Collateral Strategies for Poverty Reduction in Kenya: Prospects and Challenges

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Abstract

In practice all over the world, development practitioners’ concern about poverty has been increasing because of their long history in working with the marginalized groups amidst inadequate resources and unfavourable scenarios that push them to poverty situations. At the micro level, development practitioners engage different strategies to deal with poverty, including poverty risk assessment, programme design, liaison with state agents and different resource providers to generate innovative ways to help individuals and communities to understand their wanting situation and improve their livelihoods for the better. This paper seeks to analyze the diverse collateral strategies engaged by different development practitioners in their efforts to eradicate poverty in Kenya. The role of the county and national governments, development agencies, civil society and international organizations and their collaboration with other actors such as the private sector, community based organizations, faith based organizations and self-help groups are analyzed in this paper. Special emphasis is placed on how such efforts can complement those of professional social workers for holistic and sustainable poverty reduction in Kenya.

Keywords: Development Practitioners, Poverty Reduction, Collateral Strategies, Self-help Groups

1. Introduction

Poverty is one of the serious problems faced by society at the beginning of the 21st century. According to World Bank data, 2.7 billion people, nearly 40% of the world’s population, live on less than two US dollars a day. Since the 1980s, the economy has performed below its potential, with low economic and employment growth and a decline in productivity. Consequently, per capita income in constant 1982 prices declined from US$271 in 1990 to US$239 in 2002. The number of people openly unemployed currently stands at over 2 million or 14.6 per cent of the labour force, with the youth accounting for 45 percent of the total (Republic of Kenya, 2004).

The distribution of poverty across Kenya varies from one county to another. Each county offers a unique blend of environmental, geographical, and infrastructure characteristics, which in turn influence poverty levels...
generally, many Kenyans are poor and cannot meet the cost of purchasing daily food. In 2005/6, almost 47 percent or 17 million Kenyans were unable to meet the cost of buying the amount of calories sufficient to meet their recommended daily nutritional requirements and minimal non-food needs (Poverty Reduction and Economic Management Unit Africa Region, 2008).

Poverty is a multi-faceted phenomenon, defined (and explained) as a situation in which a person lacks the necessary capabilities and entitlements to satisfy his or her basic needs and aspirations (Lavell, 2008). According to Lavell (2008), a non exhaustive list of the causes of poverty and deprivation include: environmental degradation including soil erosion, desertification, deforestation and climate change; lack of geographical resources, drought and water crisis; unemployment and income deficit; capital flight; introduction of bio-fuels; unequal distribution and difficulty of access to land; limits to private property and titles; poor health access and care, disease, clinical depression, substance abuse; governance limitations, including lack of democracy, lack of rule of law, abuse by those in power, lack of security, disempowering institutions, weak community organization; lack of access to infrastructure, educational deficiency, crime, religion; overpopulation and demographic imbalance due to selective death of males.

Poverty reduction, broadly defined, requires processes that help people to improve their capabilities and functioning that enable them to take charge of their affairs (Gondi, 2005). In Kenya, various strategies have been put forth to help in poverty reduction. Each strategy is faced with a unique challenge but all are geared towards eliminating or reducing poverty levels. It is evident that various governments in an effort to eradicate poverty have come in with various policies during their regimes on how to handle poverty. For instance, in Kenya, when the National Rainbow Coalition (NARC) government came into power at the end of 2002, they launched the Economic Recovery Strategy.

2. Policies For Poverty Eradication In Kenya

2.1 Poverty Reduction Strategy Paper (PRSP)

Poverty Reduction Strategy Paper (PRSP) was established in 2001 when about 57 % of Kenyans were living below the poverty line and the GDP growth rate had also declined to - 0.2 %. It developed as a short term strategy for meeting the vision outlined in the National Poverty Eradication Plan of 1999 that proposed 15 year time horizon to fight poverty based on the first MDG of halving poverty by 2015. PRSP was initiated by donors but the government found it useful for addressing increasing poverty levels and achieving sustained economic growth. It identified measures for improved economic performance and priority actions for reduction of poverty incidence in government.

PRSP ranked Agriculture and rural Development as the top most national priorities. Others in terms of priority were: human resource development, physical infrastructure, trade, tourism and industry, public safety, law and order, national security and public administration. Agriculture is the backbone of Kenya’s economy and Kenya’s largest gross domestic Product contributer. If the government puts up the policies and pumps enough capital in the agricultural sector, the economy of the country can be improved. The achievement of these priorities is a major step in the reduction of poverty in the country. Rural Development promotes investments in the rural areas and thus creates employment and leads to poverty reduction.

