

# **Third Kenya Human Development Report**

Participatory Governance  
for Human Development



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## ABBREVIATIONS

<b>AIDS</b>	Acquired immunodeficiency syndrome	<b>KMC</b>	Kenya Meat Commission
<b>AMREF</b>	African Medical and Research Foundation	<b>KMRP</b>	Kenya Municipal Reform Programme
<b>ASALs</b>	Arid and semi-arid lands	<b>KNAC</b>	Kenya National Assurance Company
<b>BRP</b>	Budget Rationalisation Programme	<b>KPU</b>	Kenya People's Union
<b>CBD</b>	Central business district	<b>KRA</b>	Kenya Revenue Authority
<b>CBO</b>	Community-based organisation	<b>KUTIP</b>	Kenya Urban Transport Infrastructure Project
<b>CBS</b>	Central Bureau of Statistics	<b>LA</b>	Local Authority
<b>CCCC</b>	Citizens Coalition for Constitutional Change	<b>LADP</b>	Local Authority Development Programme
<b>CKRC</b>	Constitution of Kenya Review Commission	<b>LASDAP</b>	Local Authority Service Delivery Action Plan
<b>CPI</b>	Corruption perception index	<b>LDP</b>	Liberal Democratic Party
<b>CSO</b>	Civil society organisation	<b>LGRP</b>	Local Government Reform Programme
<b>CSR</b>	Corporate social responsibility	<b>MP</b>	Member of Parliament
<b>DC</b>	District Commissioner	<b>MTEF</b>	Medium-term Expenditure Framework
<b>DDC</b>	District Development Committee	<b>NACC</b>	National AIDS Control Council
<b>DFI</b>	Development Finance Institution	<b>NAK</b>	National Alliance (Party) of Kenya
<b>DFRD</b>	District Focus for Rural Development	<b>NARC</b>	National Rainbow Coalition
<b>DO</b>	District Officer	<b>NASCOP</b>	National AIDS and STDs Programme
<b>DP</b>	Democratic Party of Kenya	<b>NCBDA</b>	Nairobi Central Business District Association
<b>ECK</b>	Electoral Commission of Kenya	<b>NCC</b>	Nairobi City Council
<b>EPP</b>	Engendering the Political Process	<b>NCC</b>	National Constitutional Conference
<b>FDI</b>	Foreign direct investment	<b>NCEC</b>	National Convention Executive Council
<b>FKE</b>	Federation of Kenya Employers	<b>NDP</b>	National Development Party
<b>FORD</b>	Forum for Restoration of Democracy	<b>NGO</b>	Non-governmental organisation
<b>GDI</b>	Gender-related development index	<b>NHDR</b>	National human development report
<b>GDP</b>	Gross domestic product	<b>NPEP</b>	National Poverty Eradication Plan
<b>GEM</b>	Gender empowerment measure	<b>NSSF</b>	National Social Security Fund
<b>GFCF</b>	Gross fixed capital formation	<b>NTAT</b>	National Technical Advisory Team
<b>GHDR</b>	Global human development report	<b>ODA</b>	Official development assistance
<b>HDI</b>	Human development index	<b>PIN</b>	Personal identification number
<b>HIV</b>	Human immunodeficiency virus	<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>HPI</b>	Human poverty index	<b>PSC</b>	Parliamentary Select Committee
<b>IDS</b>	Institute for Development Studies	<b>RPP</b>	Release the Political Prisoners
<b>IEA</b>	Institute of Economic Affairs	<b>SAP</b>	Structural Adjustment Programme
<b>IMF</b>	International Monetary Fund	<b>SDD</b>	Social Dimensions for Development
<b>IPAR</b>	Institute for Policy Analysis and Research	<b>SDP</b>	Social Democratic Party
<b>IPPG</b>	Inter-Parties Parliamentary Group	<b>TC</b>	Technical cooperation
<b>ISI</b>	Import substitution industrialisation	<b>UASU</b>	University Academic Staff Union
<b>KADU</b>	Kenya African Democratic Union	<b>UNDP</b>	United Nations Development Programme
<b>KAM</b>	Kenya Association of Manufacturers	<b>UNV</b>	United Nations Volunteer
<b>KANU</b>	Kenya African National Union	<b>UWASAM</b>	Urban Water and Sanitation Management Project
<b>KFA</b>	Kenya Farmers Association	<b>VAT</b>	Value-added tax
<b>KHDR</b>	Kenya Human Development Report	<b>WMS</b>	Welfare Monitoring Survey
<b>KHRC</b>	Kenya Human Rights Commission		
<b>KIPPRA</b>	Kenya Institute of Public Policy Research and Analysis		
<b>KLGRP</b>	Kenya Local Government Reform Programme		



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## FOREWORD

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This is the third human development report for Kenya. The report, published with the assistance of the United Nations Development Programme (UNDP), addresses the theme "Participatory Governance for Human Development". This theme emanates from the Government's recent efforts to address the economic management of the country's resources. The report argues that absence of good governance is one of the main causes of lack of human development in Kenya. Corruption, inefficient management of public resources and reluctance or total failure to involve the poor in the development process are some of the manifestations of this problem, contributing also to social, economic and political underdevelopment in the country.

Human development is the widening of people's choices and involves the expansion of human capabilities and access to economic, social and political opportunities. Like other global human development reports (GHDRs) and national human development reports (NHDRs), this document is an important tool for promoting the cause of human development and a people-centred approach to national policy making in Kenya. The Kenya Human Development Report 1999 and Kenya Human Development Report 2001 were both well received and have provided useful information for planners, academicians and development practitioners.

This third Human Development Report for Kenya has been prepared through a consultative process involving the collaboration of the United Nations Development Programme (UNDP) Resident Representative in Kenya, the Permanent Secretary in the Ministry of Planning and National

Development of the Government of Kenya, and the Institute for Development Studies (IDS), University of Nairobi. The collaborative exercise in the report preparation involved the technical team from IDS and the National Technical Advisory Team (NTAT) from the Ministry of Planning and National Development. The IDS technical team worked closely with the NTAT in accessing the necessary data and information, and discussing various drafts of the report. A national dissemination workshop was held to discuss the draft report. The workshop brought together various stakeholders and development partners who provided input and critical discussion to ensure national ownership of the report and enhance its usefulness as a tool for national policy discussion and dialogue.

The preparation of the NHDRs for Kenya has been institutionalised, since 2001, at the Institute for Development Studies, University of Nairobi. IDS was identified as the national centre of excellence for the preparation of these reports as it is important to have continuity to make such an exercise sustainable.

It is my hope that Kenya's third national human development report will be useful in sensitising people both at home and abroad and that it will enrich discourse on the best strategies for people's involvement in the development process. The report reflects the country's experience and emphasises that participatory governance is crucial for growth, poverty eradication and sustainable human development.

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# EXECUTIVE SUMMARY

## 1. Participatory Governance

This report, the third Kenya Human Development Report, focuses on participatory governance. Lack of effective, participatory and good governance is among the main causes of underdevelopment in Kenya. Corruption, inefficient management of public resources and reluctance or failure to involve the poor in the development process are some of the manifestations of this problem. Apathy and disregard for projects meant for the poor have also contributed to the lack of social, economic and political development in the country. It is against this background that the report explores the theme of participatory governance for human development in Kenya.

Human development broadens people's choices, raises their standard of living and improves their quality of life. It expands human capabilities and access to opportunities in the social, economic and political arenas, especially for the poor. The most basic of these are good health, knowledge, information about the environment and access to necessary resources.

A country's human development status is its ability to take care of citizens and provide an environment which enables them to access opportunities and resources to allow them to live decent lives. Economically, human development allows the poor to gain access to productive resources. It also expands human capabilities through education, nutrition, health care, water and sanitation. Politically, it gives communities louder voices and broader participation for combined efforts to reduce poverty. It gives people the freedom to join associations, express opinions and contribute to decision making and policy making.

Socially, human development builds on indigenous, informal networks that support vulnerable groups. It creates an environment in which people can develop their full potential and lead productive and creative lives in accordance with their needs and interests.

Human development is therefore an all-encompassing process involving all people. It requires good governance which ensures economic management and growth for the majority of the population.

Governance is the political, economic and administrative management of public resources. It includes the mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations. Governance is a concept that explains how political authority affects the management of economic and social resources. It requires all development actors and emphasises shared responsibility.

In recent years, policy innovations recognise that good governance inextricably links growth and development. Good governance potentially contributes to economic growth and poverty reduction by promoting efficient service delivery and investment opportunities. It provides an enabling environment that allows all stakeholders to participate. Although growth generates income, the poor are less likely to benefit from it if they are not empowered to actively engage in economic, social and political processes.

The major attributes of good governance are participatory and interactive, and it requires state actors as well as those from the private sector and civil society. Participation guarantees the incorporation of the perceptions, attitudes and values of all stakeholders. It requires transparency and openness in both public and private settings. It has implications for long-term development because it involves a variety of institutions and decision making in national, provincial, local and workplace arenas. Effective participation entails open dialogue and active civic engagement that goes beyond periodic voting. It requires that individuals have a routine voice in diverse decisions that affect them.

A discrepancy between the actions and interests of government and those of the citizens can hinder development. It is difficult for citizens to influence development when governments engage in secrecy or restrict freedoms of association, information and initiative. Moreover, the concentration of economic power and wealth often abuses political influence and limits effective participation.

In past decades, bad governance has pervaded all aspects of Kenya's political and economic life. Bad



governance has caused economic stagnation, persistent poverty and social inequalities. These problems have been manifested in corruption, the inefficient use of public resources, insufficient attention to development projects for the poor and vulnerable, and lack of access to services for the majority of citizens. The overall result has been the lack of human development in the country.

## 2. Human Development in Kenya

Human development is measured by the human development index (HDI), a composite of the three indices of life expectancy, education attainment and standard of living as measured by income. The HDI facilitates the evaluation of progress in human capabilities over time and across countries and regions. Using recent information from the Central Bureau of Statistics, this report estimates Kenya's HDI at 0.550. This places the country in the medium human development category and is an increase from the HDI of 0.539 in the year 2001. The marginal increase may be due to a slight improvement in life expectancy.

Disaggregated at the provincial and district levels, the HDI values for Kenya highlight significant differences in human capabilities and welfare. The HDI for Nairobi is 0.758, the highest of the eight administrative regions. However, the fairly high HDI for Nairobi conceals the many hardships in the city. For example, over 60% of the city's residents live in slums, in conditions of abject poverty. It is also notable that Nairobi's HDI declined from 0.783 as recorded in the Kenya Human Development Report 2001. This change is attributed to declining life expectancy which fell from 66 in the 2001 report to 57 in this report.

Central Province had the second highest HDI of 0.607. This was followed by Rift Valley Province (0.534), Eastern Province (0.522) and Coast Province (0.487). Although there are many factors that could explain the better performance of Central and Rift Valley provinces in terms of human development, an underlying reason may be policy bias from colonial and successive regimes. Policies and allocation of resources have tended to favour the so-called high potential areas in the country.

With an HDI value of 0.421, North Eastern Province has the least human development in the country. This province has the least opportunities for income generation. For instance, the vast livestock resources have not been exploited to

improve livelihoods or standards of living. As a consequence, a majority of the population have no access to basic social services such as education, health and infrastructure. Clearly, the arid and semi-arid lands (ASALs) have received little government attention.

Policy makers and planners sometimes mistake gender issues for women's issues. Gender refers to the socio-cultural construction of the differences between men and women. Proper human development is about the well-being of all people, without any discrimination. The gender-related development index (GDI) captures the differences between the achievements of women and men. The GDI measures achievements in basic human development adjusted for gender inequality. The gender empowerment measure (GEM), on the other hand, examines to what extent men and women actively participate in economics, politics and decision making.

This report estimates a GDI value of 0.521 for Kenya. The highest GDI of 0.626 is in Nairobi, followed closely by Central Province with a GDI of 0.596 and Rift Valley with 0.526. The lowest GDI value of 0.430 is in Nyanza Province. There is a close association of HDI and GDI values for most of the regions in the country. Generally, a high ratio of GDI to HDI indicates deprivation of women in relation to men.

Kenya's GEM is estimated at 0.421, slightly higher than the 0.413 value in the Kenya Human Development Report 2001. This indicates a slight improvement in the participation of women in decision making. In the last few years, there have been deliberate efforts by civil society organisations, donors and other actors to increase women's participation in politics. Since 2001, more women have been integrated into key national decision-making posts as ministers, parastatal managers and members of parliament.

The concept of human poverty includes lack of capabilities, freedom and personal security. Rather than measure poverty by income, the human poverty index (HPI) uses basic indicators of deprivation: illiteracy, malnutrition, early death, inadequate health care and limited access to safe water. This report estimates Kenya's HPI at 34.1%. This can be compared to the Kenya income poverty index of 56%.

The region with the least human poverty is Central Province with an HPI of 31.6%. Rift Valley Province





follows with 36.7% and Coast Province with 37.3%. North Eastern Province has the highest HPI of 42%. Compared to the report for 2001, human poverty has fallen, though marginally, in all regions except Eastern Province.

### 3. Democratic Pluralism and Participatory Governance

Political freedom, participation and human development create mutual reinforcement. They constitute important pillars for good governance. Democratic pluralism creates opportunities through which citizens can participate in decision making; it facilitates the establishment of institutions and mechanisms for accountability and establishes the rule of law tool for regulating society. Functional democratic pluralism requires institutions and rules that promote decision making, tolerance, consensus building, basic human rights and people's well-being.

The legacy of a one-party state constitutes the main backdrop to democratic pluralism in Kenya. Under the one-party state, economics and politics were increasingly intertwined. The state became the dominant actor in development and acted as gatekeeper by centralising provision of basic services, setting up state corporations and strengthening provincial administration in the Office of the President. This constrained the growth of social and political pluralisation, opposition political parties and institutions of governance. The executive subjugated both the judiciary and the parliament and hindered any separation of powers. Consequently, centralised power blocked most avenues of popular participation.

Erosion of powers of public institutions, mismanagement of economic institutions and general corruption, among other factors, contributed to low economic growth during the 1980s. Poor economic growth in turn reduced the capacity of the state to deliver basic services which had been centralised from the 1960s. Limited access to basic services and absence of basic freedoms impacted negatively on human development.

The one-party system of government and the centrality of provincial administration greatly circumvented popular participation in development and public life. Re-introduction of multi-party politics opened up space for others in the political and economic arenas. People had

several choices with regard to political associations and could enjoy freedom of assembly and speech.

The transition to multi-party democracy did not bring about the desired changes in the economic and political spheres. Rather, it failed to undermine political patronage as a governance tool and actually weakened opposition parties. Nor did it reduce corruption in the public sector. Instead, corruption deepened in tandem with poor governance.

Two factors were responsible for this trend. Firstly, the institutional framework governing multi-party democracy did not significantly change with political liberalisation. There were no sufficient constitutional reforms put in place as appropriate frameworks for multi-partyism. Secondly, institutions that impeded good governance remained unreformed. The judiciary, police and provincial administration remained intact in spite of their centrality in shaping the form of governance that obtained under the one-party system.

### 4. Governance, Resource Mobilisation and Management

Human, material and financial resources are essential for human development. Resource mobilisation, allocation and management as well as related activities are important indicators of participation in the process of development. In most cases, governments are charged with the task of mobilising, allocating, and managing society's resources for public purposes.

For a long time, Kenya's policy formulation was limited to government departments, disregarding the private sector and civil society organisations. The creation of public enterprises was one way in which the government participated in the economy. However, due to poor management, these enterprises soon became loss-making entities and hence a drain on public resources. The government objective to increase the participation of the African population in commercial activities was another reason for its increased involvement in the economy. However, this did not create dynamic opportunities for larger population. Instead it led to top-down development with limited grassroots involvement. Efforts such as the District Focus for Rural Development (DFRD) did not achieve much success due to lack of political support and legal framework for implementation.



There are a number of players involved in mobilisation of resources at different levels. With the advent of economic and political reforms, the roles of actors other than the government have increased. However, mobilisation, allocation and management of resources by international partners have not been participatory. Certain conditions have substantially limited the participation of indigenous populations in the development process; these include the use of external human resources in donor-funded projects, linkage of aid to imports from donor countries and regard for various donor preferences. These further limit domestic wealth creation, opportunities and benefits.

Despite the importance of technical cooperation in Kenya's development programmes, the government has not developed any clear guidelines on the utilisation of external resources made available through it. There has been limited coordination of donor-funded activities. The main problem has been the lack of implementation of strategies to enhance participation in various activities by existing and potential stakeholders such as the public and private sectors, civil society and donor community.

Non-governmental organisations (NGOs), community-based organisations (CBOs), trade unions, human rights organisations, religious organisations and consumer groups have important roles in the mobilisation of resources. In the recent past, these organisations have been instrumental, especially at grassroots level. They empower grassroots organisations to articulate issues, strengthen their organisational capacity and influence their direction.

The main challenge is how to put in place a governance structure that facilitates efficient resource mobilisation and allocation for human development. Although the state has a critical role to play, it is becoming increasingly clear that other stakeholders have roles to play. Economic and political reforms have highlighted the need for other players to mobilize resources for human development, with the government playing a facilitative role.

governance, the basic needs of all citizens can be met. If the structures and systems are participatory and all-encompassing, service provision becomes a sure and effective way of enhancing sustainable human development.

Four decades after independence, Kenya is yet to fulfill the service needs of most of its citizenry. Access to health, education, clean drinking water, electricity and housing are constrained by the low level of services available.

Because it could not cope with service demands, the government introduced the cost-sharing strategy in a number of sectors. This negatively affected low-income households and their access to education, health care, nutrition, clean and safe drinking water, and adequate shelter and sanitation. The implementation of Structural Adjustment Programmes (SAPs) in the 1980s grossly affected service provision, resulting in even fewer people enjoying basic services. State withdrawal encouraged the entry of other service providers, but there was no critical analysis of their capacity. Because the non-state providers focussed on sectors and sub-sectors of their choice, there have been widening disparities in service access and affordability.

The government has not put in place a framework for other service providers, but it recognises them and advocates for a partnership approach. As a result, they operate without any guidelines, each having its own package and strategy for implementation. Coordination of service provision is a challenge requiring planning, leadership, the concerted efforts of all actors and an institutional framework. Coordination for accelerated human development must run across all levels, from grassroots to national offices. Partnerships can provide fruitful service delivery and give different actors stronger voices. This approach has been lacking in service provision in Kenya mainly because institutions fear each other; it has been very difficult for the state to work effectively with the private sector.

## 5. Service Provision for Human Development

Efficient service provision requires resources complemented by appropriate structures and systems. Within the framework of good



Developing partnerships with low-income groups, local authorities (LAs), CBOs, NGOs and the private sector potentially increases the resources available for providing and improving services. The negative impacts of economic policies such as SAPs can be easily tackled using the partnership approach. This approach, however, should not be seen as a panacea to all the problems of service provision for human development. It needs to be combined with other innovative solutions discussed elsewhere in this report.

## 6. Linking Participatory Governance to Human Development

Lack of good governance in Kenya is one of the main causes of the slow pace of human development as evidenced by the fall in HDI in the 1980s and stagnation in the 1990s. This problem is manifested in corruption, inefficient management of public resources and failure to involve the majority especially the poor in the development process.

The crisis of human development has occurred because governance structures have failed to be participatory, transparent and accountable in the management of Kenya's resources. Institutions have not improved human welfare or responded to service demands. With participatory governance, it is imperative that people and social groups, the beneficiaries of development efforts, take centre stage in formulating, implementing, monitoring and evaluating plans.

Human development requires participatory governance that creates and strengthens

institutions for effective participation in the development process. It requires good governance to ensure efficient economic management and distribution of resources to the majority of the population, decentralisation of power and service delivery, wider participation in decision making and implementation of policies, as well as transparency and accountability in the mobilisation, allocation and management of resources. Human development in Kenya, therefore, needs to be seen as an all-encompassing process, involving the participation of all people.

Sustainable human development follows participatory governance. The sharing of responsibility for governance can be an effective evaluation mechanism in both discourse and practice. Eventually, shared responsibility provides more sensitisation and commitment to proper administration of public services and resources and enhances human development. As the key regulatory institution, the state should emphasise that all actors have roles in participatory governance. Both local and regional institutions should be empowered through training, information and continuous engagement. Such processes facilitate the identification of barriers to participation as well as the necessary approaches for enhancing it. When all actors have been engaged in governance, participatory democracy for human development can be a reality.



# CHAPTER 1

## Participatory Governance

This is the third **Kenya Human Development Report**. The first report, for 1999, focused on gender, while the second, for 2001, had the theme, "Addressing Social and Economic Disparities". The human development reports are supported by the United Nations Development Programme (UNDP); they aim at reviewing progress in selected areas of human development and raising debate on specific development themes. Both the global human development reports (GHDRs) and the national human development reports (NHDRs) identify gaps and raise questions for further discourse.

This report has the theme "Participatory Governance for Human Development". Lack of good governance is one of the main causes of underdevelopment in Kenya. The inefficient management of public resources, corruption and reluctance or total failure to involve the poor in the development process are some of the manifestations of this problem. This has led to apathy, lack of participation by the poor and lack of priority for projects meant for the poor. All these have contributed to lack of social, economic and political development in the country. It is against this background that the report raises the debate and explores the theme of participatory governance for human development in Kenya. Drawn from the growing studies on governance, participation and human development, the concepts and related analysis in this introductory chapter inform subsequent analyses in the report. The introduction outlines and discusses some of the key concepts relating participatory governance to human development.

### 1.1 Overview of Relevant Concepts

Based on the experience in southeast Asian countries since the 1960s, the argument has been that rapid economic growth required de-emphasising participation. In the same vein, the process of strengthening the bureaucratic capacity of the state entailed sacrificing democratisation on the altar of economic development.<sup>1</sup> However, there have been recent shifts from these trade-offs as both macro and micro level data show that participation is compatible with long-term development.<sup>2</sup> An understanding of the centrality of open, transparent and participatory processes in

sustainable development is therefore important in designing policies that are likely to lead to long-term economic growth and human development. The following sub-sections provide insights on a number of concepts relating to participatory governance used in this report. They include human development, governance, good governance, political governance, economic governance, administrative governance, participatory governance, governance and human development, and pluralism and governance.

### Human Development

Human development is the widening of people's choices and the raising of their quality of life. It involves the expansion of human capabilities and access to opportunities in the social, economic and political arenas, especially for the poor. The most basic of these capabilities are healthy lives, knowledge and information about the environment, and access to resources needed for a decent standard of living. Sen<sup>3</sup> has popularised the notion of human development to capture four related goals: political and civil rights, economic and social opportunities, transparency guarantees and protective security.

A country's human development status is its ability to take care of its citizens and provide an environment which enables citizens to access opportunities and resources to enhance their opportunities for living decent lives. Economically, human development involves helping the poor to gain access to productive resources by addressing inequalities in the distribution of productive assets. It also requires expanding human capabilities through education, nutrition, health care, water and sanitation as important indicators of human development.

Politically, it entails giving communities enhanced voice and broader participation in community organisations in efforts to reduce poverty. Human development aims at promoting human rights (civil, cultural, economic, social and political), the foundation for meeting all other needs of life. In a practical sense, these include political

1. Leftwich 1995

2. Stiglitz 1999

3. Sen 1999



freedom, participation in the life of one's community and physical security.<sup>4</sup> Political freedom empowers people to claim their economic and social rights, while education increases their ability to demand economic and social policies that respond to their priorities.

Being free to join associations, express opinions and contribute to decisions and policy making translates into the comprehensive realisation of development. Socially, human development requires building on the indigenous and informal community networks that have supported vulnerable groups.<sup>5</sup> It further entails creating an environment in which people can develop their full potential and lead productive and creative lives in accordance with their needs and interests. Social and economic goals cannot be realised unless people have the political freedom and ability to participate in development.

Therefore, human development is an all-encompassing process involving all people. It requires the existence of good governance which ensures sound economic management and distribution of growth to the majority of the population.

The concept of human development evolved from the realisation that people should be at the centre of development, with effective participation of all stakeholders as the anchor. It differs from traditional approaches to development such as neo-classical economics and redistribution with growth which focused solely on growth and the distribution without specific attention to participation. It also differs from the basic needs approach which viewed people as beneficiaries rather than agents of development. The human development approach sees people as an essential facet of development, the targets of human welfare and security.

Human development is measured by the human development index (HDI), a composite index consisting of three indices of life expectancy, education attainment and standard of living as measured by income. In developing concepts and methodologies that estimate the HDI, the UNDP has underscored the importance of life expectancy, education attainment, and access to productive resources. Good governance facilitates poverty eradication by providing an enabling environment and a participatory society.<sup>6</sup>

## Governance

Governance refers to the political, economic and administrative management of public affairs. It encompasses the mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations.<sup>7</sup>

The concepts of governance and government do not have the same meaning. Government often denotes the formal legal institutions of the state, capturing the site and dominance of formal political authority and leadership structures. By contrast, governance is a much broader and more useful concept that includes the exercise of political authority and control over society and how that affects the management of a country's economic and social resources for development.<sup>8</sup> Governance brings on board all development actors and lays emphasis on shared responsibility in ensuring human development. From this perspective, governance entails the institutional capacity of public organisations (not limited to government) to furnish public and other goods to the citizens in an effective, transparent, impartial and accountable manner. Thus, issues of economic and political governance are inseparable, and together they underpin sustainable development.<sup>9</sup> Humane governance provides an enabling environment for development and eradication of deprivation. The qualities of such governance include protection of property rights, equitable development and accountability.<sup>10</sup> These are key components of what has been referred to as good governance.

## Good Governance

There is no comprehensive definition of good governance, although analysts view it as either political or administrative. Although the concept owes its origin to Western neo-liberal thinking led by the World Bank, the basic tenets of the concept draw from classical Weberian principles of administration. The concept includes emphases on political pluralism, accountability and rule of law. It also considers fair and efficient systems of justice; broad-based participation in political,

4. UNDP 2002 p.53

5. UNDP 1998 p.6

6. UNDP 1997 p.105

7. UNDP 1997

8. Landell-Mills and Serageldin 1993

9. World Bank 2000

10. UNDP 2000 p.54



social and economic processes; capacity to manage development; and accountability and transparency in the management of public affairs.<sup>11</sup> Overall, good governance may refer to efficient management of public affairs through public servants, including civil servants who respect rule of law and enable other actors to participate in development. Home-grown good governance should have a foundation in a socio-cultural structure embedded in the social relations of production. Each country, region or community has its own unique socio-cultural values (beliefs, rules and sentiments) and structures which influence and determine development.<sup>12</sup> Most African governments have not tapped their abundant social capital. There is need to build on the indigenous and informal community networks that have supported vulnerable groups. Good governance should nurture indigenous values and provide an enabling environment, peace, security, transparency and participation. Tapping this resource can lead to a society where power is shared by all groups of people, irrespective of gender, in all spheres of life.<sup>13</sup>

In recent years, policy innovations recognise that good governance inextricably links growth and development in its broad sense. Good governance has the potential of contributing to economic growth and poverty reduction by promoting efficient service delivery and investment opportunities. This is achieved by the provision of an enabling environment that ensures effective participation of all stakeholders. Although growth generates income, the poor are less likely to benefit from it if they are not empowered and actively engaged in economic, social and political development. According to UNDP,<sup>14</sup> governance provides an enabling environment through ownership, equity and accountability. Good governance, therefore, has implications for the relationship between growth and poverty reduction and ensures efficient integrated political, economic and administrative governance.

## 1.2 Forms of Governance

Governance is a multi-faceted concept that can be understood from different dimensions of life and development. This section reflects on the political, economic and administrative dimensions of governance and their inter-relationships. The three aspects of governance are related and complement each other; hence, they should not be viewed in isolation.

### Political Governance

Political governance is the management of political

institutions and relations with citizens. In its limited but explicit political sense, good governance implies a state enjoying both legitimacy and authority, derived from a democratic mandate built on the traditional liberal notion of a clear separation of legislative, executive and judicial powers. Whether presidential or parliamentary, federal or unitary, governance would normally involve a pluralist polity with some kind of freely elected representative legislature subject to regular elections with the capacity to influence and check the executive power and protect human rights.<sup>15</sup>

Political governance includes decision making and policy implementation by a legitimate and authoritative state, which allows the citizens to freely elect their representatives. Effective political governance requires:

- An enabling constitution with due regard to rule of law and justice
- Security of citizens
- Functional political parties able to represent people
- Freedom to choose political parties and candidates
- Freedom of association, speech and movement
- An independent and effective electoral system
- An independent and free media
- Accountability and transparency
- Vibrant civil society
- Respect for human rights and human dignity.

While the government has a critical role in ensuring good governance, this responsibility also falls to individuals and institutions in society through intermediaries such as associations and groupings. The challenge for good governance is the strengthening of discourse between the state, civil society and the poor. Local indigenous institutions such as farmers' associations, credit societies, community based organisations such as women's groups represent the interests of their members in local decision making. However, such groups have been undermined with the growth of market-based economic development. These groups need to develop new working modalities and partnerships to respond to the erosion of indigenous social bonds and thus create new identities.

11. UNDP 1997 p.105

12. Mitullah 2002

13. UN/DESA/DAW 2000 p.11

14. UNDP 2000 p.54

15. Leftwich 1993

Good governance should therefore build consensus between the leaders and the led. This means that the decision-making processes and institutions should be responsive to the needs of stakeholders and strengthen their capacities to effectively play their development role. Response to local needs requires devolution of power to the local levels through decentralisation. Decentralisation involves relocating political, administrative and financial responsibilities from central and regional levels to various tiers of local government. However, for decentralisation to translate into benefits for the poor, increased local governance should be accompanied by assurances of security and greater accountability to local people.

Effective political governance can only prevail under a secure environment where property rights are protected and citizens work and relate freely. Security is not only limited to political aspects of life but also economic, social and environmental aspects of life. Safety from constant threats of hunger, disease, crime and repression are areas of development concern. Emphasis has tended to be on political security due to its effect on other aspects of human development. The level of peace and tranquillity in any nation affects general livelihoods and how citizens conduct their lives.<sup>16</sup> Improving human development therefore requires creating and supporting local institutions that empower the poor, rather than reproducing local power structures.

