the agricultural sector. This estimate is however, likely to underestimate children's actual involvement in work-related activities.

According to the 1998/99 Child Labour Survey, out of the total number of children working, 31 percent were also going to school and 69 percent were working and not going to school. However, for the 31 percent, it has been argued that the demands of working at a very young age negatively affect school attendance and is associated with high drop out rates and poor performance in school. Children not working and out of school are likely to be more disadvantaged than their working counterparts, benefiting neither from school nor from the learning. This is also the group that is most at risk of entering work should a household be faced with a sudden loss of income or other type of shock. However, the ERSWEC does not mention policy implications of child labour.

6.5 Inequality

A highly unequal distribution of assets often depresses subsequent rates of growth. A high degree of unequal income distribution can have negative effects on growth and poverty. Reducing income inequality tends to increase aggregate growth and further reduce poverty indirectly. A study by Person and Tabellin (1989) found strong negative relationships between initial income inequality and future growth and poverty for both developing and developed countries. Kenya has the highest degree of unequal income distribution than any low-income country in the world and the fourth highest in the world (World Bank, 1997). The estimated overall Gini coefficient is 0.57, which is the highest among the 22 poorest countries in the world and only lower than those of Guatemala, South Africa and Brazil. The richest 20 per cent of the

population receives only 62 percent of the total income, while the poorest 20 percent receives only 3 percent of the total income (Manda *et al.*, 2001).

Between the early 1980s and the 1990s income inequality increased in all districts in Kenya (Mukui, 1993). There are no specific policies to tackle the problem of unequal income. Reducing income inequality is important because it can benefit the poor, both immediately and in the long-term, through higher growth.

6.6 Education

The PRSP and ERSWEC recognise education as a constitutive dimension of poverty. However, the lack of standardised, comparable educational indicators hinders uniformity of poverty in education diagnosis. The PRSP presents a mix of access, quality and financial indicators to draw on a diagnosis of the education sector. Education is seen as a priority for the poor and as a means of combating ignorance and giving the poor a voice. Low education levels negate any attempts and ability to make wise decisions about education in terms of access to education, child bearing and rearing, therefore affecting not only the present but also the future generations. The PRSP points out the need to reduce illiteracy, increase quality of educational services and implement alternative education programmes such as non-formal education. Education indicators disaggregated by gender, income and geographical location (urban and rural) present a picture of educational attainment and level of poverty diagnosis.

Mwabu *et al.* (2000) and Oyugi (2000) using the 1994 Welfare Monitoring Survey II show that education level, time spent collecting water and firewood, land and livestock holding, family size, sector of employment, and unobserved regional specific factors are major determinants of poverty. Education reduces the incidence of poverty and the poverty

depth and severity. Costs of obtaining water and firewood are positively correlated with poverty but the size of assets (e.g. land and livestock) owned is negatively associated with poverty incidence and severity.

Poverty incidence is lowest among households headed by university graduates and lowest among households headed by people without education (Geda *et al.*, 2001 and Manda *et al.*, 2001).

The array of policy actions on poverty and education in Kenya include increased coverage, improved education financing, better governance and management, better quality, increasing literacy and improving post-primary education through partnerships with private sector. Specific commitments include the implementation of free primary education in 2003; mainstreaming of HIV/AIDS programmes; improved financing through increasing education share of total government expenditure; improved efficiency in use and allocation of resources; incentive programme for teachers; cost recovery in higher education; decentralisation of teacher deployment for better governance and

Table 7: Household poverty rates by level of education of household heads in 1994

Region of residence	No education	Primary education	Secondary education
Central	52.5	37.0	26.8
Coast	56.5	38.4	19.4
Eastern	62.5	40.5	18.0
Nyanza	44.0	41.8	26.4
Rift Valley	55.0	34.4	0.0
Western	53.5	41.4	21.4
North-Eastern	52.4	20.0	12.1
Nairobi	46.7	29.8	28.9
Urban	45.5	35.2	22.0
Rural	50.1	37.7	23.6

Source: Manda *et al.*, 2001

management; provision of instructional materials; curriculum rationalisation to make it relevant and affordable; measurement of learning achievements by students; equipping pedagogical resource centres; strengthening of teacher training centres; increasing literacy by strengthening adult education programmes, technical institutes and agricultural education centres; improvement in higher education by modernising the sector; and partnerships with private sector and emphasis on science and technology.