Unfortunately, by 2003, there was basically nothing on the ground to show that the PRSP was being implemented. The strategy started falling apart with nothing to its name. By the time the new government (the NARC government) came into power in 2003, the strategy had totally failed. Although it was a good strategy, lack of commitment on the part of the government with regard to its implementation led to its failure. Consequently, the NARC government came up with a new Strategy – Economic Recovery Strategy for Wealth and Employment Creation.

2.2 Economic Recovery Strategy

In December 2002, a new government under the National Rainbow Coalition (NARC) took office and immediately embarked on the process of preparing an economic recovery strategy, focusing on reviving the economy and creating employment (Republic of Kenya, 2004). The Economic Recovery Strategy was launched by the NARC government in 2003 and outlined the activities the government was planning to pursue by 2008.
ERS aimed to reduce the cost of doing business and to reduce poverty by providing people with income generating opportunities.

ERS identifies key policy actions necessary to spur the recovery of the Kenyan economy based on four pillars (Republic of Kenya, 2004):

- **Macro-economic stability - enhancing revenue collection, expenditure restructuring expenditure and establishing a monetary policy (price stability)**
- **Strengthening institutions of governance - outlines various reforms in public administration, national security, public administration and national security.**
- **Rehabilitation and expansion of physical infrastructure - one of the primary factors that makes production cost excessively high**
- **Investment in the human capital of the poor. Priority interventions are: universal primary education; enhancement of secondary education through expansion of bursary schemes; establishment of comprehensive National Social Health Insurance Fund; continuing the battle against the HIV/AIDS pandemic and provision of low cost housing.**

The Implementation of the strategy produced immediate results as GDP growth recovered from 0.6 percent in 2002 to 2.9 percent in 2003. By 2007, which marked the end of implementation of the ERS, the Kenyan economy was on a rapid growth trajectory, growing by 7.0 percent; an impressive performance compared with the 0.6 per cent in 2002 (Thugge et al., n.d).

ERS was a success in its initial stage with a recommendable growth rate. However, the growth rate in Kenya declined with the 2007/2008 post election violence. The post-election crisis resulted in substantial damage to Kenya’s social, infrastructural, institutional, and economic systems. The disruption of labour supply for the agricultural sector affected the production process and led to a destruction of capital assets. Overall, the conflict reduced Kenyan flower exports by a quarter for firms located in conflict areas mainly due to displaced labour, other exports were reduced by 38 percent falling to a record loss of over Kshs.30 billion (Horticultural Crop Development Authority [HCDA], 2006). This led to a drawback in the developments which had been witnessed at the beginning of the NARC regime. The poverty rate increased and most Kenyans could not afford the basic commodities.

### 2.3 Millennium Development Goals (MDGs)

MDGs are ambitious world’s quantified and time bound targets set for achievement by 2015 by all the 191 member states of the United Nations who adopted the Millennium Declaration (GA Resolution A/54/2000) in Sept, 2000. MDGs are essentially a collection of commitments that the country has made at the international level, the only difference being that those commitments have been expressed as concrete and time-bound goals and targets with associated indicators for measuring progress.

The Eight MDGs (to be achieved by 2015)

- **Halving extreme poverty and hunger;**
- **Achieving universal primary education;**
- **Promoting gender equality;**
- **Reducing under-five mortality by two-thirds;**
- **Reducing maternal mortality by three quarters;**
- **Reversing the spread of HIV/ AIDS, malaria and TB;**
- **Ensuring environmental sustainability; and**
Developing a global partnership for development, with targets for aid, trade and debt relief.

MDGs are not any different from what Kenya has been attempting to pursue since Independence - eradicating hunger, illiteracy and disease through policy documents such as: Sessional paper No 1 of 1965, Development Plans, PRSP, and ERS. According to the United Nations (June, 2013), the level of poverty in the Sub-Saharan region is still very high, with very large deficit in decent work, and very high hunger rates. Kenya has already made considerable progress in the realisation of a number of MDGs including the achievement of universal primary education (Goal 2), promoting gender equality and empowering women (Goal 3), reducing child mortality (Goal 4), combating HIV/AIDS, Malaria and other diseases (Goal 6) and ensuring environmental sustainability (Goal 7). However, the country’s performance in the eradication of extreme poverty and hunger (Goal 1) remains dismal with more than 10 million people suffering from chronic food insecurity and poor nutrition, while between one and two million people require emergency food throughout the year (ibid.). According to the Ministry of state for planning, National Development and Vision 2030 (August, 2012) the number of challenges hampering Kenya’s efforts towards eradicating extreme poverty and hunger include; poor crop production practices, adverse climate changes, high food and fuel prices, population pressure, increasing frequency of social conflicts, insecure land tenure systems, among others.