### Economic Governance

Economic governance pertains to decisions about the production and distribution of goods and services. For this reason, it has consequences for societal issues such as growth, equity, poverty and the quality of life. At independence, the government declared its core areas of focus in national development as the elimination of ignorance, poverty and disease. These goals were to be achieved through education, economic advancement and provision of health services, safe sanitation and clean water. At a practical level, the goals were to be realised through public investment in the production of goods and services as well as the private sector. The direct involvement of the government in the economy was enhanced by the institutionalisation of the one-party state in 1969. The state was therefore the main actor in economic governance between 1969 and 1992.

At independence, Kenya's economic strategy was based on a mixed economy. This entailed a state-led development strategy with emphasis on public

sector ownership of the means of production and distribution coexisting with a private sector. Despite the existence of a private sector, issues of economic governance remained the domain of the overwhelmingly strong public sector supported by international development partners. These partners provide different forms of development assistance, including technical cooperation. However, there was no established effective mechanism to facilitate networking and exchange of information among government ministries, departments and other stakeholders. At the same time, state corporations were mismanaged, with many of them being conduits for siphoning public funds and rewarding political supporters.

Kenya extensively relies on development assistance initiated by different development partners who come with different objectives, priorities and practices, making coordination difficult. Such support often suffers from inarticulation, irrelevance and inadequate commitment and participation by relevant stakeholders. Lack of coordination and ineffective mechanisms for managing the economy have resulted in fragmentation of the economy into four distinct segments: a parastatal sector, a formal large-scale private sector, a non-indigenous enterprise sector and a small-scale mostly African informal sector.<sup>17</sup> The informal economy has been growing faster than the formal economy but has received inadequate support from the government. This has limited its ability to effectively contribute to economic growth.

The fact that the state has been a dominant actor in economic governance provided both opportunities and constraints for created opportunities for rapid growth and substantial improvements in the social indicators during the first decade of independence, pervasive state control of the economy brought many opportunities for rent-seeking by government officials. This grossly constrained the informal sector that increasingly viewed the state as an obstacle rather than a partner in development. The lack of transparency and accountability in economic management compromised the efficiency of the state, leading to the deterioration in the quality of life for the majority of Kenyans.

Efforts to remedy the situation have been instituted at different times. Implementation of economic reforms, started in 1988, was one of the means to reduce rent-seeking in the public sector.

16. Mitullah and Mboya 2002

17. Pedersen and McCormick 1999

These reforms continued to the early 1990s. Since 1997, however, there has been pressure, especially from the international development partners, to address the problem of corruption in the government. Efforts to address this problem have included the establishment of an anti-corruption police unit and the introduction of an economic crimes bill.

### Administrative Governance

Administrative governance is the management of rules and institutions that concern regulation of society with a view to promoting effective delivery of services. From the narrow administrative point of view, good governance means an efficient, open, accountable and audited public service which has the bureaucratic competence to help design and implement appropriate policies and manage the public sector. It also entails an independent judicial system to uphold the law and resolve disputes arising in a largely free market economy.<sup>18</sup>

Effective administrative governance requires a well-established, efficient, independent, accountable and impartial administrative system. The sub-units within the system must have a clear mandate and the power to adequately perform their functions. This can be achieved through decentralisation, including devolution of power. Effective administrative governance is relevant for all institutions, both public and private, including civil society organisations. However, the emphasis here is on administrative governance within the framework of the public sector. This is due to the contention that the state has a central enabling role of ensuring human development. In addition, efficient public administration influences other forms of administrative governance.

Since the 1980s, the Kenya government has attempted to decentralise administrative structures. This culminated in the implementation of District Focus for Rural Development (DFRD) in 1983. Decentralisation is a complex process entailing broad consensus on what different levels of government can do. It can create institutional capacities and implementation mechanisms for local authorities, allowing them to raise revenue, deliver services, tax and make decisions while at the same time being accountable to citizens and governments. Since successful decentralisation takes time, a gradual approach supported by capacity building helps to create a basis for additional reforms.<sup>19</sup> The strategies for making decentralisation successful include careful monitoring of the reform process through surveys

of users and beneficiaries which should include local communities, providing incentives to encourage decentralisation of staff from the central government, and providing opportunities for training and capacity building.

Decentralisation also involves reforms in electoral processes to permit wider choices by citizens and opening channels for citizen participation in local decision making. This entails the deliberate creation of mechanisms to ensure the participation of citizens who are often excluded from essential decisions in planning, designing and monitoring programmes and policies.

The main objective of the DFRD strategy in Kenya was to decentralise development planning and management by shifting responsibility for planning and implementation of development programmes from the central government to the districts.

This was aimed at enabling local people to effectively participate in making decisions in development plans and projects. The strategy was effected through the District Development Committees (DDCs) to divisional, locational and sub-locational committees. The framers of the DDCs intended them to be avenues for channelling local people's input into decision-making processes and opportunities for forging creative solutions to their needs.<sup>20</sup> However, the DFRD has been ineffective due to the lack of legal framework.

A review of the DFRD strategy in Kenya shows that it has been confined to administrative aspects. This involved a simple transfer of personnel from the centre to the districts. While in theory, the strategy was intended to be the centrepiece of self governance, at a practical level, it had the effect of making the DDC the mechanism by which the centre controlled the districts. Some analysts have described this tendency as "recentralisation".<sup>21</sup> As a consequence, increasing state control of the economy introduced new regulations and procedures that overburdened the system. The scarcity of resources and political interference further eroded the incentive structure in the civil service, while ineffective bureaucratic procedures caused delays in the implementation of decisions.<sup>22</sup> In addition, as the central government appropriated all the functions relating to provision

18. World Bank 1989

19. World Bank 2002b

20. Ng'ethe 1991

21. Wunsch 2001

22. UNDP 2000b

of basic services, local authorities lost their ability to provide services. A decentralised arrangement with devolved powers can enhance service delivery and lead to projects that are more relevant, transparent, accountable and sustainable due to a sense of ownership.<sup>23</sup> To enhance local accountability, fiscal decentralisation must be accompanied by policies that allow local governments to make budget decisions that reflect nationally shared priorities without undue control by the centre. This requires that each level of government has the right to hire staff, collect taxes and fees for services and determine the level and mix of services to provide. The Draft Constitution of Kenya has proposed a decentralised administrative system with devolved powers originating from the village to the national level. The Draft Local Government Act also lays emphasis on decentralisation and devolution of power to lower administrative entities. Nonetheless, decentralisation does not abrogate the existence of a centre that is endowed with the capacity to protect the rights of minorities and marginalised groups.<sup>24</sup>

### 1.3 Participatory Governance

The major attributes of good governance are participatory and interactive in nature and involve state and non-state actors as the private sector and civil society.<sup>25</sup> It is through participation that the incorporation of the perceptions, attitudes, and values of stakeholders<sup>26</sup> are essentially guaranteed. It integrates all actors and institutions engaged in the development process, irrespective of their capacity and status. It is essential in ensuring equitable development since it enables citizens, including the poor, to gain a hearing of their views, and gain access to decision making and public services. Participatory governance requires:

- Strengthening civil society as a source of countervailing power, with strong public support to facilitate participation;
- Increasing government transparency and the rights of citizens to information;
- Extending citizen's rights to legal recourse;
- Mobilising resources for participatory governance.

The notion of participation embraces transparency, openness and making demands in both public and private settings. Conceived in these terms, participation has implications for long-term development because it entails widening the avenues of participation in a variety of institutions. Thus, participatory processes cover decisions made in national, provincial, local and workplace arenas.<sup>27</sup> Mikkelsen, in reference to management of projects,

provides six meanings of participation, ranging from passive to active.<sup>28</sup> These perceptions include:

- Engagement of people without taking part in decision making;
- Sensitisation of people to increase their receptivity and response to development;
- Active process where people take initiative and assert their autonomy;
- Fostering dialogue with local people during project planning, implementation and management;
- Voluntary involvement of people in self-determined change;
- Self development of people.

The central notion that runs throughout all the six meanings is people and their nature of engagement. In some cases, the engagement is voluntary and direct, while in others it is not. Any meaningful development has to actively involve communities and groups in the initiation and direction of development processes that affect their livelihoods.

Effective participation entails open dialogue and active civic engagement that goes beyond periodic voting and engagement in development. It requires that individuals have a routine voice in diverse decisions that affect them. In this broad conception of participation, process and outcomes are key variables. This further highlights the potential discrepancy between the actions and interests of government and those of the citizens. When governments engage in secrecy or restrict freedoms, it becomes difficult for citizens to influence public affairs. This weakens accountability and the quality of decision making. Moreover, the concentration of economic power and wealth often translates into abuse of political influence and limits effective participation. An appropriate development strategy should therefore aim at limiting the concentration of wealth and power, by boosting the checks on the abuse of power and influence.<sup>29</sup>

### 1.4 Governance and Human Development

Throughout the past decades, bad governance has pervaded all aspects of Kenya's political and economic life. Bad governance has been one of the major causes of economic stagnation, persistent poverty, and social inequalities. These problems

23. World Bank 2002a.

24. World Bank 2002b.

25. Wanyande 2000.

26. Mikkelsen 1995.

27. Stiglitz 1999.

28. Mikkelsen 1995.

29. Tidemand and Knudsen 1989.



have been manifested in the inefficient use of public resources, corruption and failure by the government to involve the poor and marginalised in the search for solutions. Consequently, bad governance has led to insufficient attention to development projects for citizens. This has contributed to the lack of access to services for the majority of citizens, lack of clear policies aimed at equitable distribution of resources and lack of participation avenues by the poor people and other vulnerable groups. In addition, corruption and the abuse of public institutions have contributed to distortions in the distribution of wealth and opportunities, reflected in wide social and economic inequalities.<sup>30</sup> The overall result has been lack of human development in the country.

For over two decades, government institutions have lacked transparency, accountability and inclusive development. There was government hostility to local organisations, denying them meaningful engagement in the development process. Due to hostility and lack of engagement of citizens, government institutions became obstacles to development. They were neither responsive nor accountable to local needs.

Effective governance is critical for human development since it is often the least empowered groups in a political system that suffer most from poor governance. Thus, one of the strategies for dealing with this problem is making institutions work for the poor by strengthening local governments. An important means of doing this is through decentralisation that brings resources and decision-making authority to the citizens. A well-designed decentralisation arrangement improves the functioning of the sub-national governments and promotes participation in the development process. The District Focus for Rural Development (DFRD), currently under review, if given the necessary legal framework and political will to facilitate its implementation, would be one of the closest initiatives to participation from the grassroots level. The model is not different from the decentralised and devolved power model being proposed in both the Draft Constitution of Kenya and the Draft Local Government Act.

### 1.5 Pluralism and Governance

During the last decade, the Kenya government attempted to address the problems of bad governance, notably the introduction of multiparty democracy in 1991 and greater tolerance of civil society organisations and opposition groups. These changes, including economic reforms, were

agitated by international support agencies and local civil society organisations which sought to alter the role of the state in the economy, limit the opportunities for corruption and improve the broader context of economic governance. UNDP has coordinated a number of bilateral and multilateral support agencies to support two major national programmes on good governance and sustainable livelihoods. The programme on good governance for poverty alleviation emphasised the laws, policies, strategies, mechanisms and processes by which government and other stakeholders can enhance the ability and capacity of Kenyans to improve governance for poverty eradication.<sup>31</sup> Other measures involved public sector reforms, de-controls, revenue collection and management. The latter created the Kenya Revenue Authority (KRA). The government further undertook commitment to eradicate poverty and launched the National Poverty Eradication Plan (NPEP) in 1999 and the Medium-term Expenditure Framework (MTEF) in 2001. These efforts are aimed at improving governance and livelihoods for human development.

The changes initiated to improve governance in Kenya have included the introduction in 1991 of multiparty democracy and related democratic processes. These include involvement of people at the local level through participatory budgetary process and development of Local Authority Service Delivery Action Plans (LASDAPs), establishment of Constitution of Kenya Review Commission (CKRC), Human Rights Commission and reforms in the public sector, in particular, parastatals. These reforms mainly focused on those national institutions which play important roles in the overall governance of the country: the National Assembly, Judiciary, Electoral Commission of Kenya (ECK), the Attorney General's Chambers, Ministry of Local Authorities and the Ministry of Planning and National Development. Through these processes attempts have been made to enhance and strengthen mechanisms and strategies for participation of different actors in public policy and decision making.

### 1.6 Conclusion

Ensuring participatory governance requires that the prevailing institutions of development have the capacity and relevant status for contributing to development. In particular, new information and communications technologies have significant potential to democratise governance

30. UNDP 2002b.

31. UNDP 1999.

structures and increase people's participation in development. Special efforts therefore need to be made to improve people's access to these technologies. This has potential for increasing people's capacity to hold governments accountable.<sup>32</sup> Effective participation in local, regional and national development requires recognised, respected institutions that are well-rooted within their environment. At all levels, these institutions require distribution and re-distribution of authority to make and take decisions.

The experience of development has revealed that people's institutions are often left out of participation under the pretext of lack of capacity or ignorance of issues at stake. It is incumbent upon institutions of governance, especially state institutions, to ensure that individuals, groups and communities participating in development have adequate capacity for contributing to the process. In cases of inadequacy, there is need to build and strengthen capacity. This is relevant for expanding opportunities for participation and achieving better outcomes of human development.

In development discussions, there have been

differing views on the trade-off between democracy and development. Equally significant are the trade-offs between enhancing participation and building state capacity for development. This report addresses the theme of participatory governance for human development. Human development in the country requires participatory governance that entails creating and strengthening institutions for effective participation in development process. It requires good governance to ensure efficient economic management and distribution of resources to the majority of the population. It requires transparency and accountability in mobilisation, allocation and management of resources. This is necessary for ensuring equal access to opportunities for strengthening human capabilities through education, health and employment. It needs decentralisation of power and service delivery to permit wider participation in decision making and implementation of policies. Human development in Kenya is therefore an all-encompassing process, involving the participation of all people.

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32 .UNDP 2000a.

## CHAPTER 2

### Human Development in Kenya

Human development as already defined concerns widening the range of choices of people to pursue economic, social, cultural and political gains by enhancing their capabilities to shape their lives as they wish and enabling them to live in dignity.<sup>33</sup> Opportunity, security and empowerment are three essential ingredients of poverty reduction and human development.<sup>34</sup> They also form the foundation upon which sound participatory governance can be built. Opportunities are created through economic growth by job creation and the generation of incomes. However, economic growth alone does not guarantee human development. Functioning civil institutions, secure individual freedoms, property rights and broad-based health and educational services are also vital to raising overall living standards.<sup>35</sup> Without a broad-based development strategy that promotes economic growth and addresses people's needs, the poor and other vulnerable groups are easily marginalised in the development process. However, good governance ensures equitable access to resources without regard to gender, social, ethnic or religious affiliation. It underlies the process of realising real freedoms and capabilities, along with subsequent achievements in poverty reductions and human development.<sup>36</sup>

#### 2.1 Human Development and Poverty Trends

Since the beginning of the 1990s when UNDP published the first Human Development Report, the human development index (HDI) has been used to measure achievements in human capabilities. The HDI is derived from a simple average of three components: longevity, educational attainment or level of knowledge and decent standard of living. Longevity is measured by life expectancy at birth, while knowledge is measured by adult literacy rates and combined enrolment rates. Decent standard of living is measured by per capita income (Appendix 2). The HDI value for a country shows how far that country has gone in attaining an average life expectancy of 85 years, access to education for all and a decent standard of life. The HDI value ranges from 0 to 1 where 1 indicates the highest level of human development.

Kenya's HDI value in the Global Human Development Report 2002 was 0.513. The country was ranked at position 134, above Cameroon (0.512),

Republic of Congo (0.417) and Comoros (0.511). Using more recent information from the Central Bureau of Statistics, this report estimates the country's HDI at 0.550. This places Kenya among the countries in the medium human development category. In the global report, the country with the highest HDI was Norway (0.942) while Sierra Leone had the lowest HDI (0.275). Kenya's performance in the global ranking has a lot to do with the country's life expectancy of 56.6 years compared to the global average of 85 years, a per capita income of KSh 16,302 (US\$ 1,022) in purchasing power parity compared to the global set maximum of US\$ 40,000 and a literacy rate of 70.9% compared to a maximum of 100.

#### Human Development Trends

The HDI facilitates the evaluation of progress in human capabilities over time and across countries and regions. By comparing values for different years, the HDI permits an instructive assessment of a country's performance over a given period of time. This in turn facilitates the determination of priorities for policy intervention.

Kenya's human development performance from 1975 is depicted in Figure 2.1. It is notable that the country's HDI rose steady between 1975 and 1990 before setting on a downward trend. It will be recalled that during this period, and particularly in the late 1970s and the early 1980s, the country's economic performance was relatively positive, and this was accompanied by reasonable provision of basic services such as education, health and shelter. These favorable developments boosted the country's human development. Since the 1990s, however, the country's HDI has declined from 0.533 in 1990 to 0.513 in 2000. This decline has been associated with dwindling economic growth compounded by increased vulnerability of the populations, reduced access to basic services, corruption, mismanagement, and failure to identify and support non-formal and indigenous institutions. The structural adjustment programmes introduced in the mid-1980s only worsened the situation as more and more people were unable to afford basic social services. Thus for most of the period, the three indicators of human

33. UNDP 2000c.

34. UNDP 2002b.

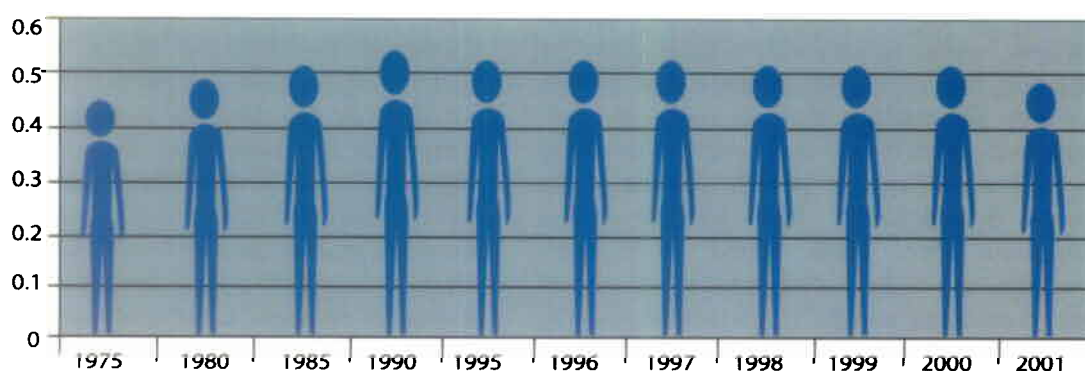
35. WRI 2000.

36. UNDP 2002c.

development—longevity, educational attainment and general living standards—have declined. The result has been lack of human development in the country.

there are marginal differences in the HDI values for all the regions, with some increasing slightly and others falling. Central Province had the second highest HDI of 0.607. This was followed by

**Figure 2.1 Trends in Kenya's HDI, 1975-2000**



Source: UNDP 2002a.

### Regional Trends in Human Development

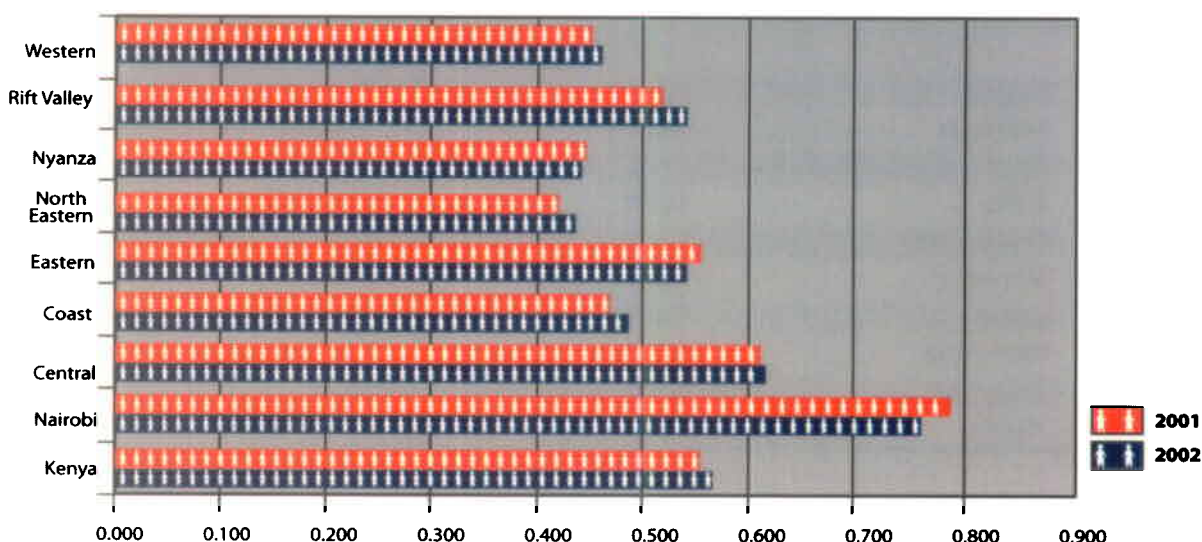
The HDI is a versatile index that can be disaggregated to assess progress at the regional levels and even among different groups in society. Although a country's HDI is helpful in assessing overall performance, it can conceal the fact that different regions within a country can have very different levels of human development. There is therefore need to disaggregate HDI. Disaggregated HDI are arrived at by using the data for the HDI components pertaining to each political or administrative region or even groups in society. Using such disaggregated HDIs can help highlight significant disparities and gaps.

Disaggregated at the provincial and districts levels, the HDI values for Kenya highlight significant differences in human capabilities and welfare. The HDI for Nairobi is 0.758, the highest of Kenya's eight administrative regions. It is understandable that Nairobi as the major urban centre and capital would have relatively numerous services, resources and opportunities. The fairly high HDI value for Nairobi however conceals the many hardships in the city. For example, over 60% of the city's residents live in slums, in conditions of abject poverty and without basic social amenities.

It is also notable that although Nairobi's HDI is relatively higher than that of the other regions, it has declined from 0.783 as recorded in the Kenya Human Development Report 2001. This change is attributed to declining life expectancy which fell from 66 in the 2001 report to 57 in this report. The HDI values for Kenya's eight administrative regions are shown in Figure 2.2. It is evident that

Rift Valley Province (0.534), Eastern Province (0.522) and Coast Province (0.487). Central Province and parts of Rift Valley Province fall within the high potential zones in the country. These regions are, generally speaking, better able to provide food and income-earning opportunities for a majority of the people living there. Although there are many factors that could explain the better performance of Central and Rift Valley provinces in terms of human development, an underlying reason may be policy bias from colonial and successive governments. Policies and allocation of resources have tended to favour the so-called high potential areas in the country.



**Figure 2.2 Human Development Indices by Provinces, 2001-2002**

Source : IDS Calculations

With an HDI value of 0.421, North Eastern Province has the least human development in the country. This province has the least economic, social and political opportunities, and the region's opportunities for income generation remain largely unexploited. For instance, the vast livestock resources in the area have not been exploited to improve livelihoods or standards of living. As a consequence, a majority of the population have no access to basic social services such as education, health and infrastructure. Although civil society organisation have been instrumental in the provision of services such as health and education in these regions, their scope have been limited due to lack of resources and logistics. The general insecurity in the region has worsened the situation. Clearly, the arid and semi-arid lands (ASALs) have received little government attention.

The human development performance of Nyanza Province is also low compared to other regions of the country. This performance has a lot to do with the relatively low life expectancy attributed to the high incidence of diseases such as malaria and tuberculosis. An equally high incidence of HIV/AIDS has made the situation worse. The province's poor performance is also due to lack of income-earning opportunities. Except for a few areas in the province that fall within the high potential zones, economic opportunities are quite limited. The major cash crops, cotton and sugar, have been facing production and marketing constraints and have therefore not been able to generate sufficient incomes. Although the problems bedevilling these crops are not unique to Nyanza, they have adversely affected the prospects

for development in the region. Parts of Nyanza have also suffered from political marginalisation because of their long association with opposition politics in the country. One of the characteristics of Kenya's bad governance in the past is that regions that were deemed to be in the opposition zones were ignored.

Districts also fair quite differently in terms of HDI. The top ten and bottom ten districts are shown in Table 2.1. As expected, the urban districts of Nairobi and Mombasa have the highest HDI values of 0.758 and 0.651, respectively. The three districts with the lowest HDIs are Marsabit (0.225), Turkana (0.280) and Samburu (0.289). Others are West Pokot (0.321), Migori (0.327) and Homa Bay (0.330). Closer scrutiny of the top ten and bottom ten districts reveals a number of common features. The districts in the high HDI category tend to be either urban centres or in the high potential areas. Conversely, the districts in the low HDI categories are mainly ASALs or in the low potential zones. Some of these regions are also prone to frequent disasters such as floods and drought.

**Table 2.1 HDI Ranking by Districts, 2002**

Top ten districts		Bottom ten districts	
Mombasa	0.651	Turkana	0.280
Embu	0.616	West Pokot	0.321
Murang'a	0.599	Homa Bay	0.330
Nyandarua	0.593	Kwale	0.349
Kiambu	0.582	Nyamira	0.402

## Gender and Human Development

Gender refers to the socio-cultural construction of the differences between men and women. Through socialisation, men and women are made to adapt to already established notions of masculinity (manhood) and femininity (womanhood). These notions eventually guide people's behaviour in private and public spheres of life. Often policy makers and planners mistake gender for "women's issues" leading to disdain and confusion for the crusade for equity. Proper human development is about the well-being of all people, without discrimination. It implies having programmes for expanding the choices of both men and women of all ages, classes, religions and other groupings. Discriminating against any social group in the development process is not only a manifestation of poor governance but also a recipe for human underdevelopment.

The role of gender in sustainable development has been a subject of a large number of international and national research efforts. Economists, sociologists, policy makers and development planners around the world are increasingly taking interest in the many ways in which aspects of gender determine the progress of a nation. The overall consensus that emerges is that development in any society cannot be sustainable without the participation of all its population. In 1995, the United Nations Development Programme devoted its annual Human Development Report to the analysis of gender relations and disparities in the world. The report introduced the gender-related development index (GDI) into human development calculations to capture gender differences (which are often immense). The GDI uses the three variables of the HDI to measure gender disparities. Simply, GDI

measures achievements in basic human development adjusted for gender inequality.

Another index that has been used to monitor human development from a gender perspective is the gender empowerment measure (GEM). The GEM examines to what extent men and women actively participate in economic and political life and take part in decision making. Thus, while GDI focuses on capabilities, GEM shows how those capabilities are used to take advantage of opportunities in life.

## Gender-related Development Index

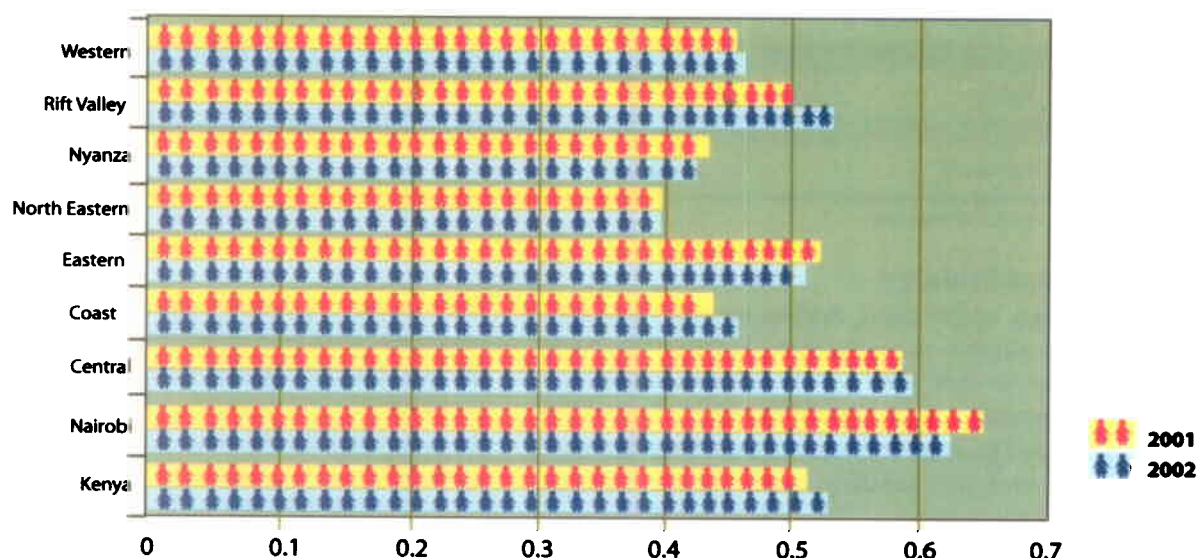
Kenya's GDI is estimated in the Global Human Development Report 2002 at 0.512, putting the country in position 112 globally. This report estimates a GDI value of 0.521, the difference being attributable to the data used. This is higher than the value of 0.509 in the Kenya Human Development Report 2001. A GDI value of 0.521 places Kenya again in the middle human development category. While the HDI measures average achievements, the GDI adjusts the average achievement to reflect the inequalities between men and women adjusted for gender inequality. A GDI value close to one signifies achievement of equality for women and men.

Gender-related development follows almost the same pattern as human development (Figure 2.3). The highest GDI in the country is 0.626 for Nairobi. This is followed closely by Central Province with a GDI of 0.596 and Rift Valley with 0.526. The lowest GDI value of 0.430 is in Nyanza Province. There is a close association of HDI and GDI values for most of the regions in the country. Generally, a high ratio of GDI to HDI indicates deprivation of women in relation to men.

