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Improving public policy making for economic growth and poverty reduction

Explaining Chronic Poverty in Kenya

Chronic poverty can be defined in terms of the duration households are trapped in poverty. The chronically poor are those who are always poor, or usually living below the poverty line. The chronic poor suffer persistent deprivation, which may be multidimensional in nature and severe in terms of depth. In most instances, they may not only lack income but also capabilities such as good health, educational achievement and access to basic social amenities. They have benefited least from any economic growth and development, and for them poverty is simply not about having a low income; it is about multidimensional capability deprivation manifested through hunger, under-nutrition, unsafe drinking water, illiteracy, having no access to health services, social isolation, exploitation, low levels of material assets and social and political marginalization over a long period of time.

Worldwide, up to 420 million people are trapped in chronic poverty. The highest incidence has been recorded in sub-Saharan Africa, where 30 to 40 per cent of poor people are trapped in poverty (approximately 90-120 million people). They and their children will make up a large part of the 900 million people who will still be surviving on less than one dollar per day in 2015 even if the Millennium Development Goals are achieved.

Globally, the poor live in all parts of the world. In Kenya, they are concentrated in remote rural areas and urban slums where non-income poverty is highest. They also live in marginalized areas with limited access to basic needs such as water, sanitation food and housing.

The chronic poor constituted about 75 per cent of all rural households in 1994 and 1997 while only 49 per cent of urban households were chronic poor during the same period. Similarly, about 19 per cent of rural households were poor at one time as compared to 34 per cent of urban households.

KIPPRRA studies using Kenya data have measured poverty at a point in time. Despite the importance

of such measurements, they fail to provide a good indication of welfare stability over time. For instance, the fact that about 11 million (48%) people were poor in 1998 as compared to 17 million (56%) in 2000 and 16 million (47%) in 2005/06 has not been adequately analyzed. There are high levels of movement in and out of poverty and within poverty itself. An understanding of the factors associated with well-being or ill-being reveals what individuals and which types of households gain or lose from particular processes and interventions aimed at economic growth. Furthermore, despite the declining trends in poverty incidence in Kenya (47% in 2005/06), a large proportion of the poor are subjected to various traps that hinder them from escaping poverty. Such understanding also sharpens the focus of the poverty profile and provides a more sound basis for formulating poverty eradication policies. This policy brief focuses on factors explaining dynamics of poverty in Kenya and makes recommendations towards addressing the challenges associated with chronic poverty.

This policy brief is based on various KIPPRRA studies under the Poverty Programme of the Social Sector Division.

Why understanding poverty dynamics is important

Research on welfare mobility has shown that the design of government policies and strategies on poverty reduction are dependent on the nature of poverty in a country hence their success or failure. For instance, factors affecting chronic poverty are likely to be different from those affecting transient poverty, and so are the appropriate respective policy responses.

Previous policy responses to poverty reduction in Kenya have tended to aggregate all poor people irrespective of the extent of poverty. Both the Poverty Reduction Strategy Paper (PRSP) and the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) are not specific on policy action targeting the chronic poor. While these policies have attempted to lift some people out of poverty, it is unlikely that the strategies would dramatically reduce the levels of chronic poverty within an acceptable timeframe of the Millennium Development Goals. It is therefore important that factors contributing to poverty transitions and vulnerability are understood for effective policy formulation.

Dynamics of chronic poverty in Kenya

Poverty incidence in Kenya has evolved over time. While some households move into poverty, others move out of poverty. Rural poverty, for instance, increased from 46 per cent to 60 per cent between 1990 and 2000, and urban poverty rose from 29 per cent to 51 per cent during the same period. In 2005/6, poverty incidence in Kenya was estimated at 47 per cent (49.1% rural and 34.4% urban).

Chronic poverty, however, manifests itself in various ways. Often, it affects those in a disadvantageous situation with respect to: human capital, demographic composition, location, physical assets and occupational category, among others. Persistent chronic Poverty can be categorized into two: a) The long term poor who are not economically active due to poor health, age, physical or mental disability; and b) Those who are economically active

but are unable to escape poverty due to lack of either formal education or management skills, which further affects their terms of employment. They lack productive assets, both physical and monetary, and often face discrimination due to social barriers.

Among the economically inactive, the existing economic processes deny them an opportunity to access economically productive assets such as land and liquid assets. Some face social barriers, and are often discriminated on the basis of gender

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(especially women), age, disability, ethnicity (mostly the indigenous groups) and, recently, health status mainly as a result of HIV/AIDS. These processes when combined make it more difficult for those trapped in poverty to escape.

The factors that are strongly associated with chronic poverty in Kenya are household size, education level, economic activity and region of residence.