2.4 Vision 2030

The Government initiated and launched development of Vision 2030 in October 2006 with the National Economic and Social Council (NESC) as the supervisory authority and the Ministry of Planning and National Development in charge of coordinating the technical and financial aspects of the process (Thugge et al., n.d). The motivation for the Vision is to have a development strategy that succeeds the ERS and answers to the aspirations for a prosperous society by transforming Kenya into a newly industrialising, middle income country providing a high quality of life to all its citizens in a clean and secure environment by the year 2030. The Vision 2030 thus aims at eradicating poverty and promoting development.

Kenya Vision 2030 is anchored on three key pillars: Economic; Social; and Political Governance. The objective of the economic pillar is “To maintain a sustained economic growth of 10 percent per annum for 25 years” (Government of Kenya, 2007). The six priority sectors to drive the economic pillar identified by the vision were Tourism, Agriculture, Wholesale and Retail Trade, Manufacturing, Business Process Outsourcing (BPO) and Financial Services. The social pillar of Vision 2030 seeks to create “a just, cohesive and equitable social development in a clean and secure environment” (Government of Kenya, 2007). The vision classifies interventions in the social pillar into six broad areas of focus which include education, health, water and sanitation, environment, housing and urbanisation, and gender, youth and vulnerable groups. The political pillar vision is to have “A democratic political system that is issue-based, people-centred, result-oriented and accountable to the public” (Government of Kenya, 2007). The political pillar vision is driven by the country’s desire to confront the current challenges concerning Rule of Law and Human Rights; Electoral and Political Processes; Democracy and Public Participation; Transparency and Accountability; Public Administration and Service Delivery; and Security, Peace-Building and Conflict Management.

These Vision projects were carefully crafted to ensure that they are evenly distributed nationally such that parts of the country that are presently remote and under developed could be opened up. The Vision, therefore, not only aims at meeting the Millennium Development Goals (MDGs) but also making the country globally competitive (Thugge et al., n.d).

The success of the Vision depends on the management of political transitions and reforms of institutions especially those targeted by the political pillar. The infrastructure sector is a key foundation to economic development and would be a major contributor to employment creation in the Kenyan context. The success of the Vision 2030 will see development agendas prosper in the country.

3. County Government Actions

The Millennium Development Goals Status Report for Kenya 2011 underscores the fact that the county governments will bear the greatest responsibility in the provision to citizens of key services, most of which are essential to the attainment of the MDG targets by 2013 (Ministry of Devolution & Planning, 2013). In Kenya, the county governments were created in the new constitution which was passed into law. The county government
ensures and co-ordinates the participation of communities and locations in governance at the local level and
assisting communities and locations to develop the administrative capacity for the effective exercise of the
functions and powers and participation in governance at the local level. Increased participation of the
communities promotes development (Ministry of Devolution & Planning, 2013).

The county government is a crucial institution. It is at the local level that people can best define their priority
problems and organize to deal with them. Moreover, the poor and the hungry interact almost exclusively with the
local government, from which they seek services and support. Local governments are capable of providing
public services, mobilizing community resources, stimulating private investment, expanding rural-urban
linkages, adapting national development policies to local conditions, and investing in local infrastructure (Gupta
et al., 1994). According to the Ministry of Devolution and Planning (2013), the formation of county
governments is expected to unlock the flow of resources to the rural areas and hence this is expected to
significantly improve by 2015.

The fight against poverty must focus towards empowering the poor. Empowerment is defined as the ability of
people, in particular the least privileged, to: (a) have access to productive resources that enable them to increase
their earnings and obtain the goods and services they need; and (b) participate in the development process and
the decisions that affect them (Gupta et al., 1994).