Figure 2.3 shows that whereas some provinces like Western and Rift Valley performed relatively better in terms of GDI in 2002 than 2001, others like Nairobi and Eastern provinces declined. The differences are largely attributed to differences in life expectancies between men and women in the provinces.

defined both in absolute and relative terms. Absolute poverty is a state where one cannot raise the income required to purchase basic requirements. Relative poverty is when one cannot purchase a bundle of basic needs available to a reference social group, such as people within a median income level. Various reports in Kenya

**Figure 2.3 Gender Related Development Index by Province, 2001-2002**



Source : IDS Calculations

### Gender Empowerment Measure

The gender empowerment measure (GEM) indicates the participation of women in economic, political and professional spheres using the percentage share of men and women in administrative, managerial, professional and technical positions to gauge economic participation and decision-making power. Women's political empowerment is measured by their participation in local and national elections. Kenya's GEM is estimated at 0.421 which is slightly higher than 0.413 in the Kenya Human Development Report 2001. This indicates a slight improvement in the participation of women in decision making. In the last few years, there have been deliberate efforts by civil society organizations, donors and other actors to improve the participation of women in politics. One programme, Engendering the Political Process (EPP), was initiated to further the course of women in the electoral process. As a result, more women than ever before vied for political posts in the 2002 elections.

### Income Poverty

Poverty has traditionally been measured in terms of inadequate consumption or income. It has been

define poverty in an absolute sense. The Welfare Monitoring Survey (WMS) of 1997 estimated the head count poverty ratio at 52% at the national level using household consumption data. This means that 52% of the total Kenyan population lived below the poverty line in 1997 which was fixed at KSh 1,239 per month in rural areas and KSh 2,648 in urban areas.

Since 1997, it is obvious that the level of poverty has changed in the country. As no survey has been carried out since 1997, it has not been possible to obtain estimates of the current level of income poverty in the country. The difficulty lies in the fact that survey data are not always available for applying the methods used to derive the estimates for 1994 and 1997. Researchers at the Kenya Institute of Public Policy Research and Analysis (KIPPRA) have devised a simple method for projecting income poverty based on previous poverty information.<sup>37</sup> Projected figures indicate that the income poverty level in the country has increased from 52% in 1997 to 56% in 2000 (Table 2.3). The projections also show great regional variation in poverty levels with most regions experiencing increases.

37. Mwabu et al. 2002.

**Table 2.2 Projected Headcount Poverty Indices, 1997- 2000**

Province	Absolute Poverty 1997	Absolute Poverty 2000
Central Province	31.39	35.32
Coast Province	62.10	69.3
Eastern Province	58.56	65.90
North Eastern Province	65.48	73.05
Nyanza Province	63.05	70.95
Rift Valley Province	50.10	56.33
Western Province	58.75	66.11
Province	50.24	52.56
Rural	52.93	59.56
National	52.32	56.78

Source: KIPPRA (2002)

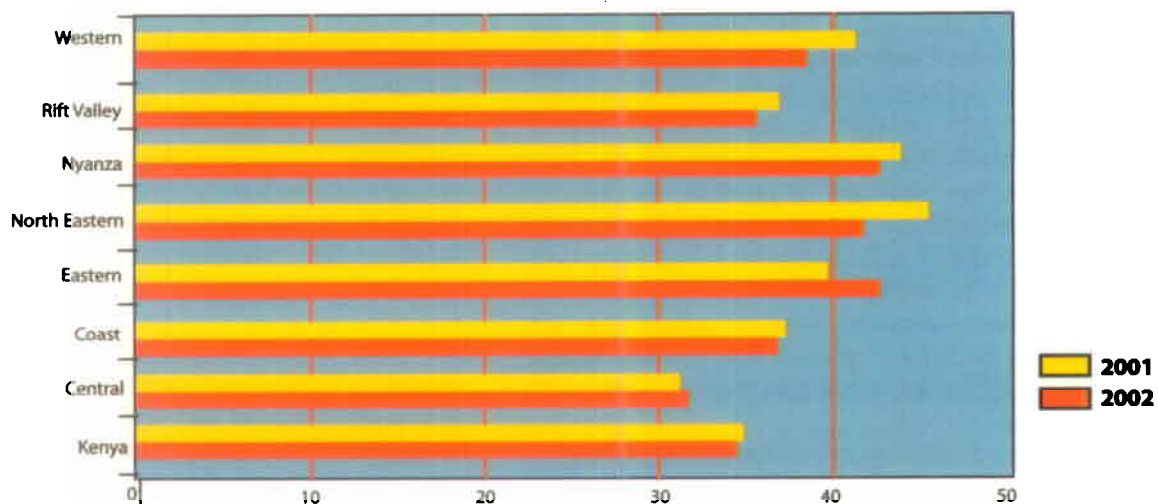
### Human Poverty

Although widely used, income poverty measures have a number of weaknesses. Perhaps the most obvious is that they are based on income or consumption alone, ignoring other important livelihood parameters such as access to education, health and safe drinking water. In the Human Development Report 1997, UNDP introduced the concept of human poverty so as to look beyond income in measuring poverty. The concept of human poverty encompasses lack of capabilities, lack of freedom, inability to participate in decision making, lack of personal security and inability to participate in the life of the community. Rather than measure poverty by income, the human poverty index (HPI) uses indicators of the basic dimensions of deprivation: illiteracy, malnutrition among children, early death, poor health care and poor access to safe water (see Technical Note 2).

The Human Development Report 2002 estimates HPI for Kenya at 31.9%. Kenya is ranked in position 49 out of the 90 developing countries. Kenya's HPI is lower than other African countries such as Uganda (40.8), Tanzania (32.7), Zimbabwe (36.1) and Malawi (42.5). Countries in Africa with lower HPI include Mauritius (11.3), Cameroon (30.7), Egypt (31.2), Ghana (28.7) and Lesotho (25.7). These figures indicate that poverty is a real problem in Africa and not unique to Kenya. This report estimates Kenya's HPI at 34.1%, slightly lower than the HPI of 34.5 in the Kenya Human Development Report 2001. This implies that about 35% of Kenyans are human poor. The HPI value for Kenya is lower than the income poverty level of 56%. This means that the incidence of income poverty in the country is higher than human poverty.

The human poverty estimates for Kenya's provinces are shown in Figure 2.4. The region with the least human poverty is Central Province where 31.6% of the total population is affected. Rift Valley follows with 36.7% and Coast 37.3%. North Eastern Province has the highest human poverty of 42%. Compared to the year 2001, human poverty has fallen, though marginally in all the regions except Eastern Province. This fall is attributed to slightly higher life expectancies which could be attributed to the stabilisation or even reduction of HIV/AIDS infection in the country.



**Figure 2.4 Human Poverty Index by Province, 2001-2002\***

\*Nairobi is missing in this calculation due to the difficulty in estimating the population likely to live beyond 40 years.

## 2.2 Governance and Human Development: Empirical Issues and Evidence

### The Link Between Governance and Welfare

Good governance is now widely viewed to be a necessary condition for sustainable human development. But how is governance related to human development? How does governance influence human development? The way in which a country is governed influences economic performance, exercise of human rights, level of participation and access to basic social services such as health, education and security. The types of institutions affect incentives in human exchange, whether political, social or economic.<sup>38</sup> Recent research on the role of institutions in development has generated a growing body of evidence quantifying the cost of over-regulation, corruption and other manifestations of bad governance in terms of forgone investments and growth. Because increases in per capita income are often accompanied by reduced poverty rates, there is a strong presumption that governance, through its impact on growth, can alleviate poverty and lead to sustainable human development.<sup>39</sup>

There is growing evidence linking higher per capita income to improved health and education outcomes. For example, a recent study shows that increases in per capita income can lead to reductions in infant mortality and illiteracy. Because of the demonstrated effects of governance on income growth, one can presume that governance can improve access to health and

education. One study<sup>40</sup> has demonstrated a direct linkage between governance and health and education outcomes. The researchers show that countries scoring high indices in areas such as the rule of law and accountability tend to have lower infant mortality rates and higher literacy rates. There is also some evidence that democratic institutions can positively impact on infant mortality and literacy rates, and that democracy can make a positive contribution to development by creating political incentives for rulers to respond positively to the needs and demand of their citizens.<sup>41</sup>

38. North 1990.

39. Bruno, Ravallion and Squire 1998.

40. Kaufmann, Kray and Zoido - Lobatan 1998.

41. Sen 1999b.

## Indicators of Governance

Although the UNDP development indices (HDI, HPI, GDI and GEM) have revolutionised the assessment of well-being since the early 1990s, they have not been able to incorporate governance as a critical variable in the measurement of development performance. However, there have been serious attempts from other quarters to demonstrate that measurements of governance do indeed correlate with measures of well-being. In a recent paper, Kaufmann et al.<sup>42</sup> constructed a set of governance indicators based on a large data set from 13 specialised agencies that monitor various aspects of institutions of governance covering 173 countries.

The three major aspects of governance identified are:

- (1) the process by which governments are selected, monitored and replaced,
- (2) the capacity of governments to effectively formulate and implement sound policies and
- (3) the respect which citizens and the state have for institutions that govern economic and social interactions. Each of the three aspects of governance has two indicators.

The process of selecting government is indicated by "voice and accountability" and "political instability and violence". The "voice and accountability" indicators measure the extent to which citizens of a country are able to participate in the selection of government as well as monitor and hold accountable those in authority. The "political instability and violence" indicators measure the likelihood of destabilisation and

overthrow of government by unconstitutional or violent means. The second aspect of governance, government capacity, is indicated by "government effectiveness" and "regulatory burden". The former indicators measure the quality of the public service, the quality of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures and the credibility of the government's commitment to policies. The "regulatory burden" indicators measure the extent of distortion in various policies.

The third aspect of governance dealing with respect for institutions is indicated by "rule of law" and "graft". "Rule of law" indicators measure the extent to which citizens have confidence in and abide by the rules of society, whereas "graft" indicators measure corruption in the sense of the exercise of power for private gain.

Table 2.4 charts the indices for aspects and indicators of governance according to Kaufmann et al. The 1999 data is arranged such that higher values correspond to better outcomes. The information is also standardised so that each governance indicator has a mean of zero (denoting the world average) and a standard deviation of one.

The values range from about -2.5 to about 2.5 (see Kaufmann et al. 1999 for details). The data in Table 2.4 show that Kenya's performance in governance is poor as all its indicators are below the world mean of zero.

42. Kaufmann et al 1998.

**Table 2.3 Quality of Governance in Selected African Countries**

Country	Process of governance		Capacity of government		Respect for institutions	
	Voice accountability	Political Instability	Government effectiveness	Regulatory burden	Rule of law	Graft
Botswana	0.779	0.743	0.221	0.572	0.502	0.535
Kenya	-0.701	-1.098	-0.899	-0.133	-1.220	-0.651
Nigeria	-1.234	-1.054	-1.321	-0.352	-1.097	-0.954
South Africa	0.991	-0.527	-0.010	0.244	-0.351	0.299
Tanzania	-0.283	0.565	-0.485	0.183	0.161	-0.924
Uganda	-0.517	-0.980	-0.251	0.184	-0.013	-0.466
Zimbabwe	-0.666	-0.542	-1.129	-0.341	-0.146	-0.319

Source: Kaufmann et al 1999.

### Governance and Human Development: Kenya in a World Context

Is there any correlation between governance and human development indicators? One of the indicators that has been used to assess the level of governance in Kenya and elsewhere is the corruption perception index (CPI) developed by Transparency International.

Transparency International is a non-governmental organisation dedicated to increasing government transparency and accountability and curbing international and national corruption. In its 2002 report, Kenya is ranked among the most corrupt societies in the world. Out of a possible clean score of 10, Kenya scores 1.9. In the 2001 ranking, Kenya

scored 2.0. Ratings of the top ten countries and the bottom ten countries are given in Table 2.5. With rare exception, countries which are perceived to be very corrupt are the world's most poverty-stricken while countries with a high CPI score are predominantly high-income.

Transparency International-Kenya has commissioned two studies to assess the level of corruption in the country. The surveys record corruption as experienced by ordinary citizens in both public and private organisations and documents bribery according to whom is bribed, the amounts paid and for what purpose. The results showed that corruption was highest in the police force, Immigration Department, Forestry Department and Ports Authority.

**Table 2.4 HDI and CPI Values for Selected Countries, 2002**

Top ten countries			Bottom ten countries		
Country	CPI	HDI	Country	CPI	HDI
Finland	9.7	0.930	Moldova	2.1	0.701
Denmark	9.5	0.926	Uganda	2.1	0.444
New Zealand	9.5	0.917	Azerbaijan	2.0	0.741
Iceland	9.4	0.936	Indonesia	1.9	0.684
Singapore	9.3	0.885	Kenya	1.9	0.513
Sweden	9.3	0.941	Angola	1.7	0.403
Canada	9.0	0.940	Madagascar	1.7	0.469
Luxembourg	9.0	0.925	Paraguay	1.7	0.740
Netherlands	9.0	0.935	Nigeria	1.6	0.462
United Kingdom	8.7	0.928	Bangladesh	1.2	0.478

Source: Transparency International Corruption Perception Index 2002, UNDP 2002c.

#### Box 2.1 Effects of corruption

##### *Reduced investment*

Where corruption thrives, businessmen are made aware that a bribe is required before an enterprise can be started and certain officials may claim part of the proceeds from the investment. Therefore, businessmen interpret corruption as a species of tax. There is also uncertainty that the bribe-taker might not fulfil the bargain. Both the tax and the uncertainty diminish incentives to invest.

##### *Misallocation of resources and talent*

Since corruption is usually more lucrative than productive work, talents are misallocated. Financial incentives can be used to lure the more talented and better educated to engage in rent-seeking rather than productive work which in turn results in adverse consequences for the country's economic growth.

##### *Distortion of government expenditure*

Corruption entices government officials to allocate public resources according to opportunities for extorting bribes. Large projects, whose performance is difficult to monitor, have provided lucrative opportunities for rent-seeking and bribes.

##### *Reduced access to aid*

Corruption and mismanagement are usually reasons for aid embargoes. Most developing countries, Kenya included, still require external support, especially regarding balance of payments.



the provincial administrative. This tended to institutionalise collectivity and undermine public accountability.<sup>45</sup> Politicians began to use harambee fundraising events to patronise local communities and specifically reward groups that gave electoral support. Loyal individuals could access public resources to finance harambee projects organised by those who were loyal to the ruling party and the president. At the same time, such resources were denied to groups thought to be opposed to the party and the president.<sup>46</sup> Politicians took over initiation of development projects for purposes of gaining political support. This was always a practice in the immediate period preceding general elections. Politicians would support many projects in certain local communities but withdraw their support soon thereafter, more so if they lost the elections. Harambee, as a tool for development, eventually intertwined with state patronage and development networks with several consequences, including imbalanced regional and local development.<sup>47</sup> Politicisation of harambees also resulted in de-participation by the masses; people withdrew, expecting the local elite and politicians to support their basic services.

The need to build political constituencies transformed basic service projects into platforms for launching political careers. This had the consequence of undermining the sustainability of local projects. Projects that would have promoted human development became increasingly interwoven with patronage politics. Patronage, on the other hand, excluded the majority of ordinary people from participating in decisions about projects. Politicians dominated the development space and hindered ordinary citizens from effective participation in projects that they considered important politically. Furthermore, there were no mechanisms for accountability of funds raised for local development projects. The countryside became dotted with development projects that did not reflect felt needs of local communities as well as incomplete basic service projects. Owing to this trend, it became increasingly difficult to satisfy human development needs. The poor became even more vulnerable as their access to state services could not be guaranteed. Politicians also could not satisfy human development needs because they offered their support only to communities who offered political loyalty.

### Stifling Civil Society

In the one-party state, organisations were allowed to form and operate on condition that they did not venture into the arena of active politics. Criticism

of bad governance by civil society and the religious organisations in particular led to tensions between the government and the civil society. By the late 1980s, the government was worried about civil society organisations' overt criticism of the mode of governance. To silence the civil society, the government designed several strategies. The government threatened to deregister civil society groups that were at the forefront of these campaigns. Professional associations and the trade union groups were gagged in the process. Groups such as the umbrella women's organisation, Maendeleo ya Wanawake, were co-opted into the ruling party.<sup>48</sup>

These tendencies increased tensions in the relations between the government and non-governmental organisations (NGOs). In 1991, the government introduced the NGOs Coordination Act of 1990 with the aim of regulating the sector. Given the background of the relations between the government and the NGOs, the legislation was interpreted as an attempt to control, stifle and restrict operations of the NGOs. NGOs reacted by mobilising support against the legislation. They sought amendments which the government initially declined; however, with increased pressure, notably from donors, the government effected some changes in the legislation.<sup>49</sup> NGOs agreed to these changes, hoping that broader political change would give them opportunity to repeal the law. No further changes have been effected on the legislation, democratic pluralism notwithstanding. As argued later, democratic pluralism in the 1990s occasioned increase in number and activities of different types of civil society organisations. Important in this regard have been the advocacy and human rights groups that have participated in backstopping the process of political change since the early 1990s.

On the whole, political patronage stifled civil society. Law was used to impede civil society activities. Groups were patronised or prevented from operation if they were critical of the governance situation. This trend resulted in decreased participation of people in public affairs.

45. Kanyinga 1993.

46. Kanyinga 1995.

47. Barkan and Chege 1989.

48. Ngunyi and Gathiaka 1993.

49. Among other contentious provisions, NGOs had to re-register every sixty months. Another provided for more government representatives and appointees to the NGO Co-ordination Board. The amendments gave NGOs additional representatives on the Board and canceled the re-registration provision.



## CHAPTER 3

# Democratic Pluralism and Participatory Governance

Today, it is universally recognised that democratic pluralism is important for enhancing political freedom and fostering participation in public affairs. The co-existence of multiple institutions that have the objective of furthering democratic values is significant in this regard; it is the essence of democratic pluralism. Significantly, more and more people have come to the realisation that political freedom and participation are fundamental requirements for sustainable human development. That is, people are acknowledging that political freedom and participation are required for enhancement of human development, notably, improved quality of life, general well-being and dignity of people. In this view, political freedom increases people's choices in life and is therefore essential for promoting human development. Participation is also important for human existence and general development; above all, it enhances people's abilities to provide for themselves, increasing their knowledge and

understanding of development problems and solutions.

Political freedom, participation and human development thus have goals that are mutually reinforcing. They constitute important pillars for good governance without which human development cannot be obtained. Democratic pluralism provides the means through which these goals are achieved. Democratic pluralism provides the environment through which multiple actors can enhance freedom and participation to promote human development. It creates opportunities through which citizens can participate in making decisions about their lives. Furthermore, democratic pluralism facilitates establishment of institutions and mechanisms for holding public servants and decision makers accountable to the public. It establishes the rule of law as a tool for regulating societal affairs. These values are essential for human development.

### Box 3.1 Relating political freedom to governance and human development

Political freedom and the ability to participate in the life of one's community are capabilities that are as important for human development as being able to read and write and being in good health. People without political freedom, that is freedom of association and freedom to express opinions, have far fewer choices in life. Being able to participate in the life of one's community—commanding the respect of others and having a say in communal decisions—is fundamental to human existence.

UNDP 2002c.

A key feature of democratic pluralism is its inclusiveness. It provides and expands space for individuals, groups and state and non-state actors to interact and influence policies. Other fundamental features of democratic pluralism are tolerance, civic and political freedoms, empowerment and decision making through consensus.

Democratic pluralism therefore lays a solid foundation for the practice of good governance. It establishes conditions for respect of fundamental freedoms. Democratic pluralism in any society requires institutions and rules that function in a manner that will promote inclusiveness in decision

making; tolerance; consensus building; protection of civil, political and social-economic rights; and promotion of people's well-being. More specifically, functional democratic pluralism requires:

- A legislature that represents the electorate and is independent of the regime in power and particularly independent of the executive arm of the government;
- A judiciary that is independent of the executive, able to administer justice fairly and equally, and able to enforce the rule of law without discrimination;

## 2.3 Conclusion

This chapter has reviewed the status of human development and poverty in Kenya.

The review reveals that the country's human development record remains poor. Although the country's HDI records a marginal increase, largely because of slight improvement in life expectancy, the country remains among the medium human development countries.

From a gender perspective, the country's GDI shows a marginal increase. This again is due to changes in life expectancy, especially for women.

The country also has a relatively high incidence of human poverty. It is estimated that close to 35% of Kenyans are human poor. The review also shows that Kenya has performed poorly in terms of governance. The country has for the last three years been placed among the most corrupt countries in the world according to Transparency International rankings. Since there is a strong presumption linking governance to human development, it can be argued that the country's poor governance record has impacted negatively on human development.

space for citizen participation in public affairs. Decisions were directed from the central government to the grassroots. The key values of human development—quality of life, freedom, human development—quality of life, freedom, well-being, and human dignity—could not be achieved. Access to basic services by the ordinary people became increasingly difficult as the state's capacity to deliver basic services declined.

### Abuse of State Institutions

Concentration of political power in the executive undermined the principle of separation of powers vis-à-vis the judiciary and parliament. Checks and balances between public institutions were deemed irrelevant. This set in motion a process which weakened and abused public institutions.

Between 1986 and 1989, constitutional amendments rescinded the security of tenure of the offices of attorney-general, solicitor-general and various judges. This undermined the judiciary and subjugated it to the executive. With more and more political patronage in the management of public affairs, corruption evolved as a mechanism of accessing justice. Corruption infiltrated the judiciary and other public institutions, and access to justice by poor and ordinary citizens became very difficult. Only the wealthy were protected by the law.

The process to concentrate power in the executive also led to erosion of the supremacy of parliament. Again, with a view to ensuring complete consolidation of political power and complete suppression of formal opposition groups, KANU, in 1987, introduced a queue method of voting in which voters physically lined up behind their preferred candidate or the candidate's agents. The new method applied to the 1988 general elections and resulted in massive rigging.

The subsequent parliament was considerably less accountable to the electorate but more accountable to the executive because they owed their parliamentary positions to powerful party leaders or the president.

Public institutions were transformed into conduits of patronage resources. Officers were appointed to manage public institutions not on the basis of their expertise and experience, but for patronage and loyalty to the party and other influential individuals. They were appointed sometimes to represent certain important socio-political and economic interests. This resulted in the poor performance of public sector institutions in the delivery of basic

services. It also resulted in the collapse of some important institutions such as Kenya Farmers Association (KFA), the Kenya National Assurance Company (KNAC) and the Kenya Meat Commission (KMC), among others.

Erosion of the powers of public institutions, mismanagement of economic institutions and corrupt practices in the society in general contributed to poor economic growth during the 1980s. Growth declined from about 5% in the 1970s to about 3% in the early 1980s and to less than 2% in late 1980s. Other factors, such as the oil crisis, droughts and collapse of primary commodity prices in the world market, aggravated the situation.

Poor economic growth in turn reduced the capacity of the state to deliver basic services which had been centralised from the 1960s. Constrained access to basic services in addition to absence of basic freedoms negatively impacted on human development. It reduced people's abilities to claim economic rights and participate in decisions affecting their well-being. At the same time, corruption significantly worsened the problems of the poor. It undermined the rule of law and made it difficult for ordinary citizens and the poor to access social justice. Political patronage also undermined the mechanisms of checking abuse of power to the detriment of ordinary citizens.

### Politicisation of Development Space

The one-party system of government greatly circumvented popular participation in public affairs. The government proscribed opposition politics and constrained operation of civil society organisations. The provincial administration officials—provincial commissioners (PCs), district commissioners (DCs), district officers (DOs) and chiefs—were transformed into political actors.

The provincial administration mobilised support for the government, senior politicians allied to the state as well as the ruling party. The provincial administration generally became the avenue through which government policies and decisions reached the ground; people's demands were channelled to the centre notwithstanding the presence of government technical departments at the local level.

The centrality of the provincial administration in the development space locked out civil society from active participation in public life. For instance, the *harambee* ("pulling together") projects in which people pooled and pulled resources to collectively support basic community services was co-opted by

the provincial administrative. This tended to institutionalise collectivity and undermine public accountability.<sup>45</sup> Politicians began to use harambee fundraising events to patronise local communities and specifically reward groups that gave electoral support. Loyal individuals could access public resources to finance harambee projects organised by those who were loyal to the ruling party and the president. At the same time, such resources were denied to groups thought to be opposed to the party and the president.<sup>46</sup> Politicians took over initiation of development projects for purposes of gaining political support. This was always a practice in the immediate period preceding general elections. Politicians would support many projects in certain local communities but withdraw their support soon thereafter, more so if they lost the elections. Harambee, as a tool for development, eventually intertwined with state patronage and development networks with several consequences, including imbalanced regional and local development.<sup>47</sup> Politicisation of harambees also resulted in de-participation by the masses; people withdrew, expecting the local elite and politicians to support their basic services.

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49. Among other contentious provisions, NGOs had to re-register every sixty months. Another provided for more government representatives and appointees to the NGO Co-ordination Board. The amendments gave NGOs additional representatives on the Board and canceled the re-registration provision.



People's choices in public life, a critical aspect of human development, were reduced, as were opportunities that would have enhanced economic well-being. Many groups and individuals disengaged from public activities. Limited political freedom as well as decreased participation in decisions that affected people's lives had the effect of arresting growth of human development. The opening up of political space through re-introduction of multiparty politics raises the need to examine the evolving relationship between democratic pluralism and human development. It also raises the question of whether multiparty democracy has occasioned significant changes in governance.

### 3.2 The Road to Democratic Pluralism

Kenya's experience with democratic pluralism has been relatively limited until recently. Re-introduction of multiparty democracy and attendant competitive politics, growth in numbers and activities of civil society organisations (CSOs) and consolidation of constitutional reform efforts have been the main features on the road to democratic pluralism in the country. These features have evolved in the context of two major transitions in the democratisation process, beginning from December 1991.

The first transition comprised change from a one-party state to multiparty political dispensation. This followed a period of violent confrontation between the government and advocates of multiparty democracy which was generally labelled the "second liberation struggle". The government at first refused demands for political and human rights, but after persistent and growing domestic and international pressure, it agreed to repeal the relevant sections of the constitution to allow for multiparty democracy.

The second transition occurred when KANU, the ruling party since independence, was defeated by a coalition of opposition political parties, the National Rainbow Coalition (NARC) in the December 2002 general elections. NARC constituted a government comprising individuals from the civil society as well as those firmly rooted in opposition politics, joined by others who joined abandoned KANU at the eleventh hour, just before the general elections.

#### Multipartyism and Revival of Civil Society

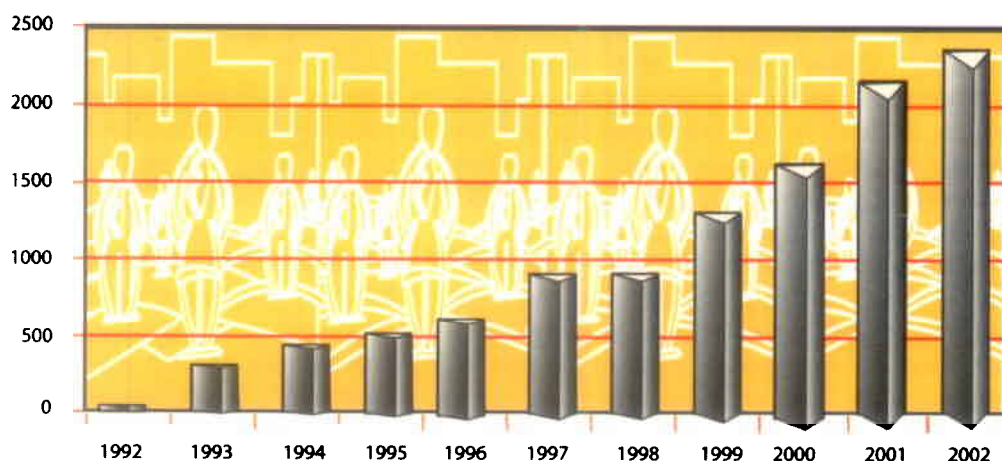
In late 1991, the government repealed Section 2A of the Constitution to allow operation of multiple political parties. Several parties were soon formed,

notably the Forum for Restoration of Democracy (FORD). These parties were formed with support from their ethnic constituencies or as factions of KANU. Some of the parties disintegrated along ethnic and personality lines as the competition for political power intensified during the months before the December 1992 general elections. Nonetheless, between December 1991 and December 1992, the government registered about ten political parties. At the end of 1997, there were about 30 registered political parties and at the end of 2002, about 55.

Although the number of political parties increased considerably, registration still remained a difficult task. The newly registered parties had leaders without national political influence, and they lacked social-economic constituencies or any numerical strength that could threaten the KANU influence. The government declined to register parties with leaders who would appeal to larger constituencies and thus undermine KANU support and membership in some regions. Parties whose leadership comprised influential national political elites, especially those who had fallen out with KANU leadership, were not registered. Faced with this difficulty, these individuals turned to smaller parties. This had the consequence of personalising and ethnicising political parties because the elite first turned to ethnic support before mobilising support from other regions.

Personalisation and ethnicisation of political parties remain important challenges to the process of creating strong political parties. Because of this, many parties lack internal democracy and are run according to the wishes of their financiers. The parties also have limited organisational capacities; they are not managed professionally and lack strategic plans. Party vision is also established by the financiers. Hence, the parties have failed to act as mechanisms for representing people, and they have failed to effectively mobilise interests around policy issues.

Multipartyism resuscitated growth and activities of civil society organisations. From early 1992, many social-economic groups such as NGOs, CBOs and self-help groups were formed. The space that was initially dominated by the state became an arena of multiple interactions. CBOs expanded their activities into all sectors of the economy. The numbers and activities of NGOs increased steadily in the 1990s; whereas there were less than ten registered NGOs in 1992, the number increased to over 2,300 by the end of 2002 (see Figure 3.1).

**Figure 3.1 Growth of NGOs in Kenya, 1992-2002**

Source : NGOs Bureau Annual Records - Various Years

The number of other civil society groups also grew tremendously. For instance, women's groups grew from 32,000 in 1995 to 85,000 in 1997. By 2002, the number of women's groups was 122,441. The number of CBOs, similarly, grew from about 18,000 in 1995 to 35,000 in 2002. Associational life, generally, continued to become dense. Groups forming to promote welfare of members and public good in general proliferated everywhere and in all sectors of the economy. The majority of these formed around welfare and basic needs issues.