Although the economic recovery strategy emphasises education as one of the key instruments for poverty eradication, there is need for targeted programmes emphasising on pre- and post-primary education, particularly early childhood education; technical, industrial, vocational and entrepreneurship education and training; and university education. Specific policy actions should include, among others, raising the percentage of those enrolled in vocational training and technical education to try and meet the current and future needs of the labour market both quantitatively and qualitatively, and encouraging both male and female students from poor families and local areas to enrol in technical fields; development of university education to keep pace with advances in science and technology and encouraging women to enrol in specialisations appropriate for women; recruitment of appropriately trained teaching staff in youth polytechnics; preparation of admission policies in accordance with development and market needs and for

Table 8: Household poverty rates by literacy and sex in 1994

Region	Literate (Can Read and Write)		Illiterate (Cannot Read and Write)	
	Male	Female	Male	Female
Rural	33.3	30.7	52.2	46.2
Urban	26.8	23.9	49.0	54.8
National	31.4	28.8	51.7	50.8

Source: Manda, Mwabu and Kimenyi (2001)

different specialised fields; renewal and improvement of educational programmes and curricular ensuring university autonomy and facilitating them to charge fees based on unit programme costs in order to free more resources to basic education; and setting a percentage of scholarships and grants for students from poor backgrounds.

6.7 Health

Environmental degradation is a major health constraint and is mostly associated with poor households and communities. In rural areas and urban informal settlements, for instance, the poor are subjected to inadequate shelter, overcrowding, lack of safe drinking water and sanitation, indoor pollution, contaminated food and poor health facilities. All these pose a major challenge to the environment, human health and any efforts towards poverty reduction.

According to the World Health Organisation and the World Bank, environmental improvements at the household and community levels would make the greatest difference for improved global health.

Access to healthcare facilities is considered important in helping people acquire core capabilities that in turn permit them to escape poverty (Manda, Mwabu and Kimenyi, 2001). Poor health accelerates the probability of being poor and the situation gets worse as the poor are less likely to report their problems compared to the non-poor, and are less likely to seek for treatment. The situation is, however, worsened by the fact that most public health institutions that are accessible to the poor lack basic facilities including drugs, syringes and that patients have to pay for the same. Access to health facilities by the poor depends on availability, affordability and physical accessibility to drugs and consultations. The main deterring factors include cost sharing and long distance to health facilities.

6.8 Gender

Poverty among female-headed households is mainly due to inherently discriminatory cultures, policy imbalances that work against women, discrimination and vulnerability. Gender dimensions in poverty take varied perspectives. Although households headed by females are fewer and therefore account for relatively small proportion of the overall poverty, gender related poverty varies by marital status. Poverty rate is higher among households headed by widows and women from polygamous families. Manda, Mwabu and Kimenyi (2001) indicate that the national poverty rate for women heads from polygamous households is about 51 percent. Poverty rate among households headed by men was equally high as poverty rate among households headed by widowers (50 percent) and that poverty rises with the increase in the size of the households both in urban and rural areas.

To tackle poverty among women there is need to review the legal framework in certain legislations relating to employment succession to ensure gender balance in all spheres of the economy, enhancing credit access in the informal sector and enhancing adult education programmes (Kamau, undated; World Bank, 2000; Ayako, 1997).