According to Serageldin, et. al. (2004), local government actions which contribute significantly to improving
people’s lives include:

- Instituting participatory urban processes that give a voice in decision-making to poor and marginalized
  populations.
- Partnering with communities, community-based organizations (CBOs), and non-governmental
  organizations (NGOs), including advocacy groups, on community-based initiatives.
- Providing access to land (including regularization), infrastructure, and urban services.
- Initiating integrated programs for the improvement of the urban environment.
- Supporting the development of small businesses and micro-enterprises.
- Fostering citizenship and social inclusion.
- Collaborating with foundations and philanthropic organizations on social projects.
- Alleviating the hardships endured by poor and marginalized populations.

The involvement of local governments in health care, education, vocational training, and other social services
depends on the degree of decentralized delivery of these services in each country, and the devolution of
functions to the local level (Serageldin, et. al., 2004). Facilitating access to productive resources such as land,
water, and infrastructure for the poor is not a one-time event, but an institutional process, requiring permanent
adaptation to changing circumstances of power, economics, and culture (ibid.).

In the face of growing disparities and economic downturns, promoting local development has to include the
necessity of opening up employment and income generation opportunities for impoverished populations.
Infrastructure promotes access to services such as access roads, drainage, and transport, health care, education,
vocational training, and other social services. All these depend the critical role of local governments in reaching
and extending services to vulnerable groups (Gupta et al., 1994).

Improved access to productive resources by the poor is a crucial element of their empowerment. The county
governments should ensure an interactive service delivery base. Without the participation of the rural poor in the
implementation of programmes, and without the establishment of effective organizations of the rural poor that
act as countervailing forces to vested interests, it is unlikely that much progress will be made in increasing the
access of the poor to productive resources (Gupta et al., 1994).
Electricity is cited as among the top three most serious constraints to doing business in Kenya (Trade Mark East Africa, 2011). A comparison of the electricity costs between Kenya and competitor countries shows that Kenya is quite uncompetitive on cost and provision of power (ibid.). Businesses bear the effects of power inefficiencies, through uncompetitive cost of power, poor transmission and distribution, thereby making the country’s products more expensive than those of competing countries. In this regard, the county governments in collaboration with the national government should subsidize the cost of electricity and set policies to encourage competition by discouraging monopoly.

About 72% of the manufacturing enterprises in Kenya rate roads and rail services as either poor, very poor or “not available at all. The poor quality of roads directly diminishes a firm’s competitiveness and profitability through delays in transportation, which is especially serious for perishable products and those that face tight export deadlines, for example horticulture. Poor infrastructure therefore slows down development in the country. To eradicate poverty, infrastructure should be maintained at all times to ensure the running of industries.

In Kenya, business registration and licensing is archaic, inefficient and unreliable, and imposes additional cost to investors in terms of money and time (Trade Mark East Africa, 2011). These costs increase when Environmental Impact Assessment requirements are included, and when lost management time, bribes and opportunity costs are accounted for (ibid.). Other constraints related to starting a business include the cumbersome process of registering a business name, the process of company registration which is bureaucratic, lengthy and expensive, and the chaotic and unfriendly registration procedures at the Registrar’s office. Investors who would then have contributed to the GDP and improvement of the economy give up and decide to invest in other countries which have simpler processes. Investments which would then have provided income for the citizens and alleviated poverty are therefore missed. If the county governments would eradicate poverty then they should minimize the business registration processes for investors in order to encourage investments and eventually a growth in county economy and eradication of poverty.

4. Civil Society Organization

The civil society came up to fill the gap left by the government in its service delivery mechanisms (Alila & Njeru, 2005). The need to get the services closer to the people necessitated the formation of civil societies. Most government institutions of service delivery were situated in urban centres far from the people living at the rural areas, hence, curtailing people’s active involvement in the grass-root projects to foster development. Civil society (CS) also grew rapidly because the donors - having lost faith in the government - decided to channel their funds through non-government organizations (NGOs) and community-based organization (CBOs) (ibid.).

The CS organizations which include non-governmental organizations (NGOs), Community based Organization (CBOs), trade unions, human rights organizations, religious organization and consumer groups are very active in poverty reduction activities, especially at grass-root levels (Alila & Njeru, 2005). Most of them are situated in the villages and most of their activities involve the people at the grassroots. They are among the major promoters of social change in many developing countries.