More relevant to democratic pluralism was the increase in number of advocacy and human rights NGOs. Their numbers grew rapidly as the state opened up the space for their operations. From less than ten advocacy and human rights organisations in 1991, their number grew rapidly to over 40 in 1994. By 2000, there were over 80 such groups operating in both urban and rural Kenya. Some of these included Release the Political Prisoners (RPP), Citizens Coalition for Constitutional Change (4Cs) and the Kenya Human Rights Commission. The media also witnessed proliferation of independent newspapers and, much later, increase in number of relatively independent radio and television stations. The CSOs and the independent media have played an important role in monitoring the progress of political change and pursuance of good governance.

Immediately after the 1992 general elections, the civil society groups organised to pursue more reforms. In the absence of effective opposition parties and owing to their fragmentation along ethnic lines, civil society groups evolved as an important third force in the political sphere. They continued to press for comprehensive

constitutional reforms and established a platform for organising this campaign, Citizens Coalition for Constitutional Change (4Cs) which later gave rise to the National Convention Executive Council (NCEC). The NCEC remained at the forefront of campaigns for comprehensive constitutional reforms. However, the government and some parliamentary parties circumvented these efforts and introduced minimum reforms before the 1997 elections.

On the whole, advocacy and human rights groups continued to monitor government's progress in implementing political reforms. An important challenge they faced in this regard was reluctance on the part of the government to recognise them as legitimate actors. The government perceived them as groups without a constituency and therefore accountable only to donors. Collaborating with opposition political parties in pursuance of political reforms prompted the government to perceive of them as "opposition", and this created suspicion and tension between them.

Re-introduction of multiparty politics opened up the space for operation of other actors in both the political and social-economic space and expanded the space for democratic engagements. People had several choices with regard to political associations and could enjoy freedom of assembly and speech. Opportunities for improvement of human development began to flourish. The revival of civil society in itself expanded the opportunities through which citizens could participate in public affairs. Advocacy groups became one important avenue through which people's voices could be heard.

### Multipartyism, Electoral Politics and Participatory Governance

In the 1992 election, held to usher in multipartyism, the ruling party, KANU, won the presidential election with about 36% of the total votes cast (see Figure 3.2). The opposition political parties had at least three main presidential candidates. The party with the highest number of presidential votes was FORD-Asili (27%) followed by the Democratic Party (DP) with 20% and FORD-Kenya with 17%. Other smaller parties had less than 1%. The combined opposition parties had about 64% of the total presidential votes cast. However, this was a lost ballot because the law declared the winner to be the candidate with more votes than others, provided the candidate had received over 25% of the votes cast in at least five provinces.

KANU also won 95 (51%) of the 188 parliamentary seats. The distribution of seats by each of the main opposition parties was as follows: FORD-Kenya and FORD-Asili got 31 (17%) seats each; DP 23 (12%) and others 8 (1%).

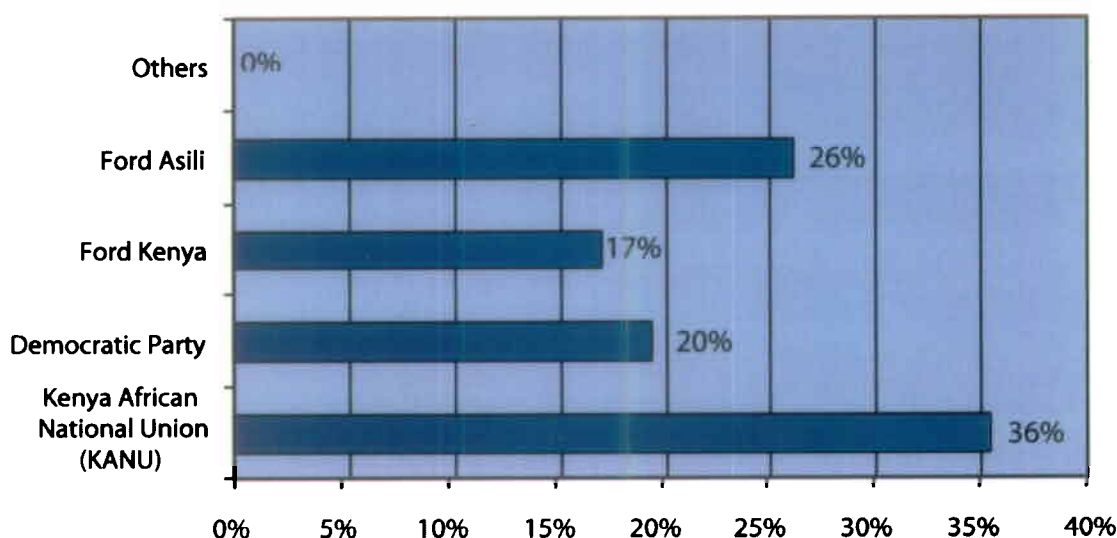
The victory of KANU in the first multiparty election meant that the party would continue to have a dominating influence both in parliament and outside. There was continuity rather than change in the mode of governance. At the same time, the failure of opposition political parties to win the election occasioned further divisions in some of the parties, in particular those that had

united ethnic constituencies to win the 1992 election. FORD-Asili, which had a large membership from the Luhya community and the central and diasporan Kikuyu, suffered most in this regard. The party lost several seats through defections of MPs to the ruling party, KANU.

In the period between 1993 and 1997, the ruling party continued to use public resources to maintain its control over other political parties. Use of patronage and corruption in public institutions deepened. Although there was political liberalisation, power remained centralised in the presidency, and the state aimed at further weakening civil society and opposition political parties. Decision making remained the preserve of the state elite. Avenues for public participation in decision making did not open up to participation by other actors.

The ruling party induced opposition groups and individuals to switch support on the promise that the government would provide development resources to their areas. This occasioned several by-elections in parliamentary constituencies and civic wards where some of the elected representatives switched to the ruling party. This had the effect of weakening the opposition political parties. Furthermore, infiltration of political patronage in the provision of basic services became increasingly linked to political loyalty. Human development in some regions thus became intertwined with political loyalty.

**Figure 3.2 The 1992 Presidential Election Results by Party**



Source : National Election Monitoring Unit - 1998



by-elections in parliamentary constituencies and civic wards where some of the elected representatives switched to the ruling party. This had the effect of weakening the opposition political parties. Furthermore, infiltration of political patronage in the provision of basic services became increasingly linked to political loyalty. Human development in some regions thus became intertwined with political loyalty.

In the meantime, fragmentation of opposition political parties paved the way for the state and the ruling party to continue dominating the political sphere. This resulted in constricting the space for popular participation. Civil society organisations, including human rights and good governance advocacy groups, as well as religious organisations, emerged as important actors to check on excesses of state power. They exerted pressure for more political reforms and began to lead the struggle for

further democratisation. In this regard, the groups put more pressure for comprehensive constitutional reforms before the 1997 elections. The key demand was for minimum reforms to create a level playing field for the parties participating in the 1997 elections. The underlying strategy was to have comprehensive constitutional reforms precede the elections.

In reaction to this development, all parliamentary political parties, including KANU, regrouped to negotiate the reform process from within parliament. In July 1997, they formed the Inter-Parties Parliamentary Group (IPPG) which had the responsibility of making recommendations on minimum constitutional reforms to be affected before the elections. The reform process came under the control of the parliament. Three laws were passed (see Box 3.2), paving the way for the 1997 general elections.

### Box 3.2 Inter-Parties Parliamentary Group (IPPG) Reforms

Constitution of Kenya (amendment) Act, 1997 Introduced Section 1A which made Kenya a multiparty democracy;

- Amended Sections 7 and 16(2) to enable a winner to take power and form a government as soon as the election is declared;
- Provided for parliamentary parties to choose their nominated MPs (previously presidential appointees);
- Increased the number of Electoral Commissioners thereby enhancing the representation by opposition parties.

Statute Law (miscellaneous amendments) Act, 1997

- Repealed several statutes: Vagrancy Act, Outlying Districts Act, Special Districts (Administration Act);
- Amended Preservation of Public Security Act in order to prevent detentions without trial;
- Removed from the Penal Code the crime of rebellion or the breaking down of law and order;
- Amended Societies Act to give Registrar of Societies no more than 120 days within which to register a political party;
- Amended Public Order Act to enhance freedom of association and assembly.

Constitution of Kenya Review Commission Act, 1997

- Set up several bodies for the constitutional review process: Constitution of Kenya Review Commission, District Constitutional Forums, National Constitutional Consultative Forum



The government repealed several laws before date of the December 1997 general elections. In spite of the IPPG reforms, the opposition political parties again lost to KANU. The ruling party won with 41% of the votes while 14 opposition political parties lost with a combined vote of 59% (Figure 3.3). The ruling party improved its margin: the combined opposition vote was 5% less than in 1992 (Figure 3.2).

KANU also had the majority parliamentary seats. Out of 210 seats, KANU had 108 seats. DP had 39 while NDP had 21 seats and FORD-Kenya 17 seats. Although KANU was the largest single party in parliament, the results produced a hung parliament: the opposition and KANU had an almost equal number of seats.

The defeat of the opposition political parties in the 1997 general elections again continued the domination of the ruling party in the political sphere. With a need to consolidate political power, the party continued to constrain the space for participation. It increasingly limited opportunities for participation in public life and generally restricted the sphere for human development. To consolidate political power and undermine opposition politics, the party merged with one of the main opposition political parties, the National Development Party (NDP).

Notwithstanding the dominant influence of the ruling party and contracting political space, civil society groups and some opposition political parties continued to exert pressure on the government to constitute the Constitution of Kenya Review Commission (CKRC) so that the

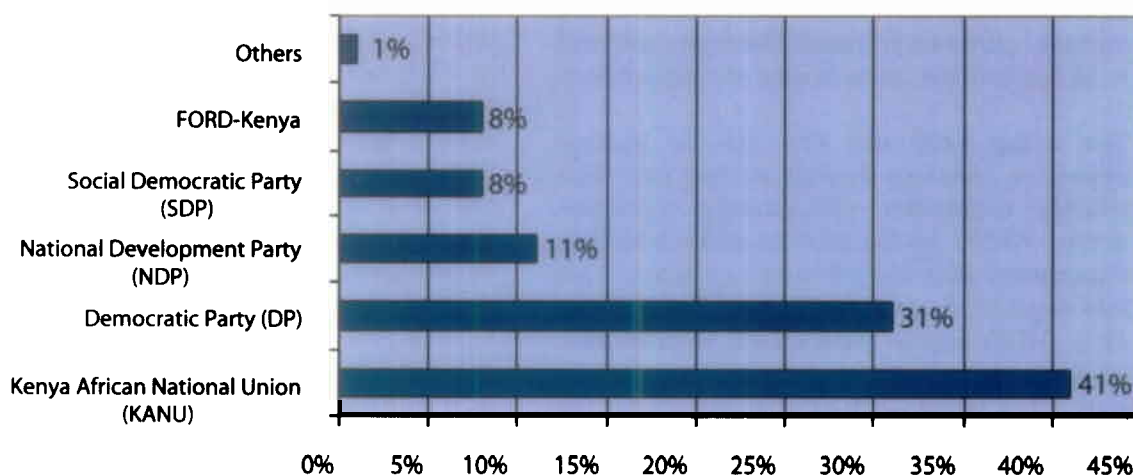
constitution reform would take place immediately. They hoped that a new constitution would put the process of democratisation back on track. Nonetheless, the government and the ruling party started by controlling the pace of the reform.

Disagreements on how the constitution review commission could be established resulted in two parallel groups: the Parliamentary Select Committee (PSC) on the Constitution and the Ufungamano initiative, mainly led by religious groups. Both groups proceeded to carry out their own activities without reference to each other. Efforts by the chairman of the government-supported PSC, however, led to the two groups merging into the CKRC in May 2001. Collecting views from the public began in earnest.

Some of the difficulties faced by the CKRC included lack of political goodwill. The president declined to meet the commissioners or give his views to the commission. The commission also faced a hostile judiciary, especially the chief justice. The commission was also internally divided, sometimes politically. The divisions between the government and the Ufungamano groups were rapidly subsumed by new interests and concerns.

The commission could not complete its work by the general elections of December 2002. The parliament was dissolved when the National Constitutional Conference was about to begin deliberations at the Bomas of Kenya. This had the effect of scuttling the review process because all parliamentarians and councillors are members of the conference. The conference was suspended.

**Figure 3.3 The 1997 Presidential Election Results by Party**



Source : ECK 1998

## Synthesis: Multipartyism, Governance and Human Development

Transition to multiparty democracy did not bring about the desired changes in either economic or political spheres, and it clearly failed to undermine political patronage as a tool of governance. Patronage deepened and became a tool for weakening opposition political parties. Nor did transition reduce corruption in the public sector; corruption deepened in tandem with poor governance. The state also restricted growth of political parties by declining to register groups that would compete effectively against the ruling party, KANU. These events had the effect of limiting people's choices.

Two factors were responsible for this trend. Firstly, the institutional framework governing multiparty democracy did not significantly change with political liberalisation. There were no sufficient constitutional reforms put in place as appropriate frameworks for multipartyism. Secondly, institutions that impeded good governance remained unreformed. The judiciary, the police and the provincial administration remained intact in spite of their centrality in shaping the form of governance that obtained under the one-party system.

One-party tendency on the part of the ruling party, KANU, and general inability of the public sector institutions to steer the reform process also constrained transition. Institutions such as the parliament that should have fostered public accountability remained accountable mainly to the executive. In the absence of viable mechanisms of checking abuse of power, the tendency was towards persistence of centralisation of power which led to increased personalisation of authority by the president. This enabled KANU to effectively manage opposition pressures. The show continued to be run from the centre in spite of multipartyism.

The ruling party was also able to manage opposition pressures through another innovative strategy: cooperation with strategic opposition groups. KANU set the pace for alliance building immediately after the 1997 elections when it got into negotiations with the National Development Party (NDP) and, to some extent, FORD-Kenya. These parties agreed to cooperate and support each other within and outside parliament. The spirit of cooperation between KANU and NDP solidified and moved a stage further in 2001 when the government appointed the party leader, Raila Odinga, and several other members of NDP, to the

cabinet. The two parties finally merged in March 2002 and formed a new KANU. FORD-Kenya, on the other hand, fell out with KANU halfway through their negotiations for cooperation. The party resorted to seeking cooperation with opposition parties.

Delayed transition began to shrink the space for political freedom and choice. This had the effect of stifling human development. Furthermore, even under multipartyism, non-state actors such as civil society organisations had relatively little influence on government policies. The state negatively impacted on social pluralisation. In spite of their increase in numbers, such groups were unable to effectively hold the state and state officials accountable. They nonetheless exerted enormous pressure on the government to become accountable and transparent, and the government finally agreed to begin constitutional reform.

The defeat of KANU by a coalition of opposition parties, the National Rainbow Coalition (NARC), ushered in a new phase of institutional renewal. Although the period on which to make judgement of the new government is relatively short, the policies that the government has put in place are enough to allow passing of cautious and tentative conclusions on new trends to governance and human development.

### 3.3 The Second Transition: NARC and Challenges of Human Development

The prevailing uncertainty with regard to the review process was a major issue a few months before the December 2002 elections. It nearly precipitated a crisis due to the widespread popular demand that the country hold the elections under a new constitution. One thing appeared certain this time around: possibility of a united opposition with a single presidential candidate. In 2001, following several attempts to unite and following pressure from civil society groups, the main opposition parties formed the National Alliance for Change (NAC). In the middle of the year, the political parties in NAC re-grouped under the National Alliance (Party) of Kenya (NAK), as an amalgamation of 13 political parties and two political pressure groups.

In the meantime, the merger between KANU and NDP produced internal contradictions that resulted in the collapse of the merger and a weakening of KANU. Disagreements over choice of a vice-chairman as the party's presidential candidate occasioned huge divisions in the party.

It eventually resulted in two factions. One of these factions, the Rainbow Alliance, comprised senior party officials, each wanting to be KANU presidential candidate and preferring a democratic method to appoint a candidate for the party. Some also preferred seniority within the party and the government to count in this regard.

Unable to compromise, the Rainbow Alliance faction walked out and joined a little known opposition party, Liberal Democratic Party (LDP), in October 2002. The new party joined NAK to form a grand coalition, the National Rainbow Coalition (NARC). The parties and their leaders agreed to field one presidential candidate, Mwai Kibaki, whom NAK had already chosen as their single presidential candidate a few weeks before LDP joined them. NARC won the 2002 general elections, ending the 40-year KANU rule. NARC had 62% of the votes, while KANU managed 31% (Figure 3.4). With regard to parliamentary seats, NARC again had the majority of 125 seats while KANU had 64 seats.

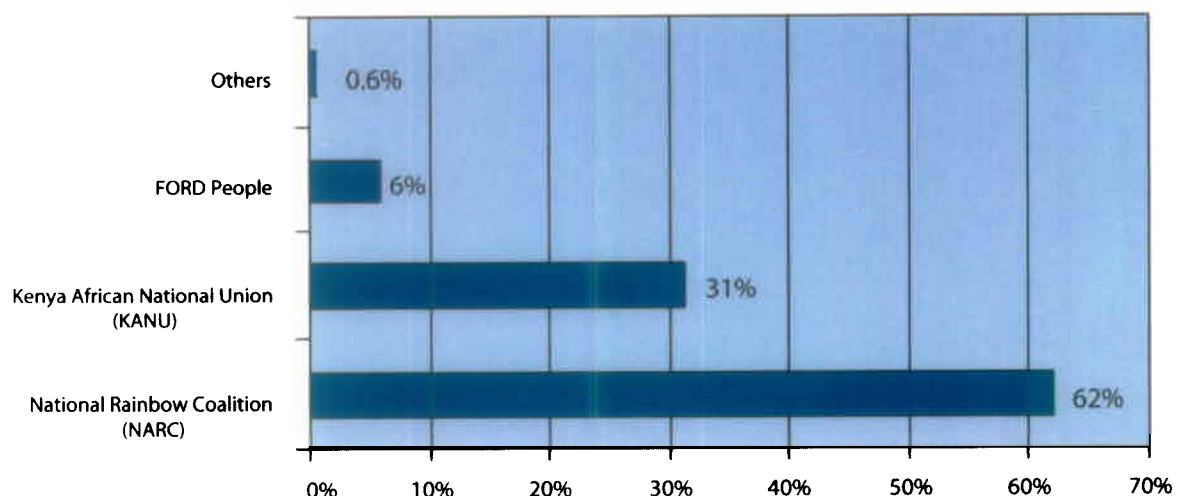
There were several critical factors in the formation of the National Rainbow Coalition. Civil society groups and influential politicians exerted enormous pressure on the main opposition political parties to unite into a single opposition movement. The second factor was absence of internal democracy within KANU and contradictions that arose from this. Inability of KANU to accommodate diverse interests or tolerate dissent (after the merger with NDP) divided the party, and the majority moved back to the opposition. Accompanying them were many past leaders with alternative viewpoints.

Demands for good governance and enhanced human development are factors that brought together several opposition political parties and pressure groups. National Alliance for Change, for instance, the precursor to NAK, mobilised support by pointing at the need to foster good governance and enhance human development. The party manifesto of the new opposition, NARC, also spelled out several policies aimed at improving good governance and human development. Promoting and protecting fundamental civil, political and economic rights, protecting freedoms, eliminating corruption, and increasing economic opportunities for all citizens were underlined as priority policies that would be implemented if the party won the election. Investing in infrastructure development and promoting investments were also identified as policies through which the government would create wealth to uplift the well-being of citizens. There was thus a clear linkage between political dynamics and issues around both participatory governance and human development. The desire of citizens to have good governance, improved human development and increased opportunities in life translated into pressure on opposition political parties to unite.

### 3.4 Conclusion

From this discussion, it should be clear that the new democratic space in Kenya came about through a long struggle spearheaded by civil society organisations and opposition political parties. The struggles evolved as a response to bad governance that prevailed in the country for many

**Figure 3.4 The 2002 Presidential Election Results by Party**



Source : ECK 2003

decades. The mode of governance prevented inclusive decision making and stifled the growth of democratic pluralism. The government stifled activities by both political parties and CSOs. This had the effect of retarding human development, limiting people's choices and constraining opportunities.

One conclusion that stands out as important is that democratic pluralism must have functional rules and institutions. There must be respect for rules and institutions. related to this is that political parties must function as institutions for influencing government policies. Opposition political parties that formed to challenge authoritarian power rapidly disintegrated along ethnic lines and increasingly represented ethno-

political interests. Institutions of governance failed to promote good governance and became accountable only to the president. They were generally unable to represent the wishes of the people and therefore unable to promote human development and governance. They became a threat to governance.

The continuing mode of governance contributed to economic decline and collapse of institutions, including those responsible for delivery of basic services essential for human development. To prevent rolling back of the democratisation process, there is thus the need to nurture strong governance institutions as well as support of civil society to become vibrant and vigilant.

## CHAPTER 4

# Governance, Resource Mobilisation and Management

Resources—broadly defined as human, material and financial—are essential for human development. Resource mobilisation, allocation and management are important indicators of participation in the process of development. In most cases, governments are charged with the task of mobilising, allocating and managing society's resources for public purposes. However, through mismanagement or outright corruption there is an inevitable divergence between the objectives of resource mobilisation and their achievement through allocation.<sup>50</sup> This affects human development in terms of inequitable access to opportunities in education, health and income.

Access to resources for a decent standard of living, education and increased life expectancy depends on the manner in which resources are mobilised, allocated and managed as well as people's participation in the process. When resource mobilisation is not transparent and participatory, the majority of the population are left out of the development process.

Resource mobilisation and allocation take different forms. These include mobilising financial resources through taxation, savings and credit facilities, training and skill creation, community participation and creation of wealth through development programmes. In a participatory development process, the government is expected to facilitate participation by a wide spectrum of stakeholders rather than promote government-led human development

### 4.1 Actors in Resource Mobilisation and Management

A number of actors are involved in the process of resource mobilisation, allocation and management. These include the government, private sector, civil society organisations as well as international development actors. Prior to the era of reforms, the government dominated the allocation and management of resources in most developing countries like Kenya. This meant limited participation by other stakeholders, especially the private sector, civil society and general population. Economic policy making in the

country in the early post-independence years was therefore highly centralised.<sup>51</sup> In the wake of reforms, however, there has been increased focus on the role of other actors, with sustained advocacy for participation in resource mobilisation, allocation and management. Since 1992, when major economic and political reforms started taking place, the situation has gradually changed, with more actors being involved in the mobilisation of development resources. The resulting development pattern is closely related to the changing governance and participatory nature of the development process.

### The Role of the Government

The state needs resources to fulfil its public resource roles, but its access to resources depends on the effectiveness of taxation and other forms of revenue collection. In poor countries such as Kenya, these income institutions do not function effectively. When revenues from tax collection are low, the state is incapable of marshalling the resources to build a functional market system. Weak tax collection institutions also undermine well functioning markets because governments focus their energies on easily collectable taxes which are often distortionary. At the same time, dependence on tax revenue from large firms becomes chronic because high tax burden and high compliance costs may lead firms to enter the informal economy, making it difficult for the government to increase its tax revenue in a situation where there are no avenues for taxing the informal economy. The considerable power vested in the state to levy taxes also comes with temptation to misuse such power and this undermines the effectiveness of the tax and revenue collection system.<sup>52</sup> This emphasises the importance of the governance system. Efficient governance of tax and revenue collection and its management is important for efficient allocation and management of resources and its contribution to human development. The result is that many governments have delegated tax collection to special agencies with varying degrees of autonomy.

50. World Bank 2002a.

51. O'Brien and Ryan 2001.

52. World Bank 2002a.



The creation of the Kenya Revenue authority (K.R.A) is one such example. The success of an independent revenue agency in improving tax collection and compliance depends to a great extent on the degree of political commitment to its autonomy. Such autonomy also needs to be boosted by fostering constituencies in the private sector that recognise the importance of a competent and fair tax system.<sup>53</sup> This implicitly points to increasing participation in the revenue collection process by enhancing awareness of the different actors regarding revenue collection.

Kenya's economic policy formulation circle was for a long time limited to government ministries and parastatals both at sectoral and national levels. There was limited dialogue and interaction with other stakeholders. However, even within these government institutions, the policy formulation group remained narrow.<sup>54</sup> One of the reasons for this policy trend has been the desire by the core policy makers to prevent potential losers from mobilising opposition in advance for future policy actions. Kenya therefore used a strategy of introducing and implementing policies through crisis, with hardly any participation from stakeholders. This approach has had its costs and explains why some government policies were not implemented.<sup>55</sup>

In Kenya, government participation in resource mobilisation has mainly been through policies affecting the different players in the economy. For a long time, the government also undertook to participate directly in the economy by creating public enterprises. However, with time, these enterprises became loss-making entities needing subsidies to sustain them. It is estimated, for example, that between 1986 and 1991, the subsidies to loss-making parastatals constituted 0.3% of GDP.<sup>56</sup> The inefficiency of the public sector soon became a structural constraint on the economy. An overstretched public sector along with heavy borrowing from the Central Bank to finance budget deficits caused significant pressure in the early 1980s. All these combined to lower investment and growth in the economy, and the result was reduced government involvement in development.

The strong government presence in the early post-independence period was also driven by the government wish to expand the participation of the African population in economic activities. Due to the limited skills among the indigenous population, policy makers believed that this would require a strong government role in the economy. The government authority over the economy was

increased through the regulatory framework and the expansion of controls on domestic prices, interest rates, foreign exchange as well as imports and exports.<sup>57</sup> All these substantially limited the participation of the private sector in the development process. Another important aspect of economic policy in Kenya that limited private sector participation was the import substitution industrialisation (ISI) strategy which entailed massive government intervention in directly productive economic activities and management of the economy. Although the ISI strategy protected the infant industries, it prevented the entry of new firms. The controls as well as the ISI strategy failed to create a dynamic industrial base necessary to generate employment and internal linkages in the economy which could increase the participation of the population in the development process. Although the initial intention of government involvement was to facilitate increased participation by the indigenous populations, the methods failed to achieve it.

Despite the private sector's efforts over time to engage the government in economic policy dialogue, the government did not respond until the era of reforms brought in focus the role of the private sector in the development process. Although major business organisations such as the Kenya Association of Manufacturers (KAM) and Federation of Kenya Employers (FKE) transmit ideas from their members, the government perceived the private sector as lobbyists for narrow interests and was reluctant to engage it in policy debates. Similarly, until the implementation of initiatives such as the National Poverty Eradication Plan (NPEP), Poverty Reduction Strategy Paper (PRSP) and Local Authority Service Delivery Plans (LASDAPs), the government was reluctant to involve other stakeholders in developing policy options. All these have meant that the process of resource allocation has mainly been limited to the government, with limited checks from the private sector.

There has also been the problem of limited use of indigenous human resources—consultants, university researchers and research institutes—to inform the policy-making process in the country. This has mainly dominated the utilisation of grants and tied aid. Despite the existence of many

53. Ibid.

54. O'Brien and Ryan 2001.

55. Ibid.

56. ILO/EAMAT 1999.

57. O'Brien and Ryan 2001.

qualified Kenyans with relevant skills, their contribution to the development process has been limited. Poor returns to skilled labour has persisted, with negative consequences for human development. The limited participation in the development process is also manifested in the dichotomy of the economy into formal and informal sectors. Government policy towards the informal sector for many years hindered its development. This curtailed its ability to develop technologically, generate skills, facilitate wealth creation and expand people's capabilities. Until the recognition of the failure by the formal sector to absorb the increasing labour force, the informal sector activities were left out of the mainstream development policy. However, despite its potential in resource mobilisation and employment creation, the sector still faces a number of constraints; one example is that it is transforming unemployment into under-employment.<sup>58</sup>

The current development plan 2002/2008 recognises that the government plays a vital role in ensuring that clear policies are formulated and implemented for faster socio-economic growth. In pursuing this role, the government states its intention to limit its mandate to programmes and policies of highest priority as determined by its core functions, resource base and capabilities. The government will therefore operate in the broader context of regulation and provide an enabling environment for economic growth and development.<sup>59</sup> This opens the arena for increased participation by different actors in the development process. It has also become increasingly evident that competition for scarce budgetary allocations has increased at the same time that donor funding is declining. The government therefore needs to provide an enabling environment that can facilitate the participation of other actors like the private sector and civil society organisations in wealth creation through community mobilisation in education, health and employment opportunities. It is also necessary for the government to improve its management of resources through initiatives which reduce corruption.

Since the commencement of the implementation of the District Focus for Rural Development (DFRD) strategy, the government has continued to emphasise the use of participatory methodologies in programmes and project implementation.<sup>60</sup> This was necessitated by the realisation that all stakeholders have a role to play in the development process. The DFRD implied that the central government departments and ministries be

effectively represented at the district level, leading to the decentralisation of power from the centre and management responsibilities to the district. The implementation of the strategy has not been without constraints. In certain cases, the devolution of power has not been very effective since some of the prior arrangements for providing government services at the provincial level still remained in place despite the DFRD. In certain cases, the district became the focus of centralised management with respect to the central government, local authorities and NGOs. This only limited further grassroots participation and mobilisation. For human development, this has meant limited access to basic social services at the grassroots.

The DFRD has faced a number of implementation problems, the main one being the lack of legal and institutional framework for stakeholder participation in development at the local level. There has also been lack of political support. The effective implementation of the DFRD requires participatory methodologies and skills at all levels of implementation. The use of participatory methodologies in programmes and project development calls for capacity building at national, district and community levels. This should address the need to enhance participation and self-governance. Only then can the DFRD translate into improved governance from the grassroots to the national level. It also calls for enhanced use of participatory monitoring and evaluation and learning strategies that allow for replication of best practices.<sup>61</sup>

### **The Role of Local Authorities in Resource Mobilisation**

Local governments require resources to implement programmes and provide services. The financing of expenditures on services has an important implication for the incentive to collect taxes and build institutions that support markets and overall human development. Local governments should ideally finance their expenditure from taxes under their control, with most of the costs borne by local constituencies. This gives the local government the power to vary the level of expenditure to reflect local preferences and therefore develop incentives to collect taxes. People are also able to see how the taxes they pay are linked to the services they receive. However, this role may be limited by the fact that most of the taxes assigned to local

58. UNDP 2002b.

59. Republic of Kenya 2002b.

60. Ibid.

61. Ibid.

government raise only modest revenues, resulting in large fiscal gaps for them. In addition, local governments with the autonomy to raise taxes may not set rates high enough or vigorously enforce collection.<sup>62</sup> In Kenya, although the local government is increasingly becoming an important institution for public service delivery, the current system overlaps and duplicates those efforts provided by the central government. The local government reform has continued to transform these authorities by rationalising the operational relationships between the local government and central government, communities and private sector.