6.9 Environment

Environmental issues are important correlates of poverty (Manda, Mwabu and Kimenyi, 2001). In 1997, rivers, lakes and ponds were reported as the major sources of drinking water in most districts inhabited by the poor. Access to safe water and safe sanitation varies by poverty status and locality. During dry seasons, for instance, 43 percent of households and 53 percent of non-poor households, respectively, were reported to have used water from protected sources. Two thirds of the rural poor had no access to safe drinking water.

Sanitation and water disposal services were in most cases scarce for the poor, both in rural and urban areas. During the same time households without access to sanitary facilities, both non-poor and poor were estimated to constitute 58.3 percent and 72.2 percent, respectively (Manda, Mwabu and Kimenyi, 2001).

The type of cooking fuel is another dimension of poverty among households and has direct implications on the environment. According to the 1994 Welfare Monitoring Survey, the rural poor (97.5%) depend more on collected firewood as a main source of cooking while the urban poor depended on both charcoal and paraffin. Approximately 85.4 percent of the non-poor in rural areas used firewood for cooking. On the other hand, the urban non-poor used electricity as the main source of cooking fuel, and therefore save more time for productive activities compared to their poor counterparts both in urban and rural areas. The poor also had fewer consumer durables such as radios, bicycles, cemented walls and iron sheet roofs.

7. Policy Options

A pro-poor growth strategy for Kenya involves reversing long term trends in economic performance, and improving the institutional framework that shapes economic activity. The current highly unfavourable macroeconomic environment with limited room for fiscal stimulus despite the economic recovery condition means that short term prospects for poverty reduction are likely to be limited. Short-term growth prospects for poverty reduction depend on external factors (world prices, climatic conditions) and macroeconomic policy. In relation to improving the environment for investment, there is need to improve the institutional environment, which has direct impact on the livelihoods of the poor. The pro-poor agenda in relation to public expenditures would pay particular attention to investment in infrastructure like rural roads, and rural electrification programmes that are likely to address constraints on the productivity of the poor, and to expenditures that are likely to boost the human capital of the poor, particularly basic health and education.

A pro-poor growth strategy should therefore concentrate on long-term strategies. These are factors that affect productivity and institutional effectiveness.

7.1 Invest in human development

This includes investment in nutrition, health (including reproductive health), education, and water and sanitation. Such an investment would foster a productive labour force that can participate effectively in the economy. Investments in these areas are important for a later take-off of private activities.

7.2 Raise productivity of small poor farmers

In order to get poor farmers out of subsistence farming and chronic hunger, there is need to raise their productivity. This productivity can be raised by enhancing productivity of land already owned, rented, or worked by the rural poor (Manda, Mwabu and Kimenyi, 2001), and introducing improved technologies, including better seeds, tillage and crop rotation systems, drought resistance crops and pest and soil management. It can also be raised by improving rural infrastructure such as irrigation systems, storage and transport facilities and roads 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.

7.3 Support infrastructure development for the poor

People living in poor rural areas can benefit from subsidized improvements such as rural electrification, feeder roads, irrigation development and long term investments. Many accidental injuries, fires and health problems are linked to poor quality overcrowded housing. The government can improve the condition of housing for the poor through direct investments in construction and allied infrastructure as well as through indirect investments like credit provision and improving tenure rights on land. This also involves use of special industrial development policies, including promoting science and technology. Micro-finance institutions can help provide special incentives at a smaller scale to promote employment and income generation in micro, small and medium size enterprises.

7.4 Promote economic growth

Rapid economic growth is regarded as a key solution not only to poverty reduction but also unemployment, poor health, and economic exploitation. The government should take steps to foster a pattern of growth such as agricultural growth by shifting resource towards production activities in that sector. Rural agricultural growth can help reduce both rural and urban poverty in Kenya and generate sizeable positive spill over effects on productivity in other sectors (Manda, Mwabu and Kimenyi, 2001).

7.5 Promote human rights and empower poor people

Political institutions must allow poor people to participate in decisions affecting their lives and protect them from arbitrary, unaccountable decisions by government and other forces.