In Kenya, CS organizations are vital in the promotion of peace and security, ethnic cohesion and religious tolerance. More so, they enhance and promote inter-tribal cultural exchange to enhance more understanding of each other’s culture through group meetings, cultural festivals, awareness campaigns and religious feasts. In Kenya, CS organizations are also key development partners. They do this by setting a civil society agenda in respect to vision 2030, focusing on health, education, water and sanitation and housing under the social pillar as well as mainstreaming of other key issues such as gender, the environment, the marginalized, the vulnerable and persons with disabilities. These development agendas play a great role in alleviating poverty in the country.

CS mobilize resources by empowering grassroots organizations to articulate issues, strengthen their organizational capacity and influence the direction of their lives (Alila & Njeru, 2005). Empowerment of the poor and the hungry requires mechanisms for their participation in public decision-making and resource allocation, especially at the local level. In other words, organizations representing the poor should have the capacity and opportunity to influence the public policies that affect them. This can be done through formal
mechanisms of consultation and participation; informal approaches, such as lobbying, advocacy, and networking, can also contribute to this process.

The CBOs such as women's groups engage in income-generating activities, which contribute to their empowerment both economically and politically and by implication, poverty reduction. Members of CBOs are exposed to various financial opportunities as they can ask for support through loans from their groups. These money lending opportunities give them an opportunity to invest more capital in businesses they deem worth. Therefore, increasing their returns and expanding their capital base, thereby alleviating poverty.

The CS organizations are also active in monitoring and evaluation of poverty reduction efforts. For example, participation in the implementation and progress report of international convention declarations such as World Summit on Sustainable Development (WSSD) and the MDGs (Alila & Njeru, 2005). The CS, together with other stakeholders were also involved in the preparation of the WSSD assessment report and the MDGs Progress Report 2003 (ibid.). CS organizations engage in projects which they can monitor and evaluate.

For civil society to function properly, it is essential that central governments fulfill their irreplaceable role in the provision of basic social services and, especially, the creation of an enabling environment (ibid.). No matter how good and profitable a programme is, it cannot succeed without a conducive working environment. For example, a civil society’s endeavour to teach the people the importance of growing drought resistance crops can only succeed if the government takes part and gives security to the CS members to go to the grassroots in areas faced by insecurity threats. Civil society empowerment cannot come about in the absence of conducive State policies. For instance, policies on agriculture should be favourable for the CS to advocate some agricultural practices such as breeding of MOG chicken. If the state policies are against the breeding of MOG chicken, then the practise by the CS to teach the community on its importance would be seen as illegal. Indeed, better public policies are needed to foster local initiative and unleash the energy of communities. Partnerships between the government and the CS organizations have a potential to tackle complex problems related to poverty eradication as the government promotes an enabling environments for development.

The civil society in Kenya has faced numerous challenges such as unsatisfied community needs, high expectations that it is unable to cope with, mismatched goals, hostility and non-cooperation from some government agencies, misappropriation and inadequacy of funds, gender inequality, minimal collaborations between CSOs, societal differences and undemocratic organizational structures. However, it has continued to play a vital role in the country.

5. Private Sector

The Kenya private sector has over the years substantially contributed to the country’s economic development process. Figures indicate that the sector contributes over 70% of the GDP, a substantial percentage of total employment, and the bulk of export earnings (Trade Mark East Africa, 2011).

Kenya Private Sector Alliance (KEPSA) has developed a structured system of engagement between the various Government of Kenya agencies and Private Sector Organisations (PSOs) not only to solve specific business climate problems, but also to address policy bottlenecks (Trade Mark East Africa, 2011). It provides a supportive communication strategy which ensures that the public is sufficiently informed. An informed people are better able to make informed choices and decisions. Wrong choices can lead to poverty in the community but the right choices can greatly boost the development rate alleviating poverty in the community.

The financial institutions run by the private sector play a critical role in the development process through financial intermediation. Strong financial institutions are critical for increased investment, economic growth, employment and poverty alleviation (Kiti & Kitiabi, 2012). The private sector has made notable economic contributions over the years, as demonstrated by its contributions to GDP, employment and export earnings. These contributions need to be strengthened and safeguarded.
6. Conclusion And Way Forward

There is no doubt that there is a need for concerted efforts from both the civil society and the private sector to lobby for a positive course in order to eradicate poverty in the country. Fundamentally, national, regional, and international institutions need to combine efforts to help achieve the desired results. These will include setting up the right policies for the fostering of development in the country. On the other hand, the corporate sector needs to partner with civil society and communities to promote employment opportunities.

References


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