The central government controls the revenue-raising ability of the local authorities by determining the types and rates of local taxes and fees; it also sets limits on local authority borrowing. It influences the performance of local authorities by approving budgets, tenders and contracts. This trend of revenue and expenditure realisation has often occasioned serious fiscal deficits, resulting in neglect of development and maintenance of vital services. During the 1997/2001 plan period, the fiscal relations between local authorities and the treasury were to be reviewed under the Kenya Municipal Reform Programme (KMRP).

Presently, local authorities are deficient in delivering services to the public due mainly to their lack of autonomy. Most powers are concentrated in the central government. There are also problems of lack of resources, poor civic leadership, transparency and accountability. This limits participatory decision making in planning and implementation of programmes.<sup>63</sup>

### International Development Actors

The international community has continued to play an important role in the mobilisation of resources for development in Kenya. Resource flows from the international community take different forms: direct foreign investments, multilateral assistance or bilateral development assistance. The volume of external assistance in Kenya forms a significant flow of resources as a share of the development budget. One of the important components of external resource flow is technical cooperation (TC). There is a multiplicity of donors involved in technical cooperation in the country, although only a few institutions such as the World Bank, European Union and bilateral donors are significant in terms of volume of resources provided. United Nations agencies are also important players. The United Nations

Development Programme (UNDP) contributes with its work in development cooperation through UN partnerships. The UNDP has endeavoured to ensure that strategies are nationally-owned, based on Kenya's own commitments, developed in a participatory manner and address the multidimensional roots of human poverty in the country.

Since the 1970s, there has been a growing importance of programme and structural adjustment lending in the country. It is however noteworthy that the net flow of adjustment lending over the period was less than the total due to the repayment of principal and interest charges.<sup>64</sup> The debt burden created through such resource mobilisation significantly reduces the long-term positive impacts on human development.

The economy has persistently depended on external resources, with official development assistance (ODA) being one of the important sources of revenue. It is estimated that external assistance contributes about 70% of the total development expenditure in the country. Donor resources in the form of loans and grants have often been used to supplement domestic savings, facilitate the acquisition of equipment, training of personnel and institutional capacity development. A look at trends in external resource flow shows that the country has experienced a steady build up in nominal flows of ODA between 1970 and 1996, rising from US\$ 66 million to US\$ 743 million over the same period. This reached a peak in 1991 when ODA was 14% of GDP and 45% of government expenditure.<sup>65</sup> Bilateral aid has been in the form of grants, while the principal source of multilateral aid has been the World Bank. Since the 1990s, there has been a slackening of donor support, leading to a sharp decline in aid inflows. However, more ODA was channelled through NGOs rather than the government during this period.

There is a line of argument that technical cooperation (TC) contributes to the social and economic development of the country. The reasoning is that it helps in building national capacity, enhancing efficiency in performance and service delivery, and fills resource gaps to achieve sustained socio-economic development.<sup>66</sup> However, one of the main development issues regarding such resources is coordination as well

62. WorldBank 2002a.

63. Republic of Kenya 2002b

64. O'Brien and Ryan 2001.

65. Ibid.

66. Ikiara and Ochoro 1998.



as monitoring and evaluation of resources. The process of coordinating TC is made difficult by the preference of many donors for parallel financing to co-sharing.<sup>67</sup> In general, donors largely drive the projects which actually reflect donor objectives, priorities and strategies. Because of the large number of donors operating in the country, conflicts often make coordination difficult. In some cases, donor interests do not correspond with ministry or national priorities. The donor-centred process also weakens ownership of projects by local stakeholders with adverse effects at all stages. Because ministries view TC within the context of their own short-term needs, there is little effort to integrate it into national policies or plans.

Despite the importance of TC in Kenya's development programmes, the government has not developed any clear guidelines on the utilisation of external resources made available through technical cooperation. The government has demonstrated little inclination to better coordinate donor-funded activities. The main problem however has been the lack of effective implementation of strategies to ensure enhanced participation in various activities by existing and potential stakeholders like the public and private sectors, NGOs and the donor community.

The initiation and planning of TC projects take place at different levels. Donors initiate project proposals relevant to their goals while the government through its line ministries, defines projects based on identified sectoral and national needs. These may not necessarily conform. The processes of initiating, implementing, monitoring and evaluating TC projects vary widely. Kenya has received financial resources mainly as grants; most are not received directly by the government but are paid out to resident advisers or used to purchase training instruments. The issue is therefore whether the overall human resource capacity building and institutions strengthening has been commensurate with the level of expenditure from such grants.<sup>68</sup> There is therefore need for the government to have an explicit and clear donor policy coupled with deliberate efforts to attract foreign direct investment (FDI). Such a policy will enhance proper utilisation of such resources for human development in the country.

The issue of debt burden is one of the areas through which ODA negatively impacts on the human development of the country. Most of the debt contracted in the country has been aid-

related although some was contracted on commercial borrowing terms. Kenya's external debt more than doubled in the 1980s, during the same period that a substantial part of the aid was converted to grants. The intergenerational debt burden that results from such resources is another negative impact. Although external resources help to alleviate immediate short-term constraints, a more critical concern is the long-term effect on the country's ability to create wealth, facilitate domestic participation and improve human development.

The mobilisation, allocation and management of resources through the international development actors have not been adequately participatory and have thus limited human development. The use of external human resources in donor funded projects, tying of aid to imports from donor countries and the difficulty in reconciling donor preferences all substantially limit the participation of and benefits to indigenous populations; in addition, the process further limits the creation of domestic wealth and opportunities.

### Civil Society Organisations

Civil society organisations have important roles in the mobilisation of resources. They include non-governmental organisations (NGOs), community-based organisations (CBOs), trade unions, human rights organisations, religious organisations and consumer groups. In the recent past, these organisations have been instrumental especially at grassroots level. Religious organisations especially support the poor and disadvantaged, and monitor and facilitate the flow of information on issues of common interest. Self-help groups, merry-go-rounds and savings and credit associations have been important in mobilising rural and urban savings, providing credit and financing basic needs of their members;<sup>69</sup> they thus allocate resources to productive uses within the society. They mobilise resources by empowering grassroots organisations to articulate issues, strengthen their organisational capacity and influence the direction of their lives. Most of them are also involved in community mobilisation, preparation of community action plans and building of self-reliance among the people.

Women's groups are CBOs that have been instrumental in enhancing the participation of

67. Katsiaouni 1997.

68. O'Brien and Ryan 2001.

69. Ouma 2002.

communities in development. They engage in a range of income-generating activities which contribute to their empowerment both economically and politically. Women's groups have become important entry points through which civic education has been channelled to the grassroots level. This has largely contributed to increased political and civic awareness. For the translation of these gains into human well-being and improved human development, there is need for improvement in the allocation of national resources to benefit all sectors and regions equally. The achievement of universal access to social services means that the government must take the key role in policy reform and development, financing and management in order to encourage innovations in service delivery. Despite the importance of participatory methods, they have not been used in the critical step of setting priorities with communities.<sup>70</sup> The government is gradually recognising the role of civil society organisations in participatory development. According to the National Poverty Eradication Plan (NPEP), the government is expected to take a lead role in encouraging social mobilisation and multi-channel delivery to ensure that poverty reduction objectives are met with maximum contribution from the grassroots. The government will facilitate the use of participatory methods to mobilise communities. There are different methods of social mobilisation that can be used, including group-based savings and credit and use of local facilitation and participatory methods. Group-based lending, especially to micro-enterprises, is a form of self-advancement and participatory development that is rapidly becoming sustainable and has grown significantly in Kenya. This justifies the need for performance-based subsidies to innovative credit institutions with local membership bases.

One major means of community mobilisation has been harambee (discussed in Chapter 3). This has been used by the central government together with local communities to provide services. Harambee has been Kenya's rallying cry and development motto since independence. Until the late 1970s, significant development of social services had been achieved in most of Kenya through the harambee movement. The situation, however, was reversed following the failure of the movement to provide impetus for increasing challenges.

The harambee model has problems related to politicisation and monetisation. Harambee has been used as a measure of loyalty and patriotism, leading to political ascendancy, rather than service

delivery. This monetisation of the movement created problems of identity in which the elite, who had the money to contribute, identified with projects and not with communities. In addition, harambee changed from the idea of pooling resources to pooling money, making it difficult for the poor to participate. The result is a dependency culture in which poor people wait for others to contribute. There has also been concern over whether the funds raised using this strategy are properly used. Cases of embezzlement and misappropriation have been alleged. The problem has been aggravated by the fact that the government has resisted calls to audit harambee funds. A fresh look at the management of such funds is necessary if the model is to be sustained.

## 4.2 Patterns of Resource Mobilisation

There are different patterns of resource mobilisation, depending on the actors and systems in place. Government in general can influence the pattern and governance structure of resource mobilisation through policies and incentives. The pattern of resource mobilisation is crucial for human development since it determines who participates and hence has access to opportunities. Education, health and income-earning opportunities are important indicators of human development and are further determined by the governance system.

### Taxation

Taxation has been a major means of mobilising national revenues by the central government. The tax modernisation programme, which was part of wider tax reforms, had the objective of improving economic efficiency, administration and fairness. The creation of the Kenya Revenue Authority (KRA) to strengthen revenue collection was part of the reforms. Since 1995, tax administration has been the responsibility of KRA which brought together three tax collection departments: income tax, value-added tax, customs and excise taxes. KRA is also responsible for collection of other fees and revenues and is expected to identify alternative and efficient methods of revenue collection.<sup>71</sup> KRA reform measures have included widening tax brackets and lowering income tax rates, lowering import duties and introducing the personal identification number (PIN) as a way of reducing tax evasion. The government has regarded taxation not only as a way of mobilising revenue but also as a way of increasing investment and industrialisation. It has therefore tried to move away from import and export duties and has emphasised taxes on

70. Republic of Kenya 1999.

71. Republic of Kenya 1997.

domestic goods and services, such as the value-added tax (VAT), as the major source of government revenue.

While these measures have increased government revenue, their implications for human development have not been positive. The VAT mainly hurts the low-income population who buy cheap imports which in turn affect the small-scale enterprises and agriculture where the majority of the population work. VAT on commodities consumed by the low-income population, on the other hand, increases the cost of living for a majority of the low-income population.

### Domestic Savings

Domestic savings is the sum of public and private savings. While public savings stem from budgetary surpluses, private domestic savings come from corporate sector retained earnings or household savings. Domestic saving as a percentage of the GDP has remained low and in certain cases declined since the early 1990s. There was a marked drop in gross domestic savings as a percentage of GDP from 11% in 1997 to 5.5% in 2001, the same period that is characterised by a decline in the human development index (Figure 2.1). Low savings has meant inadequate funds for investments;<sup>72</sup> hence, grants and net borrowing from abroad have been the major sources of financing capital formation in the country (Figure 4.1).

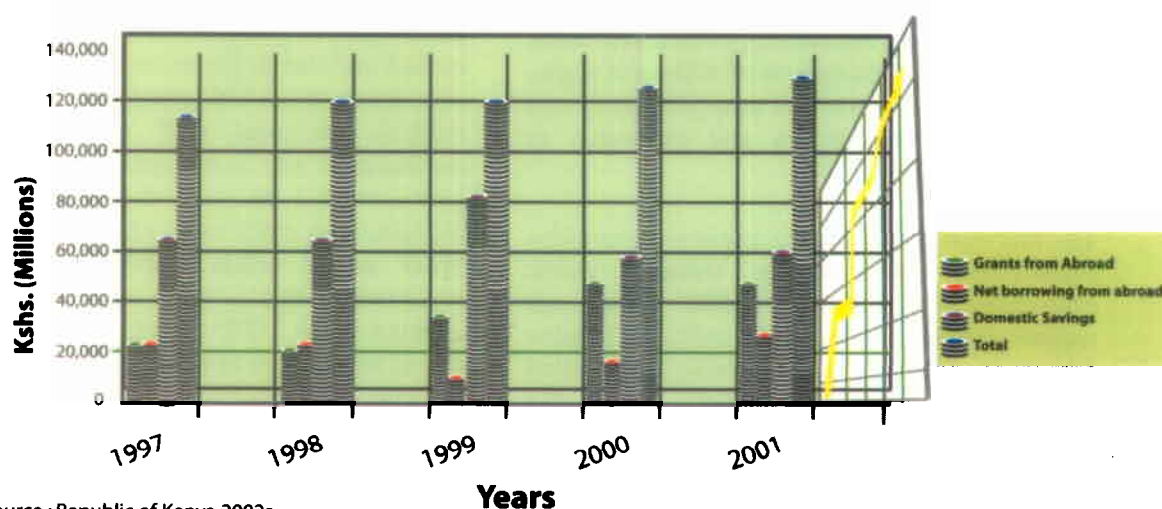
Domestic savings are an important source of resource mobilisation. However, they are still largely complemented by foreign savings, notably official

foreign savings such as grants and loans, private foreign savings such as direct foreign investments and external commercial borrowing. The government has at times sought to increase the flow of FDIs by providing a conducive investment climate. Impediments to savings in the country include high levels of taxation as well as foreign and domestic debt, low deposit interest rates, inadequate institutional framework for capital markets and limited diversity of savings instruments. The view that Kenya's domestic savings are considered inadequate to generate meaningful development has been used to justify external financing. The failure to consider exogenous shocks into the planning process has resulted in significant deviations from development goals. Institutional weaknesses as well as inadequate monitoring and evaluation mechanisms have significantly contributed to the low implementation of development programmes.

According to the 2002/2008 development plan, the country's fiscal strategy aims at increasing the level of economic activity by enhancing the role of the private sector in wealth creation. This will be built around the main objectives of achieving sustainable reduction in the level of domestic debt to GDP, changing the composition of government expenditure to focus on efficient public investments and operations and strengthening the budgetary process. Modernisation of tax collection institutions, setting of optimal tax rates and expansion of the tax base are necessary for increasing revenue collection.

72. Ibid.

**Figure 4.1 Sources of Finance for GFCF 1997 - 2001**



Source : Republic of Kenya 2002a.



## The Budgetary Process

The budget has always been an important means of resource allocation. The budgetary process in Kenya has usually been seen as secretive and non-transparent due to the controlled regime. However, this has changed, with more stakeholders able to participate in the process. In many developing countries, public management systems have been inefficient due mainly to inherent weaknesses in the budgetary process. Such weaknesses include poor prioritisation of expenditure programmes; commitments which are not backed by budgetary provisions; and failure to link planning, policy and budgeting. Thus, government and budgetary objectives have not been achieved. Weaknesses of the system include unrealistic revenue projections, inadequate expenditure control measures and a general lack of budget discipline. Because of these weaknesses, the Kenya government has instituted reforms in policy making, planning and budgeting.<sup>73</sup>

Until 2000/2001, the budgetary system in Kenya was largely incremental, with the determination of amounts and allocations largely ignoring core issues related to expenditures and revenues. The revenue projections were too optimistic. The budgetary process included review and projection of resources, determination of deficits or surpluses in terms of government policy targets, sharing of resources between statutory commitments and allocations to line ministries, setting ceilings, and ministry expenditure proposals. Due to the poor economic performance in the 1980s, the Budget Rationalisation Programme (BRP) was launched in 1986 to ensure the allocation of limited funds to high priority areas and with immediate impact on productivity, employment opportunities and the revenue base. The BRP regulated expenditure through strict fiscal controls and by setting specific expenditure targets, rationalising public investments, cutting current expenditure on subsidies and wages, setting limits on transfers to state enterprises and improving the monitoring and evaluation of public expenditure.

The BRP was introduced to improve government expenditure, specifically by reducing public expenditure as a proportion of GDP, and to curb ministries' violations of budgetary ceilings. It failed to achieve its objective mainly because the political imperative of the DFRD strategy led to the application of geopolitical criteria in selecting government-funded projects, resulting in the proliferation of many small and under-funded projects. Thus the government was challenged to

reintroduce elements of financial planning and discipline into the budgetary process, adhering to expanded ceilings and monitoring state-owned enterprises.<sup>74</sup> Unlimited powers of the executive also led to a situation where the actual budget was not implemented.

Against this background, the government instituted reform measures that culminated in the Medium-term Expenditure Framework (MTEF) as a budgetary approach with effect from 2000/2001. The MTEF is based on the needs of the people drawn from the PRSP process which has become the guiding document in the preparation of three-year MTEF budgets. The MTEF was introduced in response to problems encountered in past budgetary processes. There were inconsistencies between policy intentions and the budget. Development plans were not based on the availability of resources, with the result that some projects were not funded. The budgetary process did not link objectives and targets to funds required, and emphasis was put on controlling inputs rather than improving sector performance by meeting objectives. The budget was prepared on an incremental basis, without a review of its viability for continuation. The MTEF attempts to improve the decision-making process to link government policies, priorities and requirements with available resources. It consists of a top-down estimate of aggregate resources available for public expenditure that is consistent with macro-economic stability, a bottom-up estimate of the costs of carrying out new and existing policies and a framework that reconciles costs with aggregate resources. The MTEF therefore provides a framework to link expenditures, policy priorities and budget realities.

The MTEF budgeting approach faces a number of challenges. For example, ministries and other stakeholders to grassroots level need to change their outlook and identify the resources they need for their own development. Delegation of responsibilities to available technical staff and emphasis on mobilisation and management of resources at grassroots level are crucial if participation is to be increased and made more effective. Although the MTEF should reflect grassroots priorities and involvement, this is often not the reality. The objective of the MTEF has not been fully achieved due to weaknesses in implementation, monitoring and evaluation. As a result, there is need to carry out further comprehensive reforms in public expenditure management to improve the budgetary process.

73. Kilru 2003

74. World Bank 1992.

The question of how to create an environment that can sustain reforms through institutional arrangements that provide incentives is another critical challenge. Capacity constraints are also crucial, since the MTEF increases administrative burden on the public sector. This may be underestimated and consequently risk unsustainability. The MTEF is likely to raise expectations in the delivery of government services, and failure to deliver these may reduce the credibility of the reform process. The MTEF does not however alter the underlying budget realities of resource constraints. The budgetary process still has weaknesses due to the lack of a comprehensive resource framework. The sectoral resource allocation at the ministerial level does not adhere to national set priorities.

### Public Sector Reforms and Resource Mobilisation

The public sector reforms were initiated as part of wider economic reforms in the country. One of the major objectives of these reforms was to reduce government expenditure in the public sector. The public service has been large, raising concern about its efficiency and effectiveness in the use of resources, and therefore the need to rationalise the commitment of such resources.<sup>75</sup> Public expenditure control and reduction were major objectives of civil service reform which was crucial for reducing government spending, raising productivity of the workforce and rationalising staffing levels. The need for stabilisation arose from the fact that the economy, especially the public sector, was becoming inefficient. Measures implemented by the government included civil service, financial, fiscal, parastatal and governance reforms.

Civil service reforms were aimed at making the civil service more efficient and productive through re-organisation of the government to concentrate on its core activities. A main activity was re-organisation in the structure of ministries and departments to have fewer but more clearly defined functions. A second activity was effective decentralisation of service delivery. Civil service reform was crucial for the reduction of the financial burden on the treasury, improvement in the efficiency of service delivery and enhanced opportunities for private sector investment.<sup>76</sup>

State-owned enterprises also had problems of over-expenditure. Although parastatals accounted for a large share of public sector employment, they became a major source of budgetary deficit as they mostly depended on subsidies from the central

government. A number of factors contributed to the inefficiency of public enterprises. These include government pressure to carry out public non-commercial functions and absorb more workers, protection from competition, declining standards of management and financial control, and lack of budgetary review. The government embarked on the privatisation of state enterprises in 1992, with the result that 169 public enterprises have been either fully or partially privatised.

### Resource Mobilisation and Allocation Through Financial Institutions

Financial institutions play an important role in the mobilisation and allocation of resources for development. Financial markets, for example, provide a vital link between savings and investment. The efficiency of the financial markets can positively influence both the quality and volume of investment.<sup>77</sup> This is also done by improving the average productivity of capital by channelling funds from surplus to deficit areas of the economy, facilitating the screening and monitoring of investment projects and borrowers to ensure that financial resources are efficiently used and mobilising savings to increase the resources available for capital accumulation. In addition, channelling investment funds to firms is possible where there is efficient financial intermediation so that resources are made available for investment from given savings.

In Kenya, financial institutions are expected to mobilise, intermediate and maintain the flow and management of financial resources for development. In order to play its role in the mobilisation of savings for industrialisation, the government through the Central Bank is expected to introduce incentives to all financial institutions to open channels for the emerging informal economy as well as low- and middle-income earners. Thrift savings systems, or people's banks, and tax incentives for rural branches have been proposed as means of mobilising domestic savings.<sup>78</sup>

In comparison to other developing countries, Kenya's financial sector has demonstrated significant dynamism. The banking sector is an important player in the country's financial system. However, it is dominated by a few large commercial banks which focus on short-term lending for commerce. The short-term nature of their lending and their own corporate interests conflict with

75. World Bank 2002c.

76. Ikiara and Ndungu 1999.

77. Long 1991.

78. Republic of Kenya 1997, p. 36.

national long-term objectives of resource mobilisation. Their policy of concentrating on corporate clientele has excluded many small savers and borrowers. Although the Kenyan financial system has been characterised by growth and sophistication, this has not been matched by efficiency gains in the quality of services offered. The large differences between deposit and lending rates point to the lack of sufficient competition among the banks. The huge profits earned by the commercial banks have not encouraged new competitors, and this points to the existence of entry barriers in the sector. There is a need for the Central Bank to introduce regulations to check oligopolistic tendencies in order to enhance competition and set minimum service delivery standards for all banks.<sup>79</sup> The banking sector has not lived up to the expectation of mobilising financial resources to facilitate investment. Credit remains one of the major constraints for the small and micro enterprises despite their being major employers of the country's labour force.

The development finance institutions (DFIs) in Kenya were tailored to provide long-term finance especially to meet the needs of state enterprises. Since they lacked effective statutory powers to raise funds independently, their capacity to meet their obligations was tied to the government's ability to raise funds externally. State ownership and government influence over policy and management decisions subjected them to political patronage and abuse, preventing them from developing into viable commercial entities. In order to re-establish their critical functions in long-term development financing, there was need to divert the DFIs from government patronage through gradual privatisation. The role of DFIs in mobilising financial resources for development has therefore been limited to large-scale public-owned enterprises. Initiatives to promote small and micro enterprises have involved special programmes to improve access to credit and encourage linkages with the manufacturing sector.

The National Social Security Fund (NSSF) has been responsible for the custody and management of workers' pension contributions and retirement benefits. The management of such funds has been open to abuse, and the institution has not participated in the evolving financial system and hence the chance to realise its full potential in resource mobilisation. During the 1997/2003 development plan period, the government was supposed to institute a comprehensive framework to enable NSSF to fully participate in the financial

system. The government needs to prepare and pass legislation to allow the establishment of more privately-managed pension funds to cater for working savers who are not currently covered by the NSSF. Capital markets are still relatively underdeveloped and cannot provide long-term investment funds. Their authority therefore should play a crucial role in the development of long-term financial instruments and the institutions necessary for an efficient market. The capital markets should facilitate the establishment of full-service security firms, credit-rating agencies for industrial bond depository institutions and security markets for international capital.

Special financial institutions have remained severely underdeveloped, hence the need to develop sector-specific banking institutions like industrial properties development banks, export-import banks and merchant banks, among others. Despite its relative growth, the financial sector has not effectively mobilised resources for development. It has failed to cater for the financial needs of a large segment of the productive sector and population and has indirectly limited investment potential and hence employment opportunities. The implication of this for human development is that fewer people are able to access health, income-earning opportunities and education.

### 4.3 Constraints and Challenges to Resource Mobilisation

The mobilisation, allocation and management of resources present a number of constraints and challenges to the process of human development. The main challenge is how to put in place a governance structure that facilitates efficient resource mobilisation and allocation for human development. Although the state has a critical role to play, it is becoming increasingly clear that other stakeholders are equally important. The economic and political reforms that have taken place have highlighted the need for other players in mobilising resources for human development. The challenge is therefore for the government to play a facilitative role for the various actors. Facilitation of the different stakeholders will require the provision of physical facilities as well as financial institutions, information systems, legal and regulatory systems and policy framework. The government policy affecting different players in these respects will be important. The need to give resource mobilisation a partnership approach is also crucial.

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79. *Ibid.*, p. 38.

There are a number of players involved in mobilisation of resources at different levels. The government should therefore consolidate the different initiatives and create strong links between the different players. Government policy and regulatory framework will need to facilitate resource mobilisation by different players and address management of these resources.<sup>80</sup> The government needs to learn from civil society and development partners and strengthen partnerships between the different actors. The local authority is an important arm of the government and can be used for resource mobilisation and management. In the current system, some functions of the local government overlap with those of the central government. The control by the central government has often occasioned serious resource flow constraints to the local authorities with negative consequences for the provision of services. This poses a challenge to the functions of these authorities and gives rise to the need for strengthening their ability to mobilise and manage their resources.

The role of international development partners or donors is another challenge to resource mobilisation and management. Although the international community has been an important player in resource flows to the country, there is need to improve the co-ordination and management of these resources to agree with the overall government development agenda. There are no clear guidelines on the utilisation of resources generated from the international community. In some cases, the conflicting objectives of donors and government lead to

difficult coordination. The other challenge with respect to resources mobilised through such actors is to increase the long-term impact on human capabilities. In this respect, external resources should strengthen local capacities by creating more domestic employment opportunities, skills and technologies. It is a great challenge to carry out further comprehensive reforms in public expenditure management to improve the budgetary process. This requires strengthening local capabilities to ensure participation in the budgetary process and management of resources. The reduction of public expenditure as a proportion of GDP has lowered the government's ability to meet its obligation to provide services, hence the need to integrate the private sector, civil society and international partners in resource mobilisation and allocation. A budgetary system cannot work efficiently where there is no transparency and accountability. These need to be improved for efficient allocation and management of resources for human development.

The quality of public expenditure also needs to be improved by addressing the governance system of resource mobilisation, allocation and management. Public expenditure priorities that strengthen people's capabilities are critical for human development. Inadequate public expenditure and allocation of resources are manifested in deteriorating public assets and services as well as living standards for a majority of the population, all of which are important for human development.

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80. UNDP 2002b.



## CHAPTER 5

# Service Provision for Human Development

Resources are very crucial to human development. When financial, human and material resources are properly mobilised, allocated, utilised and managed, it becomes possible for the core services to be provided. The key services for human development include education, health care, water, sanitation, housing, transport and communication. A population with access to these services is likely to ensure the three components of human development: knowledge, good health and a decent standard of living.

Service provision is possible in situations where resources are complemented by appropriate structures and systems which create mechanisms that work in both the present and the future. Within the framework of good governance, the basic needs of all citizens must be met. If the structures and systems are participatory and all-encompassing, service provision becomes a sure and effective way of enhancing sustainable human development. All actors in the development space should directly influence the ways in which they benefit from both internal and external resources.

### 5.1 Trends in Service Provision

Within the framework of this report, Kenya began service provision inappropriately at independence. The structures for the provision of education, health care and other services were inherited wholesale from the colonial government, and this proved disastrous after the first two decades as the structures were not meant to promote the well-being of the entire population.

Four decades after independence, Kenya is yet to fulfil the service needs of most of its citizenry (see Table 5.1). It is, for instance, worrying that in rural areas there is one doctor to serve 33,000 patients, while the number of medical personnel per 100,000 of the population has consistently been low. The result is long queues in few health facilities, a situation which inevitably compromises the quality of health care delivery in the country. The flight of health care providers to the private sector and abroad has worsened the situation. Some rural areas, especially the ASALs in northern, eastern and coastal Kenya, do not have qualified medical personnel. Access to education, clean drinking water, electricity and housing are constrained by

the low level of services available. While population increase could be cited as a factor explaining this problem of services, lack of visionary planning and commitment to service provision are critical governance explanations for the situation. It is not, for instance, possible to achieve a 100% school enrolment with only 19,124 primary schools. Following the enactment of the free primary school policy after the 2002 general elections, many schools became congested and lacked facilities, making the acquisition of knowledge difficult.

For about two decades, local authorities (LAs) and the respective government ministries provided services. There was hardly any support from other service providers, except the Christian missionaries who were never officially recognised as pivotal players in service provision. This period marked an increase in access to vital services and human development which reached a peak in 1990.<sup>81</sup> At that time, there were fewer challenges in the form of financial resources and population dynamics. As indicated in Chapter 2, there was remarkable economic growth which provided the state with resources leading to an HDI of 0.533.

In the aftermath of independence, the government mentioned the principles of sustainability and participation in successive development plans without translating them into any concrete plans and actions. Questions of other actors and participatory approaches to service provision were not taken seriously. Indeed, the concepts associated with participatory governance were yet to feature in development discourse.