National strategies for the Millennium Development Goals must include a commitment to women's rights to education, reproductive health services, property ownership, secure land tenure and labourforce participation. They must also address other forms of discrimination by race, ethnicity or region that can marginalize poor people.

7.6 Target geographical areas prone to child labour

Although the government is providing Free Primary Education (FPE) and bursaries for secondary school children, there is need for specific targeting of geographical areas that are prone to child labour in order to offset both direct and indirect opportunity costs of education. Other initiatives should include strengthening of school feeding programmes in regions where they exist and introduction and sustainability of the same in target regions where school non-attendance could be associated with poverty. Healthcare services should also be enhanced. All these

should be aimed at supporting children's rights to education and health through campaigns, media, and other artistic initiatives.

7.7 Promote adult literacy

Empirical evidence indicates that providing adults with basic literacy skills has an important impact on rates of school enrolment. This points to the importance of expanding adult literacy and education programmes as a strategy for increasing school participation and reducing child work rates. The children of literate parents are more likely to attend school at least in part because these parents are more aware of the returns to schooling, suggesting that more general awareness-raising campaigns aimed at reaching parents with information concerning the importance of schooling could have an impact on parents' decisions to send their children to school.

7.8 Promote environmental sustainability and improve urban management

The poor in rural and urban areas rely on the environment for their livelihoods and survival strategies. In order to protect the poor people there is need to protect the biodiversity and ecosystems that support life (clean water and air, soil nutrients, forests, fisheries, and other key ecosystems) and ensure that cities are well managed to provide livelihoods and safe environments. With improved access to and control over different types of assets, the poor are better able to meet basic needs and to create different livelihood options.

7.9 Strengthen institutional capacities

Institutional capacity at all levels is critical for poverty reduction programmes (Manda, Mwabu and Kimenyi, 2001 and Omiti and

Obunde, 2000). NGOs need to further coordinate, integrate and collaborate among each other in implementing poverty programmes in order to minimise duplication and resource wastage. Weak partners should be supported to improve their capacities in handling the challenges of poverty alleviation. Strong partnerships are critical among local community-based organisations (CBOs), communities, and project implementers. This in turn will promote conceptualisation, identification, design, implementation, monitoring and evaluation, financial management, networking, sustainability, micro enterprises, legal framework, decision making and credit schemes. There is need to encourage private sector participation by creating an enabling environment for entry and exit in poverty alleviation programmes. Also, tax incentives and creating an enabling legal policy framework for micro and small scale enterprises, simplifying licensing procedures, involving stakeholders in policy formulation and decision making process are policy options aimed at poverty reduction.

7.10 Geographical and sectoral targeting

Substantial regional disparities in the living standards are common in Kenya and affected areas can easily be identified. There is a tendency to over-concentrate poverty programmes in urban areas compared to rural setups. The benefits to the poor will be greater if administrative capabilities allow for finer geographical and social targeting (Manda, Mwabu and Kimenyi, 2001). Consequently, appropriate incentives such as free land and expansion of institutions in rural areas should be encouraged.

7.11 Monitoring and evaluation

It is important that the government evaluates poverty levels. Household surveys are necessary for identifying and measuring poverty. However,

they are only conducted occasionally and therefore cannot be used to construct annual or high frequency poverty indices or profiles that are key in evaluating the effectiveness of poverty reduction strategies and economic recovery strategies. Mwabu *et al.* (2002) has developed a workable method for predicting poverty rates for periods covered by the PRSP and the ERSWEC so that the efforts of poverty reduction policies can be monitored. Using this methodology would help policy makers in knowing the poverty status at any particular time.

8. Conclusion

In Kenya today, poverty afflicts more than 56.8 percent of the population (Mwabu *et al.*, 2002). Previous studies on poverty in Kenya show that the poor are clustered into a number of social categories including the landless, the handicapped, households headed by people without formal education, subsistence farmers, pastoralists in drought prone districts, unskilled and semiskilled casual labourers, HIV/AIDS orphans, street children and beggars. In the year 2000, about 50 percent of the poor were concentrated in 34 out of 52 districts in Kenya (Mwabu *et al.*, 2002).