Household size

The long term poor have the characteristic of increased household size and high dependency ratio, which puts extra burden on a household's asset/resource base. More broadly, the chronic poor reside in urban slums and rural areas. These households may be denied opportunities that could afford them the status of being economically active.

Educational attainment

Although basic education is an important component in alleviating poverty, an individual with primary education alone is not sufficiently empowered to

make the household to fully escape from poverty. Such individuals are more likely to fall into chronic poverty as compared to those who have attained secondary and tertiary level education. Formal education in secondary education and above is strongly associated with decreased probability of chronic poverty. Perhaps, this is because post-primary education and training play a critical role in imparting skills that are required in the labour market.

Sector of employment

Those engaged in agricultural activities are more likely to suffer from chronic poverty as compared to those in the manufacturing sector. This can be attributed to the fact that lack of competitive markets for agricultural produce tends to lower their price, hence the poor farmer ends up being exploited. Households engaged in agriculture also experience large rainfall volatility. On the other hand, majority of employees (casual) in the manufacturing sector receive low earnings that cannot sustain them above the poverty line. Wage employment is an important factor in escaping from chronic poverty. It is a common phenomenon in urban areas.

Asset ownership

Ownership of, or access to assets at individual, household and community level, and lack of key physical assets such as land and livestock are the major factors influencing poverty transitions. This finding is consistent with the Uganda case where ownership of, or access to assets at individual, household and community level, and lack of key physical assets are the major factors influencing poverty transitions and persistence. This means

that land ownership is not significantly associated with permanently escaping from poverty. This could be attributed to the fact that any land owned could be for agricultural activities, and since households engaged in agriculture have high probability of being always poor, then any marginal increase in land ownership may not significantly contribute to reducing the probability of being non-poor over time.

Region of residence

Regional disparities play a critical role in determining chronic poverty in Kenya. Being in the rural areas significantly increases the likelihood of being chronic poor. In other words, the households residing in urban areas are likely to be non-poor compared to the rural counterparts. There is a higher likelihood chronic poverty in Western Province compared to other provinces (excluding North Eastern Province).

In Kenya, rural areas are largely agricultural and this explains why they are chronic poor areas as well.

Policy Recommendations

Evidence from KIPPRA studies shows that if the chronic poor are left on their own, they will never escape from poverty. The fact that a country experiences economic growth does not mean that this growth automatically trickles down to all those

who are poor, despite reduction in headcount poverty incidence trends. Chronically poor people need much more than opportunities to improve their situation. They require well targeted support and protection that is backed up by political will.

Policy action must address issues of inequality, discrimination and exploitation that drive chronic poverty. The sustained reduction in absolute poverty will be achieved more effectively if the chronically

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poor are actively included in efforts to achieve Millennium Development Goals.

The following specific policy suggestions towards tackling chronic poverty could be considered:

Make secondary education compulsory and affordable

In addition to government commitment to provide universal primary education, it is important to adopt interventions for enhanced provision of post-primary education, especially secondary and tertiary education, which are fundamental for developing an employable and skilled labour force. To this end, the government initiative to abolish tuition in public schools is commendable and should contribute to increased access to secondary education.

The chronically poor should also be effectively targeted in order to benefit from various poverty mitigation measures in place, including bursary funds for post-primary education and cash transfers to vulnerable and marginalized households. A coherent skills training strategy should be developed to ensure that the training offered is relevant to the labour market.

Promote skill development for casual labourers in the manufacturing sector

Casual labourers depend on their own labour. It is therefore crucial that they acquire skills necessary to improve their productivity in order to access

labour opportunities at higher levels and therefore better pay.

Improve access to markets and value addition on agricultural produce

Despite the fact that Kenya largely depends on agriculture as the main economic activity, farmers in rural areas are chronically poor because agricultural commodities are easily perishable in nature.

Households that depend on agriculture as their main source of economic activity should be assisted to market their produce in good time by improving rural infrastructure and market integration, which permits a wider spatial distribution of agricultural and livestock commodities. The revival of the Kenya Meat Commission is a positive effort towards alleviating chronic poverty. Other options include introduction of irrigation schemes, and use of sustainable water harvesting methods especially during floods. It is also critical that interventions for value addition are put in place to enable higher income earnings for farmers.

Address regional disparities and inequalities

The current decentralized fund allocation to constituencies should be equitably distributed such that more resources are committed to areas/regions that have a higher likelihood of chronic poverty as compared to those that are less likely to be affected by chronic poverty.

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 of public policy makers in Kenya. KIPPRA acknowledges support from the Government of Kenya, the European Union (EU), the African Capacity Building Foundation (ACBF), and all other development partners who have supported the Institute's activities.

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