### Change of Approach

The economic crisis of the 1980s forced the government to produce Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth. The paper recognised that the state could not cope with the prevailing demand for services. The government indicated that individuals and families who benefit from facilities and services should contribute towards their provision. This proposal was termed “participant support”, implying the need for the state service provision processes to work with the service users, especially in the financing of the recurrent costs incurred

81. Ibid.



**Table 5.1 Status of selected services in Kenya (1981-2002)**

Sector/Indicators	Status			
	1981	1991	2001	2002
<b>Health</b>				
Health institutions	1,613	2,346	4,421	4,499
Hospitals	221	277	500	514
Health centres	262	357	611	634
Health sub-centres and dispensaries	1,130	1,712	3,310	3,351
Hospital beds and cots	28,108	33,926	57,540	60,657
Beds or cots per 100,000 people	170	148	18.9	19.2
Registered medical personnel	20,469	35,455	57,208	59,049
Medical personnel per 100,000 people	14.2	155.2	188.2	189.1
Registered doctors and dentists	2,254	4,088	5,393	5,501
Rural doctor/patient ratio	-	-	1:33,000	-
Urban doctor/patient ratio	-	-	1:1,700	-
<b>Education</b>				
Pre-primary schools	-	-	27,573	28,300
Primary schools	-	15,196	18,901	19,124
Secondary schools	-	2,647	3,621	3,607
Primary teachers college	16	22	29	29
Secondary and technical colleges	2	4	3	3
<b>Water</b>				
Urban access to water (% population)	-	-	75	75
Rural access to water (% population)	-	-	50	50
Water supplies currently operational	-	-	1,800	1,800
<b>Electricity</b>				
Rural electrification customers	-	-	77,060	79,391
<b>Housing</b>				
Dwelling units	-	-	10.5 million	-

Source: Various editions of the Economic Survey, National Development Plans

during service provision. The approach was envisaged to be particularly necessary in LAs. The sessional paper was the government's commitment to implementing the recommendations of the IMF and the World Bank, which provided the long-term framework within which development plans would be formulated. The approach introduced the cost-sharing strategy in a number of service sectors.<sup>82</sup> Cost-sharing has affected poor households' access to basic needs such as education, health care, adequate nutrition, clean and safe drinking water, shelter and sanitation.

The implementation of Structural Adjustment Programmes (SAPs) in the 1980s greatly affected

service provision. The SAPs were aimed at increasing the role of the market and private sector and redefining the role of the state in the provision of services such as national defence, law and order, policy formulation, regulation and other public goods.<sup>83</sup> The declining role of the state in service provision meant increasing the roles of the users and non-state actors. The result of SAPs was that fewer people enjoyed basic social services and human development was curtailed. Further, state withdrawal came at a time when a crisis in service provision prevailed due to economic decline and ensuing population pressure. Kenya's HDI continued to decrease into the 1990s.

82. Odada and Odhiambo 1989.

83. Semboja and Therkildsen 1995

Despite the commercialisation and privatisation efforts, service provision continued through the collective action of the state, NGOs, CBOs and donors. Yet in many parts of the country, especially the ASALs, the role of non-state actors has been increasingly pivotal mainly because of budgetary constraints and lack of political will on the part of the state. The latter has failed to respond to problems of education, health care, food security, physical infrastructure and public order, especially in the ASALs.

### Impact of State Withdrawal

When devising commercialisation policies, the government recognised that some people would not be able to afford the services. The sessional paper noted that “no one will be denied access if they are genuinely unable to afford the [user] fees”. However, over the years, it has been quite difficult to implement this policy within a context of poor economic performance and increasing poverty. First, there have been no indicators for identifying those who are unable to access services. Indeed, it is largely those who have access to service providers who manipulate the system and benefit. Second, the government pursued the system of user fees with no meaningful regulation, and this exploited the poor through high service tariffs. The result has been limited access to service and worrying unmet needs for most of the population.

The World Bank argues that since the early 1990s the pressure for state withdrawal has resulted in the evolution of uncoordinated parallel service delivery systems at the district levels as reflected in the DDC, LAs, private sector and civil society. Fragmentation of service provision has arguably led to the weakening of each system of delivery and introduced significant inefficiencies. The World Bank further suggests an urgent need to clarify the roles of local governments, districts and various sectors and to develop measures to strengthen them to take on the envisaged roles in a sustainable manner.<sup>84</sup>

In spite of the emphasis of SAPs on private provision, it is becoming clear that service provision cannot be limited to a particular provider, since efficient provision of services for the majority of the population depends on collective action or a partnership approach by the state, civil society and private sector. Although state provision has not matched the expectations of citizens, the growing provision from other systems of delivery does not necessarily reflect a collapse of state

provision.<sup>85</sup> The state is a major provider of services, and it is the only provider that can claim total country coverage, albeit in uncoordinated, incomplete and inefficient manner. It is the latter factor which has resulted in the state being condemned for being an inefficient service provider. There has also been a call, especially by the international financiers led by the World Bank, for state withdrawal from service provision.

State withdrawal instigated the entry of other actors into the service provision arena. The withdrawal, however, continued without a critical analysis of the capacity and coverage of non-state service providers. These providers cover limited areas, focusing on sectors and sub-sectors of their choice. This is an option which the state does not have, and hence its alleged weakness in service provision. It is the inadequate and inefficient service provision by the state which has increasingly pushed citizens to look to other providers to supplement services.

These providers use state infrastructure and personnel in effecting their services. They work with civil servants and use state facilities, including providing fuel to state vehicles, in order to access communities. However, all these linkages occur at individual and sector level with hardly any coordination. This has resulted in duplication and inability to replicate good service provision strategies. This approach has created friction between non-state and state providers or between state departments and ministries.

The result has been widening disparities in service access and affordability. These disparities point to a problem in regional resource allocation and the lack of political will to improve service provision. The disparities are reflected between urban and rural areas; while health expenditures to rural areas account for 30%, those in urban areas account for 70% of health expenditure.<sup>86</sup> The same disparity occurs in the distribution of medical personnel: there is one doctor per 33,000 rural residents compared to one doctor for 1,700 urban residents. These disparities also exist in education, water, energy and communication and are manifested in differentials in human development across regions and between rural and urban areas.

84. World Bank 2002c.

85. Wunsch and Olowu 1990.

86. Republic of Kenya 2002b

## 5.2 Institutional Framework

Provision and management of services is an important aspect of human development. Citizens require better education, health care, clean water, energy supply, housing, improved roads, efficient communication systems, access to better technology and markets, safety and protection against theft and violence.<sup>87</sup> Access to these services is not a privilege but a right for all citizens. Yet the institutional framework for ensuring proper service provision is hardly efficient. Institutions are clearly established systems under which human needs for a decent living can be realised. They emerge from formal laws, informal norms and practices, and organisational structures in given settings.<sup>88</sup> They are the key to the governance of the mechanisms of public affairs.

In Kenya, the services for human development are provided by the state, civil society and private sector. The number of actors within these categories is large, but the cumulative effect of their contributions has not managed to fill the service provision gaps. This is partly due to uncoordinated service provision strategies, limited resources, mismanagement and failure to create viable participatory processes at local levels.

Since independence, the country has experienced shifts in the service provision institutions, owing mainly to changes in development paradigms, but also due to the increasing demand for certain services for human development against reducing capacity for some service providers to meet the new demands.<sup>89</sup> The initial period saw high visibility of the state up to the 1980s followed by the era of civil society agitation. The private sector has recently emerged due to concerns over corporate social responsibility and an emerging discourse touching on the need for partnership. The government is now shifting towards encouraging a partnering approach in service provision.

### The State

The state has provided services within the framework of the central government and LAs. The central government in Kenya approaches service provision through a system of ministries and government departments. The ministries comprise of presidential appointees at policy and accounting levels who work with public servants recruited through the Public Service Commission. The presidential appointees are normally answerable to the head of state which eventually transfers accountability to the centre. In addition, the negative politicisation of the public service has often led to problems of inefficiency and ineffective service

provision. Corruption and mismanagement of public services has indeed been recognised by the PRSP as a malaise which perpetuates poverty. Furthermore, the NARC government has loudly condemned these ills and started campaigns to stamp them out, with a view to increasing service access for all.

Each year the government uses the national budget to allocate resources to specific ministries and departments. These funds are normally applied to particular areas of need, depending on prior assessments and availability of funds. This social planning model operates in a way that government officers are mainly used to ensure access to services for all. Although budget allocations to ministries have tried to reduce vulnerability among specific population segments, as specified in the social dimensions for development (SDD) framework, this approach still remains an elusive goal as evidenced by increasing poverty levels and the associated vulnerability and low human development, especially in North Eastern, Coast and Nyanza provinces.

In the last decade, the core areas of human development, mainly education and health have experienced budgetary cuts, culminating in serious service gaps among most populations. More resources were allocated to defense and administrative functions at the expense of core human development services.<sup>90</sup> The reasons were due to the regime's focus on self-preservation and aggrandisement instead of citizens' well being. Furthermore, the budgetary process is based more on lobbying rather than realistic prioritisation. Accordingly, school enrolments and access to health care have become unattainable for most Kenyans.

The state has continually used uncoordinated mechanisms to enhance service provision. A case in point is the programme on HIV/AIDS where the National AIDS Control Council (NACC) appears as a rival group to the National AIDS and STDs Programme (NASCO). Issues of concern for health are spread out into non-health ministries without clear inter-ministerial coordination. The result is confusion and duplication, waste and poor services, which have lowered human development since 1990. State service has, in addition, failed to foster the spirit of decentralisation in which authority and resources are devolved from the centre.

87. Rothchild and Foley 1988,

88. Brett 1992, Holmquist 1984.

89. World Bank 2002a.

89. Mbatia 1996, Oyugi 2002.

90. UNDP 2002b.



In Kenya, decentralisation has been difficult due to inadequate political will and limited capacity at lower levels. Increased centralisation meant that the central government delivered services to people who could not identify with them, and this led to cases of vandalism and wanton destruction. In other instances, control from the centre continually derailed opportunities for local level dialogue and participatory governance.

Efforts to bridge the gaps in service provision by the central government have in the past been complemented by the work of local government. Although the two facets of the state have had acrimonious relationships, the LA has been seen as a useful decentralisation tool. In an attempt to ensure service provision at the local level, the Kenya Government has used the LAs to reach many people. The local authority model works with two arms: the policy element with elected representatives of the people (councillors), and the executive arm which is manned by officers who are professional staff under the employment of the Public Service Commission (but under the supervision of the Ministry of Local Government).

Councillors should be accountable to the local authority residents while the chief officers report to their employer. The latter could be seen as the "eye" of the central government in the local authorities. It is, however, important to look at the officers as a crucial source of expertise for the local government system. This, unfortunately, is the main source of conflict between the policy and executive arms as the latter is not recognized by the councillors who find the chief officers a threat to their populist operations. In addition, the loyalty of the chief officer to the ministry is viewed by the councillors as interference. Many councillors would want to have full control of the LAs so as to use available resources (land, jobs, etc.) to reward their followers. It is for these reasons that LAs in Kenya have always faced financial and service delivery difficulties.

LAs normally collect revenue from a number of sources (license fees from operating enterprises, land rates and utility fees). The authorities then channel these funds to specific areas of need as described in their respective plans. Since 1987, local authorities have been required to prepare Local Authority Development Programmes (LADPs), spelling out their areas of investment over five-year periods. By 1997, only 51 out of the then 153 had attempted to prepare LADPs.

Nairobi, for example, has never produced an LADP.<sup>91</sup> Following the failure of the LADP approach to planning, the ministry introduced the Local Authority Service Delivery Action Plan (LASDAP) which emphasises the process of planning in a participatory manner.

The key issue in LAs is low capacity for planning and implementing service provision plans in a concerted and participatory manner. Most of the councillors have low literacy, while the executive officers are unmotivated by poor terms and conditions of service in addition to understaffing and unpredictable transfers which are counter-productive in terms of skills application.<sup>92</sup> The two groups have, therefore, ended up being a disservice to the LAs, albeit in differing ways.

### Civil Society

Civil society organisations are mainly non-partisan and non-profit organisations formed outside of the state for the purposes of promoting the common good. They include all the social actors who focus on the public interest. Some of the organisations that are crucial in civil society include NGOs, CBOs, professional associations, labour unions and special interest groups. These could comprise the poor, third-party members who may represent the poor indirectly and outsiders who may play useful advocacy and lobbying roles.<sup>93</sup> They are useful avenues through which vulnerable people can have a voice.

Civil society increased its role in service provision following the failure by the state to deliver essential services. The capacity of the state declined in the 1970s due mainly to poor governance, corruption and mismanagement. Donors preferred to channel development aid through the civil society, which had grassroots popularity and focus, in addition to participatory mechanisms of service delivery. The latter are known to enhance accountability, good governance and sustainability. Owing to the state's governance record, some civil society groups came in as lobbying and advocacy groups to target the excesses of the state machinery. The global scene was also experiencing pressure and calls for good governance. Later, attention shifted towards the socio-economic arena primarily because political projects could not be undertaken in isolation of development work.

91. Mbatia, Njoka, Kamande and Gitonga 1997

92. Ibid.

93. UNDP 2000a.

### Nongovernmental Organisations and Service Provision

NGOs in Kenya number about 2,180. They came up as an alternative type of trustee operating under the principles of non-partisanship, non-profitability and non-religious.<sup>94</sup> They have become a major contributor to Kenya's human development, with some regions almost totally dependent on them. An example is the situation in the ASALs, where government departments are sectors crucial to human development, not able to respond to emergency and hardship conditions due mainly to lack of logistical support. Issues of water, health, education and livelihood have been left to NGOs such as Action-Aid and World Vision. Some areas in Coast, North Eastern and Eastern provinces would be worse off in human development if it were not for NGO and civil society interventions.

There are both indigenous and foreign NGOs. The latter are international in terms of formation, main offices and operation. They are also considerably large, especially the staffing. Indigenous NGOs operate mainly in the country, but some have linkages outside. Foreign NGOs command more resources due mainly to their leverage in fundraising and access to networks and opportunities. NGOs have been able to venture into core areas of human development such as education, health, water and sanitation. In addition, they operate in areas of advocacy for human rights, especially for vulnerable groups.<sup>95</sup> Most NGOs in Kenya are in relief, welfare, education and environment, social sectors crucial to human development.

NGOs are coordinated by the NGO Coordination Bureau at the level of the government and by the National Council of NGOs at the civil society level. While the Bureau is the eye of government in-charge of ensuring that NGOs operate according to the law, the Council is the umbrella body for ensuring that NGOs are given operational space by government. There have been recent claims that some NGOs have responded to individualised needs and initiatives. They therefore serve the interests of specific individuals rather than benefiting the public. Kenya is increasingly harbouring NGOs which do not contribute to development. Media reports reveal cases of graft and mismanagement in the NGO and CBO sectors, personalisation and misuse of these institutions. In the midst of allegations of civil society malpractices, the government is yet to develop a regulatory framework for the NGOs.

A major difficulty in some NGOs has been the generation or perpetuation of dependency.

Because NGOs depend on donors, they become dysfunctional whenever funds are not forthcoming. This creates an unsustainable service delivery culture. Further, NGOs have mainly used a welfare approach, giving large donations to poor communities who end up perceiving NGOs as carriers of money. Any local resources are thus ignored, and people look to NGOs for all assistance. Yet many localities and CBOs can greatly benefit from NGOs in capacity building and empowerment in planning and implementing their own development.

### Community-based Organisations as People-centred Institutions

Community-based organisations offer more localised systems of service provision. They include the local structures for mutual self-help, for instance, women's groups, youth clubs and church groups as well as the more substantive and formalised structures for local level planning and implementation such as village development committees and micro-planning units. While the latter are mobilised and developed using the capacity building efforts of NGOs, the smaller self-help units have come up spontaneously, with little or no support from the government or NGOs.

CBOs in Kenya have mushroomed following increased poverty and low human development. They represent the increased awareness of communities and specific groups regarding their plight as well as their willingness to take the initiative to correct matters.<sup>96</sup> The rise of CBOs is a form of social and economic empowerment in the sense that people at the local level want to participate in their development from their own perspective. It is, for instance, possible for CBOs engaged in micro-credit sourcing to contribute greatly to the empowerment of women who form the bulk of the operators in the micro and small enterprises. They are able to boost their income and assets, gain confidence and domestic harmony, and acquire a stronger voice.

These organisations operate on the basis of voluntary contributions and membership. Members contribute resources for facilitating common activities. Where possible, CBOs have been able to mobilise support from the government or NGOs. A key concern in the CBO sub-sector has been the lack of effective linkages and collaboration with other actors.

94. Potter 1996.

95. Action-Aid Kenya 2001.

96. Mitullah and Lewa 2001.

and collaboration with other actors. Most CBOs operate in isolation which reduces the opportunities for learning and innovation.

The sub-sector is affected by problems of lack of planning and implementation capacity, dependency on NGOs and donors, and misuse by politicians and the local elite. The NGOs and donors have increasingly stimulated the formation of many CBOs through financial and technical assistance. In Kenya, the Poverty Eradication Commission (PEC) and the National AIDS Control Council (NACC) have recently been instrumental in CBO support. While external support is useful in building the capacity of these local institutions, it has in some cases contributed to a situation, where the CBOs lack their own identity, internal logistics and systems for operating in a sustainable manner. The result is lack of effective participatory governance structures at the local level, leading to low human development.

### Philanthropy Making a Difference

An emerging institution in human development is philanthropy or volunteering. For a long time, volunteering has been seen as the domain of foreign volunteers such as the Peace Corps (United States of America) or Volunteer Service Overseas (United Kingdom). Today, however, Kenyans have also ventured into volunteering, both locally and in other countries.<sup>97</sup>

Volunteer sending organizations uphold the principle of unconditional giving in men and women who offer their services in circumstances and terms that are below what they would be remunerated in the market. They receive a subsistence allowance and facilitation for travel in exchange for needed skills to support service-providing agencies, mainly the government and NGOs. Volunteers therefore engage in some form of self-sacrifice for the sake of service provision, especially among the poor and vulnerable. Kenya has a substantial number of volunteers, including those from the United Nations Volunteer (UNV) Programme.

There are numerous incidences of volunteer work done by schools and colleges, church groups, self-help groups and business organisations. Some of the activities undertaken include environmental clean ups, visits to the sick (including HIV/AIDS orphans) and support to the elderly and street children.

Volunteering has not been quantified to indicate

the contribution to human development, but there is no doubt that efforts of volunteers are an important addition to those of governments, CBOs, and the NGO sector. In some parts of Kenya, both foreign and local volunteers have worked under circumstances which cannot attract local professionals.

Perceptions of volunteering in Kenya have mainly been negative. This situation needs to change if the practice is to be institutionalised.<sup>98</sup> Philanthropy should be viewed in the proper perspective and not as a form of refuge for the unemployed. Even if the unemployed have to venture into philanthropy, the motivation should be skill sharing and not income earning.

### Role of the Private Sector

In the increasing economic landscape where state investment in service provision has not been productive and profitable, the rise of the private sector in Kenya became a reality in the 1970s. This sector is mainly for profit and operates where government services are not guaranteed either due to budgetary constraints or because of high demand. There are both formal and informal private sector actors, with the latter serving the largest population.

The private sector has not been seen as a direct provider of services, but this situation is changing due to increased liberalisation. Private sector participation is more pronounced in the provision of education, health care, water, sanitation, housing, transport and communication, especially in the informal sector. The role of government has mainly been to create an environment conducive for participation, but the institutional framework has been skewed against the informal domain.

In recent years, there has emerged a debate about corporate social responsibility (CSR) in which there is clamour for the private sector to contribute to the livelihoods and well-being of communities. CSR expects the sector to invest profits in the community. The approach is also based on the realisation that the private sector has been in a position to contribute to better services, particularly through better remuneration packages, and therefore improve human development. Increasingly, the private sector, especially in the capital city and major towns, has been financing programmes such as sanitation, homes for vulnerable groups, charity walks and education

97. Gehyigon 1999.

98. Kiuna 2003.



### Box 5.2 Private sector working to improve sanitation

Kibera is a slum located to the south of Nairobi. It is home to 800,000 people who live under circumstances of scarce water, sanitation, roads, drainage and housing. The self-settlement area has especially experienced serious problems in sanitation. People defaecate in plastic bags and throw them anywhere, on garbage dumps, in drainage ditches or over the roofs. This method has been referred to as "flying toilets". During the rains, excreta are washed onto the footpaths and pose a continual health hazard. The few pit latrines are poorly constructed and have been extremely over-stretched, with a ratio of one toilet for 4,000 persons.

For the last two years, the African Medical and Research Foundation (AMREF) has mobilised private sector actors, mainly Safaricom, Sarova Hotels, Kenya Charity Sweepstakes, Kenya Pipeline Company, Compaq EA, Kenya Breweries, Uniliver, Barclays Bank and Kencell Communications, to raise funds through a road race and a golf tournament. A target of KSh 9 million was expected to increase the number of toilets to 300.

Source: Anon (2003), "Corporate Concern: The Corporate Social Responsibility Newsletter for East Africa", January-March, Ufadhilli Centre for Philanthropy and Social Responsibility.

funds. (Box 5.1). This gesture has been instrumental in boosting the well being of needy communities. Many private sector organizations are motivated by their public image. Services become a conduit, and vulnerable communities are exploited for commercial and business gains. Eventually, the services provided may not benefit the vulnerable but those who have more social and public visibility. In this context, disparities in service access, utilization and overall well-being have increasingly become noticeable.

Against the foregoing difficulties, the question of governance and human development has to do with what the government has in place to correct things. At the end of the day, the role of the state remains pivotal in terms of policy formulation and implementation for sustainable service delivery.

### 5.3 Government Policy and Service Provision

Kenya is currently undergoing a number of constitutional and political changes which might alter the framework of service provision and governance. Apart from the 2002 general elections, which resulted in change of government and leadership, ongoing political processes include the review of the constitution, the Local Government Act, the District Focus for Rural Development strategy and the Kenya Local Government Reform Programme (KLGRP). These review processes value a decentralised framework for service delivery. Such a framework has the potential to change the relationship between central and local levels of government and the nature of service provision. However, the realisation of these processes will depend on the commitment of the new regime that took power after the general elections.

The current development plan observes that expansion of local authorities, urban population increases and budgetary constraints have resulted in LAs not being able to maintain and effectively manage existing services. During the plan period, the government will prepare a comprehensive policy on service delivery by LAs which will aim at encouraging councils to privatise and commercialise their non-core functions.<sup>99</sup>

Encouragement of LAs to commercialise and privatise service provision has been going on since the implementation of SAPs but without any policy framework. The Local Government Act (Cap 265, Laws of Kenya) has been under review since the year 2000, and a Draft Local Government Bill is awaiting finalisation for discussion. The Government of Kenya does not have a comprehensive policy on service provision. Instead, different ministries have their own policies on specific sectors.

There is thus no clear strategy for intergovernmental organisation for the delivery of local services, nor any formal link with other providers, especially in the areas of planning, budgeting and pricing of services. Although the DFRD approach was supposed to correct this problem, the centralised governance system has not facilitated the process. This has resulted in a scenario where several government ministries operating at the local level get orders and policy directions from headquarters with very little coordination at policy level. This negates the efforts of the District Development Committees which are supposed to plan and implement local programmes.

99. Republic of Kenya 2002b.

## Importance of the Partnership Approach

The partnership approach is a crucial way of promoting exchange of ideas and resources.<sup>100</sup> It is a mechanism that reduces the confusion and duplication that are evident when various actors operate separately. The concerted efforts of different partners can have an enormous impact. The ideal situation is for partners to be equal, but this is mitigated against by differentials in organisational capacities.

The government has not effectively recognised other service providers, but it has begun to advocate for the partnership approach. Thus, other service providers operate without any guidelines, each having its own package and strategy for implementation. Some LAs have come up with guidelines addressing specific service areas. For example, the Nairobi City Council (NCC) devised a Draft Policy on Solid Waste Management in 2001.<sup>101</sup> The policy states that NCC shall allow private sector involvement in management of solid waste within its areas of jurisdiction. It provides guidelines for disposal of waste, licensing, policy and regulations, personnel, vehicles and equipment, clothing, collection frequency, charges, cleansing and financial qualification. The service providers are expected to comply with the Environmental Management Act of 1999 and other laws and regulations.

Most of the government providers, including LAs, have initiated reviews of institutional and financial reforms aimed at enhancing partnerships in service provision. However, it is not yet known how far these partnerships have worked for human development.

## Local Government Reforms

The Ministry of Local Government, which has the mandate for service provision, has undertaken reforms and is in the process of reviewing the Local Government Act (Cap 265). It provides LAs with the legal mandate to provide services. The Local Government Reform Programme (KLGRP) has three objectives: to improve service delivery, enhance economic governance and alleviate poverty.

To improve service delivery, the KLGRP has concentrated on improvement of service delivery, infrastructure and administrative systems. This is done by strengthening local public and private capacity to deliver local services and develop capital projects and by enhancing stakeholder

participation in identifying, developing and implementing local services and capital projects. Some inter-ministerial efforts include the Kenya Urban Transport Infrastructure Project (KUTIP), KLGRP Microprojects, Small Towns Development Projects, the Urban Water and Sanitation Management Project (UWASAM) and Green Towns Project.<sup>102</sup>

The Local Authority Service Delivery Action Plans (LASDAPs) under the LGRP represent a major breakthrough in mobilising citizen input into the local level planning process. The LASDAP circular was issued in July 2001 and was followed by a series of training and dissemination programmes. The process generated a total of 174 LASDAPs developed by over 27,000 individuals from 174 LAs. Participants represented a broad section of society, with representation from jua kali associations, market and traders associations, Kenya Chamber of Commerce, Kenya Association of Manufacturers, women's groups, handicapped groups, self-help groups, churches, schools, neighbourhood groups, hospital and medical groups, chiefs, district commissioners, elected councillors, MPs and various government officials. Through LASDAPs, citizens identified 3,092 project activities which are expected to influence the Financial Year 2002/2003 annual budget process.<sup>103</sup>

Other ministries (for example health) have come up with sectoral policies. The National Health Strategic Plan (1999/2004) was launched in 1994, highlighting mechanisms for enhancing access to affordable medical services. The implementation of this plan, nonetheless, has been quite slow. Further, the plan puts more emphasis on curative health, yet preventive health is more important for sustainable human development.

Within the new political dispensation, all ministries are to evolve innovative policies and structures of service provision. The danger in these endeavours is the creation of outward-looking systems which are only meant to please donor interests at the expense of local demands and priorities. It is hoped that the constitutional review process, which is about to be concluded, will incorporate effective rules and norms that will facilitate the development of appropriate structures and systems for service provision.

100. World Bank 2000.

101. NCC 2001.

102. KLGRP 2002.

103. World Bank 2002c.

### 5.4 Constraints and Challenges

The institutional framework for service provision in Kenya faces numerous challenges. It fails to be effective as evidenced by the declining levels of service access and increasing poverty. The key areas of concern in the existing institutions include lack of a people-centred service delivery mechanism, coordination for existing institutions and partnerships.

#### People-centred Development

The challenge of people-centred development and responsiveness is indeed the core principle in governance and human development. A lot of emphasis has been put on monetary and material aspects of development at the expense of human resources. Issues of values as they relate to what people can do for themselves are totally ignored.

#### Coordination of Service Provision

Coordination of service provision is a crucial challenge requiring visionary leadership, planning and concerted efforts by all actors. The right institutional framework needs to be put in place without negative politicisation. The coordination needed for accelerated human development must cross all levels, from grassroots to national offices. The structures proposed in the draft constitution have promise, but there is need for political goodwill so that these structures can be translated into a reality through legislation.

### Partnerships as the Future Trend

All over the world, partnerships have become effective mechanisms for service provision. They bring many groups and people together, each with something to offer. The very process of exchanging ideas and resources is the key to successful partnerships. The state, civil society and private sector are capable of working together as evidenced by the experience of the Nairobi Central Business District (Box 5.2). Partnerships can provide fruitful service delivery and give different actors stronger voices. Yet this approach has been missed in the service provision processes in Kenya principally because institutions have unfounded fears of one another. It has been very difficult for the state to work effectively with the private sector because of mutual mistrust.

In other cases, bureaucratic red tape has made it difficult for flexible organisations to work with rigid ones. The NCC, for instance, has been said to be challenging to work with due to its rigid bureaucracies which contradict the flexibility of the business community (NCBDA) and civil society with whom the LA is partnering. Useful cornerstones for effective partnering include transparency, accountability and effective communication. The challenge is for emerging partnerships to be sensitive to these ideals.

#### Box 5.3 Nairobi Central Business District Association, a working partnership

The Nairobi Central Business District Association (NCBDA) is a voluntary forum of business operators that was formed out of concerns over the poor service provision by the NCC. It comprises of 120 private sector operators within the CBD. The forum was concerned with lack of such services as security, support to street families, road network street lighting and garbage collection. Recently, NCBDA has worked with the NCC, Kenya Police, the United States International University (USIU-A) and Chemi Chemi (an advocacy civil society organization) to develop programmes in environment, sanitation, civic engagement, advocacy, traffic, security and safety.

Following this partnership, the crime rate is said to have reduced by 18% in the last two years. There are 75 litterbins placed in strategic places within the CBD, seven public toilets have already been rehabilitated and are in use and there are 11 police information centres strategically placed and complemented by community policing initiatives.

Source: Anon (2003), "Corporate Concern: The Corporate Social Responsibility Newsletter for East Africa", January-March, Ufadhili Centre for Philanthropy and Social Responsibility.

## 5.5 Conclusion

An appropriate analysis of service provision has to appreciate the contributions, comparative advantages and linkages of service providers. The different service providers are ideally supposed to be linked. Any analysis or initiative that concentrates on one type of service provider such as the state or the market is bound to ignore the interface between and among different service providers. Kenya has unsurprisingly experienced insurmountable difficulties in service provision due to this sectoral bias.

The World Bank provides an example of comparative advantage by observing that while central or regional agencies are appropriate for maintaining national and trunk roads, local authorities are appropriate for local and feeder

roads. At the same time, for some specific local functions such as garbage collection or street lighting, all aspects can be fully devolved to local authorities, whereas public health requires a mix of local activities and higher-level coordination.

Developing partnerships with low-income groups, CBOs, LAs, NGOs and the private sector potentially increases the resources available for providing and improving services. The negative impacts of SAPs can be tackled using the partnership approach to service provision. However, this approach should not be seen as a panacea for all the problems of service provision for human development. It needs to be combined with other innovative solutions discussed elsewhere in this report.



## CHAPTER 6

# Linking Participatory Governance to Human Development

Poor governance has been widely recognised as one of the main causes of the poor state of human development in Kenya as evidenced by the fall in the HDI in the 1980s and stagnation in the 1990s. The inefficient management of public resources, corruption and reluctance or total failure to involve the poor in the development process manifest this problem. The trend has mainly led to apathy as evidenced by limited participation by the poor and lack of prioritisation for projects meant for the majority of the population. All these have contributed to the degeneration of social, economic and political development reflected in rising poverty levels; declining access to basic social services such as health, education, water and sanitation; falling life expectancy and generally low living standards; all of these precipitating a human development crisis.