Poverty studies in Kenya have come up with several conclusions and policy recommendations to be adopted. The current study gives a summary of both long term and short-term policy recommendations. This study points out clearly that sectors such as agriculture, education and health are the most important sectors to target for poverty reduction.

Poverty in the rural areas is attributed more to low access to physical assets, particularly land; low agricultural productivity; and lack of non-farm employment opportunities, than to lack of income. In view of agriculture's high labour intensity and relevance to local food availability, any anti-poverty strategy in the rural areas should aim at raising productivity in agriculture. It should be feasible to focus rural anti-poverty policy on improving agricultural output and productivity.

Secondly, the study finds that the educational attainment of the head of the household (in particular high school and university education) is the most important factor associated with poverty reduction. Lack of 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 study also finds that poverty afflicts female-headed households relative to 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 policies. Moreover, given the importance of female labour in rural Kenya and elsewhere in Africa, investing in female education (in particular basic education) should enhance productivity.

Third, poor health, particularly due to HIV/AIDS, has been cited as a major cause of poverty, affecting poor people's productivity. Poverty increases the vulnerability to HIV/AIDS especially for females, which through its impact on productivity and loss of life of the economically productive members of the society exacerbates the poverty situation.

Besides sectors that needs to be targeted, this study goes further to identify areas that require specific interventions, which include employment creation, HIV/AIDS, child labour, income inequality, illiteracy and gender issues.

Policy options in the paper include: investment in human resource development, raising productivity of small farmers, supporting development of infrastructure for the poor, promoting economic growth, enhancing human rights and empowering poor people, targeting public assistance to geographical areas prone to child labour, increasing adult literacy, encouraging environmentally sustainable development, fostering better urban management, strengthening institutional capacities, and designing monitoring and evaluation systems for assessing performance of antipoverty programmes.

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Annex

Table 1: Demographic indicators, 1963-2000

	1963	1979	1984	1989/90	1992	1993	1994	1996	2000
Population (millions)	8.9	15.3	18.4	21.4	-	24.5	26.0	-	30
Fertility rate	6.8	7.9	7.7	7.7	6.7	5.4	4.9	5.3	4.7
Crude death rate/1000	20.0	14.0	13.0	12.0	12.0	10.0	-	13	14
Crude birth rate/1000	50.0	52.0	50.0	49.0	50.0	46.0	-	45	44
Life expectancy at birth (yrs)	44.0	54.0	56.0	58.0	60.0	60.0	-	58	58(55)
Infant Mortality rate	120	104.0	87.0	74.0	68.0	62.0	59.0	60(74)	77(87)
Under-5 mortality rate/1000	156	-	92	94.0	108.0	99.0	-	110(112)	75(115)
Adult HIV prevalence%	-	-	-	3.1	4.7	5.3	6.7	8.5	13.4

Source: Government of Kenya (1998)

Table 2: Annual growth rates, inequality and poverty estimates 1990-2000 (%)

Year	GDP growth rates (%)	Employment growth rates (%)	Agricultural growth rates (%)	Gini coefficient (%)	Poverty incidence (%)
1990	4.3	5.5	3.4		
1991	2.1	6.8	-1.1	n.a	n.a
1992	0.5	7.7	-3.7	54	46
1993	0.2	8.9	-4.1	n.a	n.a
1994	3.0	11.9	2.8	45	47
1995	4.8	15.0	4.8	n.a	n.a
1996	4.6	12.6	4.4	n.a	n.a
1997	2.4	8.1	1.2	57	52
1998	1.8	8.2	1.5	61	n.a
1999	1.4	8.1	1.2	65	n.a
2000	-0.3	7.6	-2.1	70	56

Source: Economic Survey (various); Mwabu *et al.*, 2000