The crisis of human development in the country can be explained in terms of failure by governance structures to be participatory, transparent and accountable in the management of resources. Participatory governance makes it imperative for people and social groups, who should be the beneficiaries of development efforts, to take centre stage in the formulation of plans, implementation of related activities as well as monitoring and evaluation of performance and outputs.

### 6.1 The Centrality of Governance in Human Development

Human development increases people's choices and improves their quality of life. It involves the expansion of capabilities and access to opportunities in the social, economic and political arenas. The most basic of these are long and healthy lives, knowledge and access to resources needed for improved and decent standards of living. Governance determines how the control and exercise of political authority and domination over society affects the management of a country's economic and social resources for development. The concept of good governance encompasses all development actors and places particular emphasis on shared responsibility in ensuring human development. From this perspective, governance entails the institutional capacity of

both government and non-governmental organisations to provide goods and services to the citizens in an effective, transparent and accountable manner. Thus, economic and political governance are not only inseparable but together underpin sustainable human development.

Good governance therefore comprises participation and is interactive in nature, involving state and non-state actors such as the private sector and civil society. It must include uninhibited and facilitated access to resources and opportunities. It is through participation that the incorporation of the perceptions, attitudes and values of stakeholders are essentially guaranteed. It integrates all actors and institutions engaged in the development process, irrespective of their capacity and status.

Good governance is a key link between growth and human development. This is because despite the income generated through growth, the poor are not likely to benefit if they are not empowered both economically and politically. Human development requires the state to create a democratic space in which people can articulate their demands and expect equitable distribution of power. Throughout most of the post independence period, bad governance has pervaded all aspects of Kenya's political and economic life. This led to insufficient attention to development projects that target citizens. This has contributed to lack of access to services for the majority of citizens, lack of resources, lack of clear policies aimed at equitable distribution and the absence of participatory avenues for those affected by poverty. In addition, corruption and inefficient use of public resources have contributed to distortions in the distribution of wealth and opportunities reflected in wide social and economic inequalities and declining standards of living.<sup>104</sup> The overall result has been low human development.

Government institutions, particularly in last two decades, have lacked transparency, accountability and inclusive development. Human development

104. UNDP 2002b.

requires participatory governance that entails creating and strengthening institutions for effective participation in the development process. It requires good governance to ensure efficient economic management and distribution of resources to the majority of the population. This is necessary for ensuring equal access to opportunities for strengthening human capabilities through education, health, and employment. Human development in Kenya, therefore, needs to be seen as an all-encompassing process, involving the participation of all people.

## 6.2 Significance of Democratic Pluralism

Since independence in 1963, Kenya has experienced erosion of democracy in many ways. Flawed electoral processes, virtual loss of independence of the judiciary and parliament as well as stifling of civil society during the 1990s characterise the prevailing mode of governance until very recently. The Constitution review process and the various steps being taken by the NARC government will further affect civil society organisations as they re-shape their agenda and find space in the new era of development.

The form of governance that attended consolidation of the one-party regime resulted in excluding the vast majority of Kenyans from decision making. Concentration of power in the executive and those surrounding that office resulted in embedding a personal rule culture in the society and denial of rights for the majority. Patronage became significant in the management of public affairs, and public interests were discarded in preference for party loyalty.

Following institutional collapse, socio-economic development suffered most. Repression of government critics became an everyday event. Detention without trial became a characteristic feature of the regime. Poor economic growth owing to mismanagement of public sector institutions and corruption, among other factors, increasingly undermined the government's capacity to deliver essential basic services. People's opportunities and choices as well as the core areas of human development declined considerably.

Authoritarian governance triggered a wave of popular protests and demands for democratic pluralism, and opposition spread rapidly. Civil society groups and individuals mobilised support for the growing protest movements. The government conceded to demands for democratic

pluralism and repealed the relevant section of the Constitution to allow for multi-party democracy. Although the first phase of democratic pluralism did not significantly alter the existing trend, there were important gains in democratisation. Among these was consolidation of political pluralism itself. The space for multi-party politics expanded considerably thereby giving people choices and opportunities for political participation. Political pluralism also provided opportunities through which civil society advocacy groups could exert themselves and check abuse of power by the government. Several laws that impacted negatively on people's freedoms were also repealed.

Political pluralism thus laid the basis for promotion of good governance and enhancement of human development. Civil society groups continued to check on abuse of power by the government and the ruling party. Opposition political parties and civil society organisations provided opportunities through which citizens could voice their concerns. Activities by civil society groups as well as opposition political parties generally prevented a relapse into authoritarianism.

A vibrant civil society is an essential element of the struggle towards change. In Kenya, civil society is dependent on foreign grants and donations. Ensuring a vibrant civil society requires local funding and support. This requires facilitation by the government, through partnership with civil society organisations, especially in providing services and ensuring human rights. The concerted efforts of individuals and groups located in the civil society insulated the citizenry from repression that accompanied the protests against bad governance. Significant also is that re-introduction of multi-partyism did not resolve the fundamental problems surrounding human development and governance. Multi-partyism therefore should not be seen as an end in itself but as a means to an end. Specifically the end should be sustainable human development and good governance. This can be achieved through a partnership approach to development.

The state has also remained an extremely vital institution in relation to human development and democratic pluralism. The state thus has an important role to play in creating conducive conditions for sustainable human development. It has a leading role in facilitating, catalysing and creating an environment conducive for civil society, private sector and other agency participation in human development programmes through partnerships. The state can also deepen



democratic governance by safeguarding the freedoms of Kenyans so that they can improve their capabilities and exploit new opportunities and choices. An additional measure can be the provision, in collaboration with the civil and private sectors, of people with opportunities for economic development by removing constraints to their endeavours in income generation so that they can be economically empowered.

Accelerating human development further calls for all actors to engage in the development of rights-based approaches to development and sustainable schemes for education, health, housing, water and sanitation using the principles of active local level participation and equity. This can only be achieved if efficient institutions for participation are available. Although general elections are held every five years, participation has been ineffective and the elected leaders are not accountable.

It is now necessary to put in place an appropriate policy and legal framework followed by parliamentary enactment and rigorous transparent enforcement machinery. These processes should be backed with effective institutions that citizens identify with and use in developing their regions. This in turn will increase people's confidence in state and non-state actors by promoting the values and ethics relating to hard work, honesty and merit. The example must come from the top. The Department of Ethics and Governance should play a crucial role in this regard.

### 6.3 Governance of Resource Mobilisation

The processes of resource mobilisation, allocation and management are important indicators of participation in the process of development. Resource mobilisation takes different forms, including mobilising financial resources through taxation, savings and credit facilities, training and skill creation, mobilisation of communities to participate as well as the creation of wealth through development programmes. Such resources are not mobilised by the government alone but also by other actors, including civil society, private sector and international development actors. In most cases, however, governments are charged with the tasks of mobilising, allocating and managing society's resources for public purposes. In a participatory development process, the government is expected to facilitate participation of the various actors in the mobilisation and management of resources.

For a long time, Kenya's policy formulation was limited to government departments, ignoring the private sector and civil society organisations. The creation of public enterprises was one of the means by which the government participated in the economy. However, due to corruption and poor management, these enterprises soon became loss-making entities and hence a drain on public resources. The government objective to increase the participation of the African population in commercial activities was one more reason for its increased involvement in the economy. However, all these efforts did not create adequate dynamism to generate opportunities for wider participation by the population. This led to a top down development process with limited grassroots involvement. Efforts by the government to increase participatory development such as the DFRD were not successful due to lack of local level political support and legal institutional framework for implementation.

With the advent of economic and political reforms and the increased role of actors other than the government, there is need to give resource mobilisation a partnership approach and provide an enabling economic, political and social environment to facilitate participation. Government policy and regulatory framework will need to facilitate resource mobilisation by different players and address management of these resources.<sup>105</sup>

The local authority is an important arm of the government and can be used for resource mobilisation and management. In the current system, some functions of the local government overlap with those of the central government. The control by the central government has often occasioned serious resource flows to the local authorities with negative consequences for the provision of services. This poses a challenge to LAs to strengthen their ability to mobilise and manage their resources. The deficient governance system of LAs is manifested in the lack of resources, autonomy, transparency and accountability. All of these as well as poor civic leadership limit the delivery of services and participatory decision making in programme planning and implementation. The role of international development partners, notably the donors, is a major challenge to resource mobilisation and management in the country. Although the international community has been

<sup>105</sup> Ibid.

an important player in resource flows to the country, there is need to improve the coordination and management of these resources to coincide with the overall government development agenda. There are no clear guidelines on the utilisation of resources generated through the international community. The lack of a clear framework by the government in the use of resources mobilised through the international development partners often leads to difficulties in the coordination of such resources. The other challenge with respect to resource mobilised through such actors is to increase its long-term impact on raising human capabilities. In this respect, external resources should strengthen local capacities by creating more domestic employment opportunities, skills and indigenous technologies.

There is need to carry out further comprehensive reforms in public expenditure management to improve the budgetary process. Strengthening local capabilities to participate in the budgetary process and management of resources is therefore one of the challenges. The reduction of public expenditure as a proportion of GDP has reduced the government's ability to meet its obligation to provide services, hence the need to integrate the private sector, civil society and international partners in resource mobilisation. The challenge to the use of resources from international development partners also brings to light the issue of African preoccupation with external resources. Despite the existing potential to mobilise resources domestically through taxation, there are ongoing efforts to attract external resources from development partners regardless of the negative consequences.

Public expenditure also needs to be improved by addressing the governance system of resource mobilisation, allocation and management. Public expenditure priorities that strengthen people's capabilities are critical for human development. Inadequate public expenditure and allocation of resources result in deteriorating public assets, declining quality of public services and general fall in the living standards for a majority of the population reflected in rising poverty levels and declining access to basic social services.

#### 6.4 Partnerships in Service Provision

The trend in service provision in Kenya has been a change from a statist approach to the entry of other actors. Currently, the common tendency is for the different categories of actors to operate in isolation. The state, civil society and private sector

tend to avoid one another, with each approaching issues from their own perspective. Cases of development actors providing services in areas where others are doing the same are quite common. This increases the cost of service provision, in addition to creating confusion and service duplication. The poor service coverage and access in the country could be explained by these trends. The problem of limited access to basic services explains the low human development in most parts of Kenya.

There has been a failure by peoples' representatives, parliamentarians and councillors to mobilise local resources and shape development within their constituencies. Most existing institutions have weak leadership and are thus not able to adequately mobilise local resources. There is too much waiting for external resources even in cases where there is no need for such resources. This situation has contributed to unmet needs in the areas of infrastructure and service provision such as education, health care, housing and transport. Indeed, the crisis of service provision in both rural and urban areas indicates a problem of governance in that institutions that ideally should be efficient and effective in delivering services to the public are either not available or are ineffective: they have failed the people. Further, those that exist have adopted top-down approaches even when they claim to cherish the principles of participation.

In Kenya, the challenge for service provision is to promote partnerships in which different actors work together for the benefit of their constituencies. Partnering of the state, civil society and private sector have the potential for increased sharing and mutual learning. They can improve access to resources by pooling human and material resources. Local institutions such as CBOs stand to benefit greatly from partnerships as they increase the visibility, voice and influence of the very poor. In an ideal state, government stands out as a facilitator, catalyst and partner in the development of infrastructure service provision.

#### Prospects for Partnerships

It is possible for people to work together to enhance positive change. The gains of working together are enormous as each group learns from the other and all are able to achieve their respective objectives. A concerted effort can be made with regard to a common cause. Partnering between civil society and the private sector can be a useful avenue for tapping human, material and

financial resources from the business sector. The latter in turn benefits from new paradigms of becoming more responsive to the consumers of their services. The final winner is the local person in terms of increased service provision. The trend in the world is towards opening up opportunities to work with others, and this makes it imperative for partnering to feature prominently in service delivery institutions. Working with others has to be the basis of partnerships, in addition to an emphasis on building skills and capabilities. The values that can effectively guide a partnership include equality, mutual respect among partners, effective communication, honesty and openness. The partners must look at each other in terms of individual worth and not for what they have to offer. Partners must learn continually and be willing to let others learn. This respect for mutual learning is crucial for the promotion of people-centred development.

Effective communication and feedback should guide partnerships. Those at the bottom of the social hierarchy should be able to influence decisions, especially in matters of service needs and possible solutions. This sometimes calls for humility on the part of larger institutions such as the state, private sector and other civil society actors.

### Promoting Win-win Situations

Partnerships are good options for ensuring a win-win situation. They are ventures that attempt to tap and coordinate resources from all development actors and do not promote the myth of sole provision and management of development. The approach assists in meeting the growing challenges for achieving sustainable human development by offering encouragement and evidence of an untapped, latent capacity.<sup>106</sup> Partnership requires that the powerful relinquish control and view partnering as a culture and a way of providing services. This means desisting from using these fora for donor satisfaction or increasing socio-political visibility.

Win-win situations require that all partners recognise each other's strengths and weaknesses. Those at the top give other groups opportunity to contribute in terms of articulating themselves and contributing resources through active participation. CBOs should be empowered by other partners who control more resources. Thus, empowerment, especially that which is gender-sensitive, culturally compatible and class responsive, becomes the guiding principle for partnership. The success of partnership for service delivery requires extensive

political will and mobilisation efforts by the state. The latter is the primary trustee of the people, the taxpayers. Without the central role of the state, the partnerships will lack widespread legitimacy and effective institutionalisation. Apart from the fact that the state has some of the necessary structures for managing relationships and brokering linkages, the current Kenyan state enjoys a lot of goodwill from the citizenry, civil society and even the private sector. This opportunity allows the state to render both the regulatory framework and mandate to partnership.

### 6.5 Governance: A Shared Responsibility

Participatory governance is critical for human development. The realisation of participatory governance is the responsibility of all development actors guided by elected leaders who must make governance part of their agenda. The sharing of governance responsibility can be an effective crosscutting and self-auditing mechanism whereby all actors review themselves and others regarding their roles in governance discourse and practice. This requires working institutions that provide more sensitisation and commitment to proper administration of public affairs and resources which enhance human development.

Much can be learned from the experiences of institutions and groups concerned about particular sectors such as human rights. Progress comes from bringing together different efforts and initiatives. If diversities were recognised and institutionalised, governance and human development could improve.

The state, which is the key institution for regulating public affairs, should emphasise that all actors are part of the struggle for participatory governance. Local and regional institutions, both representative and participatory, have to be empowered through training, access to information and continuous engagement for them to play prominent roles in the governance realm.

Relevant capacity building requires continuous action, research, dialogue and strategising. Such processes will facilitate the identification of barriers to participation before and during the engagement, and the necessary remedies and approaches for enhancing participation. When all actors have been engaged in governance, participatory democracy for human development can be a reality.

106. UNCHS 1996.

## APPENDIX 1: Tables

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# Human Development Index (HDI)

District/Province	Life Exp. 2009	Life Exp. Index	Adult Literacy Rate	Adult Literacy Index	Primary School Enrol.	Secondary School Enrol.	Tertiary School Enrol.	Overall School. Rate	Overall School. Index	Educ. Attain. Index	Annual per Capita Income PPP	GDP per Capita	GDP Index	HDI Value
<b>NAIROBI</b>	<b>57.0</b>	<b>0.533</b>	<b>82.2</b>	<b>0.822</b>	<b>51.1</b>	<b>25.8</b>	<b>5.1</b>	<b>62.5</b>	<b>0.625</b>	<b>0.756</b>	<b>78643.8</b>	<b>3245</b>	<b>0.983</b>	<b>0.758</b>
CENTRAL	64.2	0.653	83.9	0.839	106.6	31.1	4.8	80.8	0.808	0.829	17829.2	736	0.339	0.607
Kiambu	56.3	0.522	85.4	0.854	94.3	37.6	4.4	69.0	0.690	0.799	21739.1	897	0.425	0.582
Kirinyaga	62.8	0.630	79.1	0.791	111.6	31.9	3.5	75.7	0.757	0.780	15449.3	638	0.277	0.562
Murang'a	63.1	0.635	82.6	0.826	112.7	41.6	5.9	93.8	0.938	0.863	16237.6	670	0.298	0.599
Nyandarua	63.7	0.645	82.6	0.826	112.8	31.1	5.2	92.7	0.927	0.860	15394.5	635	0.275	0.593
Nyeri	64.0	0.650	84.4	0.844	114.8	37.7	5.1	85.4	0.854	0.847	19454.8	803	0.377	0.625
<b>COAST</b>	<b>51.5</b>	<b>0.442</b>	<b>62.8</b>	<b>0.628</b>	<b>72.3</b>	<b>17.0</b>	<b>3.2</b>	<b>53.0</b>	<b>0.530</b>	<b>0.595</b>	<b>18840.3</b>	<b>777</b>	<b>0.363</b>	<b>0.467</b>
Kilifi	51.0	0.433	50.3	0.503	72.5	14.8	2.9	57.5	0.575	0.527	13538.2	559	0.219	0.393
Kwale	49.5	0.408	38.9	0.389	73.3	14.4	2.5	57.8	0.578	0.452	10961.5	452	0.128	0.329
Lamu	54.8	0.497	73.2	0.732	89.0	14.7	2.6	65.1	0.651	0.705	15818.4	653	0.287	0.496
Mombasa	52.8	0.463	88.9	0.889	57.3	13.9	3.7	32.6	0.326	0.701	49254.0	2032	0.780	0.648
Taita-Taveta	52.7	0.462	80.8	0.808	113.9	37.9	4.8	89.7	0.897	0.838	13018.3	537	0.202	0.501
Tana River	47.6	0.377	42.9	0.429	45.1	12.4	2.1	37.0	0.370	0.409	18684.2	771	0.359	0.382
EASTERN	62.3	0.622	66.5	0.665	89.9	13.3	4.4	73.1	0.731	0.687	15130.9	624	0.268	0.525
Embu	64.5	0.658	80.6	0.806	96.0	33.5	4.1	73.3	0.733	0.782	19551.9	807	0.379	0.606
Isiolo	51.6	0.443	79.6	0.796	57.8	10.8	4.0	46.4	0.464	0.685	22419.7	925	0.438	0.522
Kitui	67.7	0.712	69.9	0.699	94.4	20.8	5.3	80.2	0.802	0.733	10826.7	447	0.122	0.522
Machakos	68.1	0.718	63.9	0.639	87.1	31.0	5.1	73.7	0.737	0.672	16501.3	681	0.305	0.565
Marsabit	55.2	0.503	17.4	0.174	60.6	3.7	0.0	27.2	0.272	0.207	6113.0	252	-0.126	0.195
Meru	68.6	0.727	70.0	0.700	93.9	22.0	3.5	68.7	0.687	0.696	16997.7	701	0.318	0.580
Makueni	67.2	0.703	51.8	0.518	109.4	28.6	4.4	76.0	0.760	0.599	11637.3	480	0.154	0.485
Tharaka Nithi	62.3	0.622	66.5	0.665	80.3	11.2	4.4	68.7	0.687	0.672	40262.8	1661	0.693	0.662
<b>NORTH EASTERN</b>	<b>52.4</b>	<b>0.457</b>	<b>64.2</b>	<b>0.642</b>	<b>9.8</b>	<b>4.8</b>	<b>1.3</b>	<b>9.5</b>	<b>0.095</b>	<b>0.460</b>	<b>29677.1</b>	<b>710</b>	<b>0.324</b>	<b>0.413</b>
Garissa	52.7	0.462	62.5	0.625	13.5	4.5	1.2	11.2	0.112	0.454	35998.5	861	0.407	0.441
Mandera	52.7	0.462	67.2	0.672	25.9	5.0	1.6	22.4	0.224	0.523	27960.0	669	0.297	0.427
Wajir	50.6	0.427	59.4	0.594	5.1	5.1	1.1	5.4	0.054	0.414	22173.8	530	0.197	0.346
NYANZA	45.7	0.345	70.9	0.709	93.5	31.4	4.9	79.0	0.790	0.736	14168.8	585	0.239	0.440
Kisii	52.1	0.452	67.7	0.677	94.1	35.7	4.6	75.5	0.755	0.703	14103.3	582	0.237	0.464
Kisumu	38.1	0.218	83.8	0.838	118.1	36.2	5.5	86.3	0.863	0.846	20766.7	857	0.405	0.490
Siaya	45.0	0.333	69.7	0.697	77.0	31.4	5.0	74.3	0.743	0.712	10873.7	449	0.124	0.390
Homa Bay	46.5	0.358	69.4	0.694	95.0	15.8	2.6	72.3	0.723	0.704	9457.3	390	0.064	0.375
Migori	45.7	0.345	70.8	0.708	93.8	14.0	0.0	60.7	0.607	0.674	9201.5	380	0.052	0.357
Nyamira	45.7	0.345	64.1	0.641	104.6	35.8	4.9	76.8	0.768	0.683	12339.7	509	0.179	0.402
<b>RIFT VALLEY</b>	<b>58.5</b>	<b>0.558</b>	<b>72.6</b>	<b>0.726</b>	<b>86.0</b>	<b>21.5</b>	<b>3.9</b>	<b>65.2</b>	<b>0.652</b>	<b>0.701</b>	<b>15251.3</b>	<b>629</b>	<b>0.271</b>	<b>0.510</b>
Kajiado	60.2	0.587	48.6	0.486	58.5	11.1	2.4	43.8	0.438	0.470	18160.9	749	0.347	0.468
Kericho	60.6	0.593	77.6	0.776	89.2	23.2	4.7	70.2	0.702	0.751	16493.6	681	0.305	0.550
Laikipia	60.7	0.595	83.7	0.837	94.3	24.9	4.6	74.4	0.744	0.806	13120.6	541	0.206	0.536
Nakuru	57.4	0.540	82.2	0.822	94.3	24.7	3.9	69.9	0.699	0.781	22382.9	924	0.438	0.586
Nandi	56.7	0.528	80.8	0.808	107.9	22.3	4.8	82.8	0.828	0.815	12548.0	518	0.186	0.510
Narok	57.0	0.533	48.7	0.487	62.4	11.6	3.3	53.0	0.530	0.501	17209.3	710	0.324	0.453
Bomet	57.0	0.533	71.1	0.711	121.7	17.9	14.1	82.2	0.822	0.748	18663.2	770	0.359	0.547
Baringo	55.8	0.513	80.2	0.802	101.4	25.2	4.8	37.3	0.373	0.659	18379.3	758	0.352	0.508
Elgeyo-Marakwet	61.0	0.600	76.8	0.768	92.6	42.0	4.0	49.8	0.498	0.678	11885.3	490	0.163	0.480
Samburu	54.7	0.495	21.9	0.219	50.6	9.1	2.2	50.0	0.500	0.313	7451.0	307	-0.040	0.256
Trans-Nzoia	61.4	0.607	68.4	0.684	61.1	16.6	4.4	71.0	0.710	0.693	9280.8	383	0.055	0.452
Turkana	42.3	0.288	28.4	0.284	68.4	10.8	1.5	46.8	0.468	0.345	7459.0	308	-0.040	0.198
Uasin-Gishu	59.3	0.572	82.5	0.825	114.4	20.2	3.5	71.0	0.710	0.787	19173.5	791	0.370	0.576
West Pokot	44.0	0.317	42.3	0.423	55.9	11.9	3.7	46.8	0.468	0.438	7623.8	315	-0.030	0.241
<b>WESTERN</b>	<b>52.4</b>	<b>0.457</b>	<b>74.6</b>	<b>0.746</b>	<b>85.1</b>	<b>28.0</b>	<b>4.7</b>	<b>76.7</b>	<b>0.767</b>	<b>0.753</b>	<b>11191.1</b>	<b>462</b>	<b>0.137</b>	<b>0.449</b>
Bungoma	55.3	0.505	75.7	0.757	70.4	29.5	5.2	78.8	0.788	0.767	10133.5	418	0.094	0.455
Busia	46.3	0.355	64.3	0.643	81.2	19.6	4.4	68.2	0.682	0.656	8649.0	357	0.025	0.345
Kakamega	56.2	0.520	76.3	0.763	95.1	29.6	4.5	80.7	0.807	0.778	13890.5	573	0.230	0.509
<b>KENYA</b>	<b>56.6</b>	<b>0.527</b>	<b>70.9</b>	<b>0.709</b>	<b>81.9</b>	<b>22.8</b>	<b>4.3</b>	<b>50.7</b>	<b>0.507</b>	<b>0.642</b>	<b>16405.6</b>	<b>1022</b>	<b>0.482</b>	<b>0.550</b>



# Gender-related Development Index (GDI)

Province/ District	Life Expect. 2000 (HCS)		Life Expect. Index		Adult Ed		Adult Literacy Index		Overall Enrol. Rate 1999		Enrol. Index		Ed. Index					
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	EDLEI	EDEAI	EDI	GDI
<b>NAIROBI</b>	<b>54.1</b>	<b>59.8</b>	<b>0.527</b>	<b>0.538</b>	<b>84</b>	<b>81.2</b>	<b>0.840</b>	<b>0.812</b>	<b>66.9</b>	<b>58.4</b>	<b>0.669</b>	<b>0.584</b>	<b>0.783</b>	<b>0.736</b>	<b>0.532</b>	<b>0.761</b>	<b>0.586</b>	<b>0.626</b>
<b>CENTRAL</b>	<b>60.4</b>	<b>68</b>	<b>0.632</b>	<b>0.675</b>	<b>86.5</b>	<b>81.9</b>	<b>0.865</b>	<b>0.819</b>	<b>60.6</b>	<b>61.9</b>	<b>0.606</b>	<b>0.619</b>	<b>0.779</b>	<b>0.752</b>	<b>0.653</b>	<b>0.765</b>	<b>0.372</b>	<b>0.597</b>
Kiambu	53.4	59.2	0.515	0.528	88.2	84.2	0.882	0.842	53.4	52.8	0.534	0.528	0.766	0.737	0.522	0.751	0.363	0.545
Kirinyaga	58.3	67.3	0.597	0.663	83.6	74.9	0.836	0.749	57.5	59.9	0.575	0.599	0.749	0.699	0.629	0.723	0.308	0.553
Muranga	59.1	67.1	0.610	0.660	85.5	82.1	0.855	0.821	67.2	71.7	0.672	0.717	0.794	0.786	0.635	0.790	0.316	0.581
Nyandarua	59.5	67.9	0.617	0.673	89.4	87.7	0.894	0.877	67.0	68.9	0.670	0.689	0.819	0.814	0.644	0.817	0.308	0.590
Nyeri	60.2	67.7	0.628	0.670	85.7	84.4	0.857	0.844	64.4	65.7	0.644	0.657	0.786	0.782	0.649	0.784	0.347	0.593
<b>COAST</b>	<b>52</b>	<b>58.3</b>	<b>0.492</b>	<b>0.513</b>	<b>72.1</b>	<b>55.7</b>	<b>0.721</b>	<b>0.557</b>	<b>44.7</b>	<b>35.3</b>	<b>0.447</b>	<b>0.353</b>	<b>0.630</b>	<b>0.489</b>	<b>0.502</b>	<b>0.551</b>	<b>0.338</b>	<b>0.464</b>
Kilifi	50.7	56.5	0.470	0.483	67	38.1	0.670	0.381	49.4	35.1	0.494	0.351	0.611	0.371	0.477	0.456	0.285	0.406
Kwale	51.7	54.2	0.487	0.445	46.5	39.7	0.465	0.397	50.3	34.9	0.503	0.349	0.478	0.381	0.464	0.422	0.249	0.379
Lamu	54.9	57	0.540	0.492	76.2	70.5	0.762	0.705	49.3	47.4	0.493	0.474	0.672	0.628	0.516	0.650	0.298	0.488
Mombasa	52.7	53.9	0.503	0.440	95.4	83.8	0.954	0.838	27.2	25.6	0.272	0.256	0.727	0.644	0.473	0.687	0.495	0.551
Taita Tavetta	54.4	61.3	0.532	0.563	88.7	83.8	0.887	0.838	30.9	23.0	0.309	0.230	0.694	0.635	0.547	0.664	0.277	0.496
Tana River	52.6	55	0.502	0.458	46.1	40.1	0.461	0.401	46.9	34.0	0.469	0.340	0.464	0.381	0.479	0.418	0.278	0.392
<b>EASTERN</b>	<b>57.6</b>	<b>65.5</b>	<b>0.585</b>	<b>0.633</b>	<b>68.8</b>	<b>64.7</b>	<b>0.688</b>	<b>0.647</b>	<b>54.5</b>	<b>53.6</b>	<b>0.545</b>	<b>0.536</b>	<b>0.640</b>	<b>0.610</b>	<b>0.609</b>	<b>0.624</b>	<b>0.303</b>	<b>0.512</b>
Embu	60.7	71.9	0.637	0.740	81.1	80.1	0.811	0.801	56.3	54.8	0.563	0.548	0.728	0.717	0.685	0.722	0.346	0.585
Isiolo	54.3	60.4	0.530	0.548	95.5	68.8	0.955	0.688	37.8	29.8	0.378	0.298	0.763	0.558	0.539	0.646	0.361	0.515
Kitui	53	61.1	0.508	0.560	74.6	66.4	0.746	0.664	60.0	55.8	0.600	0.558	0.697	0.629	0.534	0.659	0.249	0.481
Makueni	53.9	60.4	0.523	0.548	71.7	68.3	0.717	0.683	78.8	73.2	0.788	0.732	0.741	0.699	0.536	0.719	0.257	0.504
Machakos	55.1	62.8	0.543	0.588	61	65.9	0.610	0.659	53.5	54.7	0.535	0.547	0.585	0.622	0.565	0.603	0.315	0.495
Marsabit	57.4	64	0.582	0.608	23.4	12.7	0.234	0.127	27.2	17.5	0.272	0.175	0.247	0.143	0.595	0.181		
Meru	61.8	67.6	0.655	0.668	71.8	68.4	0.718	0.684	52.1	52.5	0.521	0.525	0.652	0.631	0.662	0.641	0.323	0.542
<b>N/EASTERN</b>	<b>62.2</b>	<b>61.5</b>	<b>0.662</b>	<b>0.567</b>	<b>76.9</b>	<b>51.3</b>	<b>0.769</b>	<b>0.513</b>	<b>14.3</b>	<b>3.7</b>	<b>0.143</b>	<b>0.037</b>	<b>0.560</b>	<b>0.354</b>	<b>0.613</b>	<b>0.440</b>	<b>0.309</b>	<b>0.454</b>
Garissa	60	58.7	0.625	0.520	76.3	43.9	0.763	0.439	10.8	5.2	0.108	0.052	0.545	0.310	0.570	0.401	0.325	0.432
Mandera	61.4	60.5	0.648	0.550	79.3	57.9	0.793	0.579	20.7	10.0	0.207	0.100	0.598	0.419	0.597	0.497	0.301	0.465
Wajir	61.3	62.3	0.647	0.580	69.2	50	0.692	0.500	13.5	2.1	0.135	0.021	0.506	0.340	0.614	0.413	0.268	0.432
<b>NYANZA</b>	<b>41.7</b>	<b>48</b>	<b>0.320</b>	<b>0.342</b>	<b>76.2</b>	<b>66.4</b>	<b>0.762</b>	<b>0.664</b>	<b>60.4</b>	<b>55.2</b>	<b>0.604</b>	<b>0.552</b>	<b>0.709</b>	<b>0.627</b>	<b>0.331</b>	<b>0.664</b>	<b>0.294</b>	<b>0.429</b>
Homa Bay	35.9	40.7	0.223	0.220	75.3	65.6	0.753	0.656	83.0	60.4	0.830	0.604	0.779	0.639	0.222	0.698	0.223	0.381
Kisii	50.5	60	0.467	0.542	73.6	62.7	0.736	0.627	58.8	54.7	0.588	0.547	0.687	0.600	0.503	0.639		
Kisumu	37.8	43.2	0.255	0.262	67.3	60.9	0.673	0.609	67.9	63.9	0.679	0.639	0.675	0.619	0.258	0.646	0.416	0.440
Siaya	36.9	43	0.240	0.258	88.7	79.3	0.887	0.793	53.4	49.9	0.534	0.499	0.769	0.695	0.250	0.727	0.250	0.409
<b>R/VALLEY</b>	<b>59.1</b>	<b>66.4</b>	<b>0.610</b>	<b>0.648</b>	<b>76.6</b>	<b>69.1</b>	<b>0.766</b>	<b>0.691</b>	<b>51.3</b>	<b>46.2</b>	<b>0.513</b>	<b>0.462</b>	<b>0.682</b>	<b>0.615</b>	<b>0.629</b>	<b>0.646</b>	<b>0.303</b>	<b>0.526</b>
Baringo	58.3	64.9	0.597	0.623	82.9	77.4	0.829	0.774	61.8	58.7	0.618	0.587	0.759	0.712	0.610	0.734		
Kajiado	60.3	67.1	0.630	0.660	52.6	45.1	0.526	0.451	36.3	28.7	0.363	0.287	0.472	0.396	0.644	0.431	0.330	0.469
Kericho	54.8	62.5	0.538	0.583	82.6	72.2	0.826	0.722	59.4	45.1	0.594	0.451	0.749	0.632	0.560	0.686	0.319	0.521
Laikipia	61.6	68.1	0.652	0.677	76.4	66.4	0.764	0.664	56.1	54.0	0.561	0.540	0.696	0.623	0.664	0.658	0.369	0.563
Nakuru	52.9	58.2	0.507	0.512	88.5	78.3	0.885	0.783	54.2	51.2	0.542	0.512	0.771	0.693	0.509	0.730	0.368	0.536
Nandi	56.6	63.7	0.568	0.603	84.2	80.5	0.842	0.805	62.2	60.9	0.622	0.609	0.769	0.740	0.585	0.754	0.268	0.536
Narok	59.5	67.6	0.617	0.668	82.8	78.9	0.828	0.789	41.2	34.6	0.412	0.346	0.689	0.641	0.641	0.665	0.321	0.542
Samburu	58	63.4	0.592	0.598	28.3	15.3	0.283	0.153	33.9	18.7	0.339	0.187	0.302	0.164	0.595	0.211	0.315	0.374
Trans Nzoia	57.1	63.3	0.577	0.597	74.5	62.9	0.745	0.629	36.6	36.8	0.366	0.368	0.619	0.542	0.587	0.578	0.218	0.461
Turkana	54.8	59.1	0.538	0.527	41.5	47.7	0.415	0.477	41.4	31.8	0.414	0.318	0.415	0.424	0.532	0.419	0.210	0.387
Uasin Gishu	57.6	63.6	0.585	0.602	85.9	81.3	0.859	0.813	54.2	54.9	0.542	0.549	0.753	0.725	0.593	0.739	0.337	0.556
West Pokot	55.4	61.3	0.548	0.563	49.7	35.5	0.497	0.355	36.4	31.5	0.364	0.315	0.453	0.342	0.556	0.388	0.183	0.376
<b>WESTERN</b>	<b>49.8</b>	<b>55.8</b>	<b>0.455</b>	<b>0.472</b>	<b>80.2</b>	<b>69.7</b>	<b>0.802</b>	<b>0.697</b>	<b>56.5</b>	<b>53.6</b>	<b>0.565</b>	<b>0.536</b>	<b>0.723</b>	<b>0.643</b>	<b>0.464</b>	<b>0.679</b>	<b>0.254</b>	<b>0.466</b>
Bungoma	54.3	61.5	0.530	0.567	78.9	72.6	0.789	0.726	53.9	49.4	0.539	0.494	0.706	0.649	0.548	0.675	0.237	0.487
Busia	41	46.6	0.308	0.318	69.9	59.3	0.699	0.593	51.4	49.5	0.514	0.495	0.637	0.560	0.314	0.594	0.212	0.373
Kakamega	50.1	56.6	0.460	0.485	83.8	70	0.838	0.700	76.7	60.5	0.767	0.605	0.814	0.668	0.473	0.731	0.305	0.503
Vihiga	53.2	58.7	0.512	0.520	86.6	73.9	0.866	0.739	56.5	53.6	0.565	0.536	0.766	0.671	0.516	0.712	0.305	0.511
<b>KENYA</b>	<b>52.8</b>	<b>60.4</b>	<b>0.505</b>	<b>0.548</b>	<b>77.7</b>	<b>70.2</b>	<b>0.777</b>	<b>0.702</b>	<b>50.8</b>	<b>45.1</b>	<b>0.508</b>	<b>0.451</b>	<b>0.687</b>	<b>0.618</b>	<b>0.526</b>	<b>0.651</b>	<b>0.385</b>	<b>0.521</b>

EDLEI - Equality Distributed Life Expectancy Index • EDEAI - Equality Distributed Education Attainment Index • EDII - Equality Distributed Income Index

# Human Poverty Index (HPI)

District/ Province	% of people not expected to live beyond 40	Adult literacy (%)	People without access to Safe drinking Water	Health	Underweight children below 5 years (%)	HPI
<b>NAIROBI</b>	<b>40.0</b>	<b>17.6</b>	<b>6.1</b>	<b>45.0</b>	<b>12.4</b>	<b>29.7</b>
<b>CENTRAL</b>	<b>31.0</b>	<b>16.0</b>	<b>51.3</b>	<b>51.0</b>	<b>15.4</b>	<b>31.6</b>
Kiambu	28.8	14.6	29.2	34.1	13.1	24.4
Kirinyaga	30.0	20.9	65.5	31.4	8.4	29.8
Muranga	29.0	17.4	75.8	40.6	21.1	34.8
Nyandarua	33.0	11.5	54.6	47.9	19.7	32.7
Nyeri	31.0	15.6	36.8	62.5	12.3	30.5
<b>COAST</b>	<b>36.0</b>	<b>37.2</b>	<b>32.9</b>	<b>62.0</b>	<b>21.1</b>	<b>37.3</b>
Kilifi	49.6	49.7	35.1	64.8	28.9	47.6
Kwale	30.5	61.1	33.9	45.1	26.2	46.4
Lamu	36.0	26.8	37.6	93.8	21.1	40.4
Mombasa	49.1	11.1	16.2	49.0	10.4	35.7
Taita Taveta	35.9	19.2	44.2	77.4	15.7	36.8
Tana River	23.0	57.1	73.6	76.6	31.7	52.0
<b>EASTERN</b>	<b>30.6</b>	<b>33.5</b>	<b>62.8</b>	<b>75.2</b>	<b>29.6</b>	<b>43.1</b>
Embu	33.0	19.4	53.2	45.0	23.6	33.2
Isiolo	39.0	20.4	55	85.0	19.1	41.7
Kitui	23.5	30.1	86.2	86.5	45.5	52.1
Machakos	29.0	36.1	62.1	80.9	24	43.3
Marsabit	24.0	33.5	83.9	75.1	34.9	47.5
Meru	31.0	30.0	42	51.6	33.6	35.4
<b>N/EASTERN</b>	<b>45.0</b>	<b>35.8</b>	<b>25.4</b>	<b>89.0</b>	<b>16.6</b>	<b>41.9</b>
Garissa	45.0	37.5	6.2	89.0	19.3	40.5
Mandera	45.0	32.8	36	89.0	16.2	42.5
Wajir	42.0	40.6	96	89.0	7.7	51.3
<b>NYANZA</b>	<b>46.1</b>	<b>29.1</b>	<b>56</b>	<b>69.4</b>	<b>19.9</b>	<b>42.8</b>
Kisii	36.0	32.3	42.9	52.0	19.4	35.6
Kisumu	61.1	16.2	54.6	65.3	20.9	48.2
Siaya	55.0	30.3	36.9	64.0	22.3	44.4
<b>R/VALLEY</b>	<b>26.7</b>	<b>27.4</b>	<b>50.2</b>	<b>62.0</b>	<b>24.9</b>	<b>35.6</b>
Baringo	27.0	19.8	68.7	55.0	34.2	38.7
Kajiado	27.0	51.4	32.9	68.8	27.9	42.9
Kericho	33.0	22.4	64.6	45.1	13.9	33.9
Laikipia	35.0	28.9	52.7	84.0	20.8	41.3
Nakuru	36.0	17.2	45.9	52.0	21.7	33.7
Nandi	33.0	17.9	40.1	60.8	26.1	34.0
Narok	36.0	51.3	52.5	71.0	28.2	47.0
Samburu	49.5	72.4	32.58	75.0	46.2	59.6
Trans Nzoia	27.0	31.6	41.4	54.1	21	33.2
Turkana	17.0	55.3	59	75.0	34.2	48.9
Uasin Gishu	40.0	16.4	26.3	72.7	18.3	35.0
West Pokot	14.6	57.7	91.2	86.4	49.7	59.4
			100			
<b>WESTERN</b>	<b>42.0</b>	<b>25.4</b>	<b>49.4</b>	<b>58.8</b>	<b>21.5</b>	<b>38.5</b>
Bungoma	55.0	24.5	51.9	55.9	21.1	44.3
Busia	57.7	35.7	45.6	61.1	15.7	46.7
Kakamega	40.0	23.7	38.2	71.9	29.6	39.0
<b>KENYA</b>	<b>34.5</b>	<b>26.4</b>	<b>45.1</b>	<b>51.0</b>	<b>21.2</b>	<b>34.1</b>

## APPENDIX 2: Technical Notes

### Technical Note 1: The Human Development Index

The human development index (HDI) was calculated as an average of four indices:

- Life expectancy index (LEI)
- Adult literacy index
- Combined gross enrolment index (CGEI)
- Adjusted real GDP per capita (PPP\$) index

#### a: Life Expectancy Index (LEI)

Life expectancy index was calculated using life expectancy at birth and the minimum and maximum values set. The UNDP formula provided in the GHDR 2001 was used.

$LEI = (\text{Life expectancy at birth} - \text{minimum value}) / (\text{Maximum value} - \text{minimum value})$   
The set maximum and minimum values are 85 years and 25 years, respectively.

**For Kenya:**

$$LEI = (56.6 - 25) / (85 - 25) = 0.527$$

#### b: Adult Literacy Index (ALI)

The adult literacy index was calculated using adult literacy rate and the set minimum and maximum values specified with the following formula:

$$ALI = (\text{Adult literacy rate} - \text{minimum value}) / (\text{Maximum value} - \text{minimum value})$$

The set maximum value is 100 and the minimum value is 0.

**For Kenya:**

$$ALI = (70.9 - 0) / 100 - 0 = 0.709$$

#### c: Combined Gross Enrolment Index (CGEI)

The combined gross enrolment index was calculated from enrolment ratios for primary, secondary and tertiary education. Enrolment ratios were obtained by dividing the number of people enrolled in each education category by the number of people within the required age group. The required age group for primary education is 6-12 years, for secondary 13-17 years and for tertiary 18-22 years.

The combined gross enrolment ratio (CGER) was calculated as a ratio of overall enrolment in primary, secondary and tertiary education.

The CGEI is calculated as follows:

$$CGEI = (CGER - \text{Minimum value}) / (\text{Maximum value} - \text{minimum value})$$

Where the maximum value is 100 and the minimum value is 0.

**For Kenya:**

$$CGER = \text{Total enrolment} / \text{Total population} = 6,659,329 / 13,140,044 = 50.7$$

$$CGEI = (50.7 - 0) / 100 - 0 = 0.507$$

#### d: Adjusted Real GDP per capita (PPP\$) Index (APPPI)

This was calculated by using the following UNDP formula:

$$APPPI = [\text{Log (Real GDP per capita)} - \text{Log (Minimum value)}] / [\text{Log (Discounted maximum value)} - \text{Log (minimum value)}]$$

Where: Minimum value is \$100 and maximum value is \$40,000.

$$\text{Discounted maximum} = \text{US\$ } 6,154 \text{ (PPP)}$$

$$\text{Real GDP} = \text{GDP in 1982 prices}$$

$$\text{Real GDP per capita} = \text{Real GDP} / \text{Population}$$

$$\text{GDP} = \text{Gross Domestic Product}$$

$$\text{For Kenya: } APPPI = [\text{Log (1,022)} - \text{Log (100)}] / [\text{Log (6,154)} - \text{Log (100)}] = 0.482$$

HDI was thus calculated as an average of LEI, Educational Attainment Index and APPPI.

$$HDI = (LEI + EAI + APPPI) / 3$$

$$\text{Where: } EAI = [(2 * ALI) + CGEI] / 3$$

**For Kenya:**

$$HDI = (0.527 + 0.642 + 0.482) / 3 = 0.550$$

$$\text{Where } EAI = (2 * 0.709 + 0.507) / 3 = 0.642$$

### Technical Note 2: The Human Poverty Index (HPI-1)

The human poverty index was computed with the following variables:

Percentage of people not expected to survive at age 40 (PNS)

Percentage of adults who are illiterate (PAI)

Percentage of people without access to safe water (PSW)

Percentage of people without access to health services (PHS)

Percentage of severely and moderately underweight children under 5 years (PUC)

Percentage of people not expected to survive beyond age 40.

This is a calculated ratio of the number of people 0-10 years old in 1959 to the number of people 40-50 years old in 1999. The number of people not expected to survive at age 40 has been estimated by subtracting the number of 0-4 years old in 1959 from the number of people 40-44 years old in 1996. The number of people 40-44 years old has been obtained from the 1999 census. The number of people 0-4 years old in 1959 has been estimated using a compound growth rates.

## APPENDIX 3: Data Sources

This report has utilised data from sources of different quality. It is thus important to explain how the information was collected, its quality and the underlying concepts used in collecting the data. Data for the HDR was mainly generated from three sources: administrative records, population and housing censuses, and sample surveys. Some of this information was in published form while most was unpublished. While the published information was largely in its finalised form, most of the unpublished data were raw in the sense that they were undergoing further cleaning in preparation for publication. Such raw data are likely to change, albeit slightly, after further validation and are therefore provisional.

These data sources are reviewed below with a view to judging quality and limitation in their usage, especially in making spatial and temporal comparisons.

### Administrative Records

Administrative records mainly generated school enrolment data from Ministry of Education for the HDR. The main weakness is incompleteness in primary and secondary school data, where only enrolment data on public schools is complete. The enrolment data for private schools are either incomplete or totally missing. The shifting of data collection responsibility from the Ministry to Teachers Service Commission is the main cause of this weakness; the latter has failed to effectively collect data from private schools. Aggregated data on tertiary training were available from the Ministry of Education. Data from household surveys were also used.

### Sample Surveys

Most of the HDR data are derived from sample surveys conducted by CBS. The main surveys generating the data are the 1994 Welfare Monitoring Survey (WMSII), the 1997 WMSIII, the 1998 Kenya Demographic and Health Survey (KDHS), the 1998/99 Integrated Labour Force Survey and the 2000 Multiple Indicators Cluster Survey (MICS).

The main limitation in the data is the aggregation level. The survey results are reasonable at national and provincial levels of aggregation. However, the precision of the estimates declines when we attempt to disaggregate the results to district level.

This is mainly because sample size is reduced as we move from the province to focus on the district as the domain of study. This becomes more acute where there are many non-responses. The other limitation is omission of the rural areas of North Eastern Province and four other ASAL districts: Marsabit, Turkana, Samburu and Isiolo. The surveys cover only the urban clusters in these districts. Of the above listed surveys, only WMSII covered the rural components of such areas by use of special sampling methods for such "floating populations". Therefore, results from these districts should be indicated as representing the urban; i.e., North Eastern (urban). The urban results become more unreliable as we go down to the districts and individual towns. For example, only one cluster was covered in Isiolo town during the 2000 MICS. All seven responding households had tap water.

So generalising this observation to the district or the whole town is very misleading. To overcome this problem, figures from these regions were adjusted by a computed ratio of urban to rural for the respective provinces.

### Population and Housing Censuses

Data from the censuses are more reliable since they emanate from complete coverage. In particular, they are the only sources of benchmark data for estimating and projecting demographic indicators such as life expectancy at birth, mortality and fertility.

The main constraints faced in trying to use the 1999 population and housing census data was that the data was still undergoing further cleaning. Therefore, the main demographic indicators could not be obtained from this source, for they are contained in the analytical volumes, which are yet to be compiled. Only the basic results on population counts in Volume I and housing stock in Volume II were fully utilised.

### Annual Publications

Use was made of published data contained in the two annual publications, Statistical Abstracts and Economic Survey. The figures are reliable but limited to national aggregates. The other caution is that the current year figures are always provisional and hence subject to change in subsequent editions.

### **Trends and Concepts**

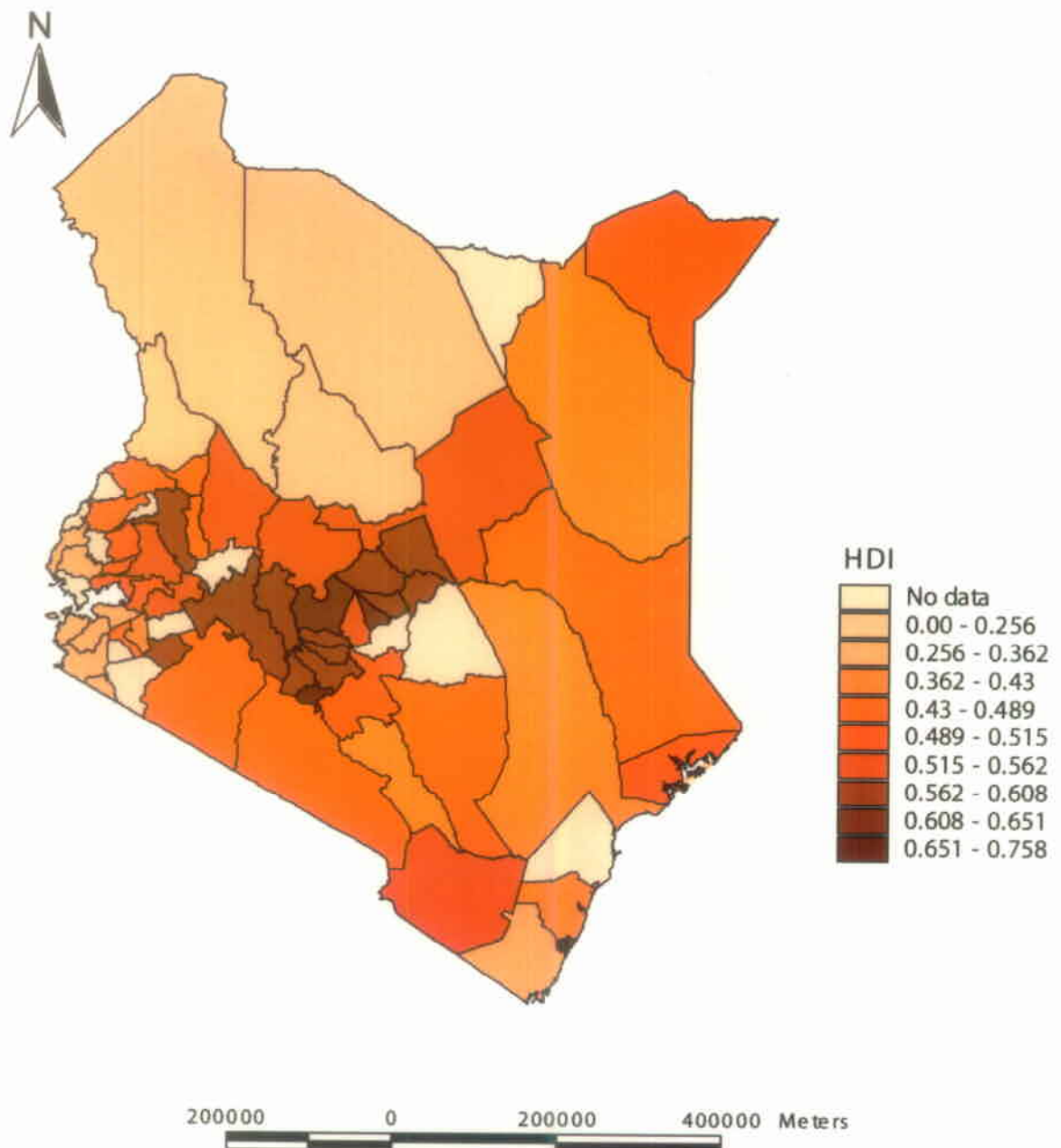
Constructing a trend using data from different surveys can be problematic, especially when there were differences in survey methodology in terms of coverage, data collection methods and questionnaire content.

Also, spatial comparability of the results is limited if data were from different sources. Household is the unit of enumeration that is used in all household-based sample surveys and population censuses.

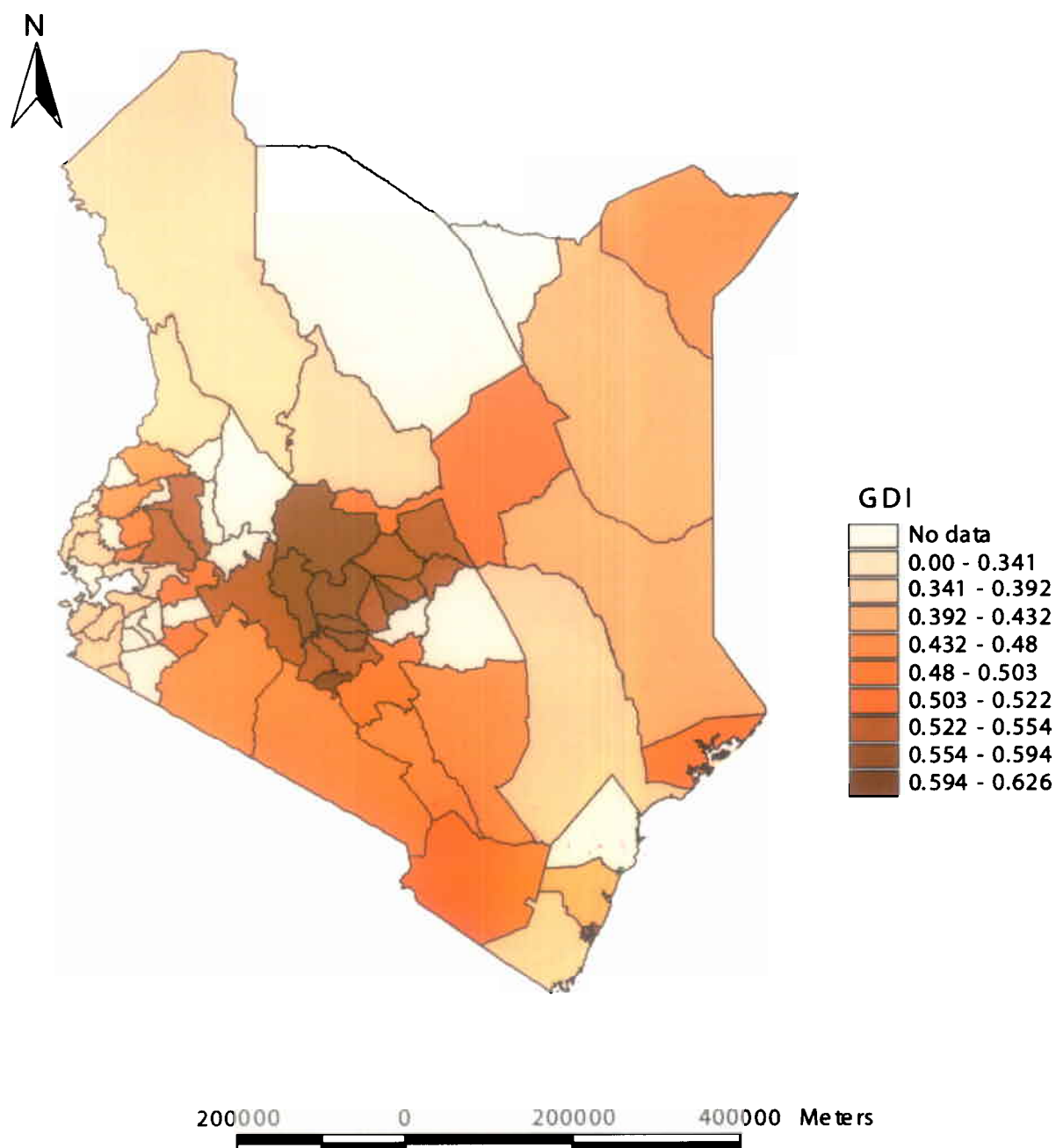


## APPENDIX 4: GIS Maps

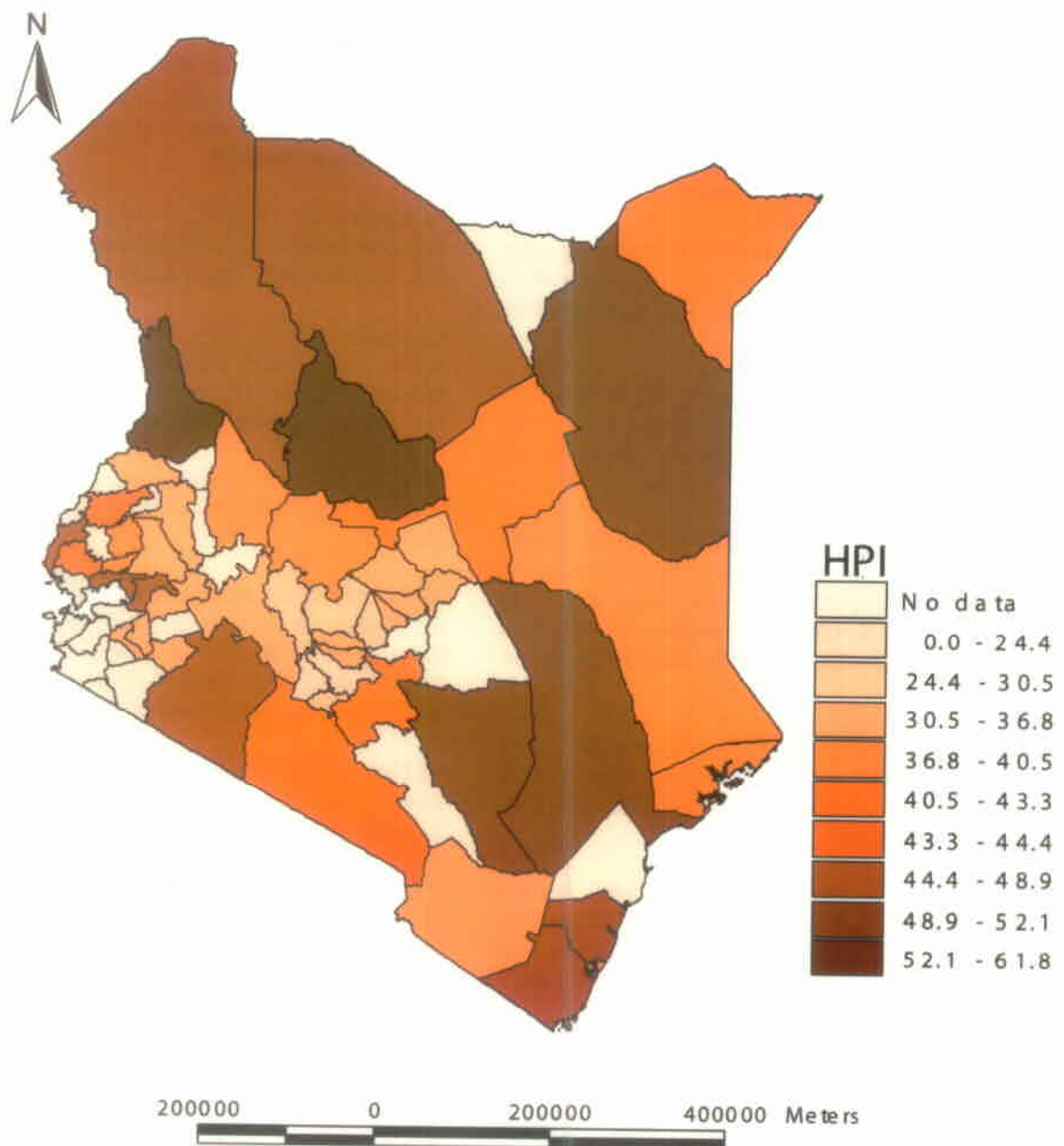
### Human Development Index (HDI)



## Gender-Related Development Index (GDI)



## Human Poverty Index (HPI)



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