House of Commons

International Development Committee

Kenya: DFID's Country Assistance Plan 2004–07 and Progress Towards the Millennium Development Goals

Fourth Report of Session 2003–04

HC 494
(incorporating HC 494-i)

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Report, together with formal minutes, oral and written evidence

Ordered by The House of Commons to be printed 27 April 2004

HC 494
(incorporating HC 494-i)
Published on 12 May 2004
by authority of the House of Commons
London: The Stationery Office Limited
£15.50

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1 Introduction

1. In January 2004, the International Development Committee paid a two day visit to Kenya to learn about the development challenges which the country faces, and to see first-hand the work that the Department for International Development (DFID) is engaged in to support Kenya's development. A comprehensive series of meetings and site visits gave us a clear sense of the development challenges which Kenya has to confront. We are grateful to DFID-Kenya for arranging such an informative, and interesting programme.

2. The visit began with a meeting with Kenyan members of parliament. This reinforced the point, which is all too often overlooked, that parliamentarians have a crucial role in holding donors, as well as their own governments, to account for the aid which they both spend. We then took part in an excellent seminar with civil society and private sector representatives on how Kenya could make progress towards meeting the Millennium Development Goals (MDGs), and how DFID could best assist.[1] The issue of how to coordinate donors' efforts was raised afterwards in a discussion with representatives of other donors active in Kenya. We spent the afternoon discussing the trends in urbanisation and slum-upgrading measures with the Executive Director of UN Habitat, the UN's agency for human settlements. Its headquarters, along with Africa's largest slum, are located in Nairobi. During an evening with representatives of civil society and the private sector, the Committee also held a meeting with John Githongo, formerly the head of Transparency International in Kenya, and now Kenya's "Anti-Corruption Tsar".

3. The second day began with discussions with the Hon. David Mwiraria MP, Minister of Finance and Hon. Professor Anyang' Nyong'o MP, Minister of Planning and National Development. Afterwards the Committee split into two groups for what could best be termed a "reality check" on whether DFID's efforts were being translated into action at the local level. The new Government of Kenya, elected in December 2002, brought in a policy of free, universal and compulsory primary education. We visited two primary schools, one run by the Government, and the other run in partnership with ActionAid Kenya. Both were located in the slum areas of Nairobi. The schools were struggling under difficult conditions and had to teach in shifts to make the best use of classrooms. Class sizes in both schools were extremely high, with between 60-70 pupils, many of whom had to sit on the floor due to a shortage of desks. Despite this, the children seemed happy to be in school and told us of their hopes for the future. On the afternoon of the second day, some of us visited a DFID-funded initiative for small-holder dairy farmers, a project which illustrated the problems faced by smallholders across the wider agricultural sector. The rest of the Committee visited a "drop-in" centre for people living with AIDS. This centre—with a three-fold focus on empowerment, advocacy and support—was based in a Nairobi slum and run by the Kenya Network of Women with AIDS (KENWA).

4. At the time of our visit, DFID was in the process of developing its new Country Assistance Plan (CAP) for the period 2004-2007. The draft CAP[2] sets out how DFID will support the Government of Kenya's own Economic Recovery Strategy for Wealth and

1 A list of participants in this seminar is included as an Annex to the Report.

2 Printed as an appendix to the report. Department of International Development (DFID) Kenya, *Kenya: Country Assistance Plan; Draft for Consultation, 12 January 2004*. See http://www.dfid.gov.uk/Pubs/files/cap_kenya_draft.pdf

Employment Creation. Progress towards meeting the MDGs in Kenya will depend to a large extent on the success of the new Kenyan government in implementing its Economic Recovery Strategy.

5. As mentioned above, while in Nairobi the Committee took part in a seminar with representatives of Kenyan civil society and the private sector. We were extremely impressed by the contributions which we heard and the insights they gave us into the challenges Kenya faces. As part of the procedure for producing the Kenya CAP, DFID-Kenya were consulting widely on a draft text and including in that consultation many of those who took part in the Nairobi seminar. We decided that it would be a worthwhile exercise to encourage these consultees to share their comments on the draft CAP with us as well as with DFID-Kenya. We would then hold an evidence session in public with the Head of DFID-Kenya and the Secretary of State. By doing so we hoped to provide a public forum for a discussion of the draft CAP and of the responses made to it. In addition to the responses to the consultation which we received from DFID-Kenya, we also sought submissions from other interested parties both in the UK and in Kenya. We are grateful for the submissions we received. These submissions, along with those made to DFID-Kenya are published with the transcript of the oral evidence session held at Westminster on 24 March.

6. It is not our intention to make detailed recommendations about how DFID should spend its funds. Nevertheless, we do wish to make some comments about the challenges which Kenya faces, and about the logic and structure of DFID’s Country Assistance Plan. After outlining the key challenges which Kenya and its development partners face, we make some observations about the draft Country Assistance Plan, and, in conclusion, about the global push for poverty reduction and the Africa Commission.

2 The Challenge for Kenya: Poverty Reduction and the MDGs

7. In December 2002 Kenyans elected President Mwai Kibaki's National Rainbow Coalition (NARC) to govern the country, ousting Daniel Arap Moi and a regime which was seen as authoritarian and corrupt. The election filled many Kenyans with hope: that their lives would improve; that Kenya would make progress in reducing poverty; and that the Government would become more responsive and accountable to its citizens. We felt the energy, enthusiasm and optimism ourselves of many Kenyans during our discussions, and donors too have seen the change of regime as an opportunity to re-engage with Kenya. But hopes can turn swiftly to disappointment, and windows of opportunity can close as quickly as they have opened. Now, particularly as Kenya seeks to design a new constitution and improved democratic processes, is a key opportunity for Kenya and for Kenya's donors.[3]

Progress and Challenges: Education, Corruption, Health and HIV/AIDS

8. Kenya has made good progress on several fronts since the elections of 2002, but challenges remain. On education, the new Government – with the help of £10 million of DFID funds – has instituted universal, compulsory and, most importantly, free, primary education. This move has enabled an extra 1.3 million children to attend school, illustrating clearly the demand which exists for education and learning.[4] But in the absence of increased resources, increasing access to education leads to a reduction in the quality of the education which pupils receive, something which we saw with our own eyes in the over-crowded classrooms of the school we visited in Mathare, Nairobi. There the headteacher was committed to providing access for as many pupils as possible. But he needed more resources. Teacher-pupil ratios of 1:70 (up from 1:33 since the new policy), two pupils per desk, a lack of water, and too few toilets for girls, do not make for an effective learning environment. And lower female enrolment rates, and much lower enrolment rates in rural areas including the North-East of Kenya, where formal schools are scarce, remain serious challenges.[5] In education, though much has been achieved, a lot more remains to be done. The demand for learning is evident; the development effectiveness of education, particularly the education of girls, has been demonstrated. What is lacking are the resources.

9. On corruption too, there has been significant progress. Tackling corruption and patronage when it is endemic and extends to the highest levels of political life is extremely difficult, but the Government seems to be serious about rooting out the cancer of corruption. There have been significant reforms to the judiciary, and Kenya is—according to league tables produced by Transparency International—moving in the right direction.[6]

3 "Dissenters threaten Kenya's bold attempts to reform", *The Guardian*, 27 March 2004. Available at http://www.guardian.co.uk/international/story/0,3604,1179080,00.html

4 Q 3 [Hilary Benn, Secretary of State for International Development]

5 Ev 42-43 [Oxfam memorandum]

6 Q 3 [Hilary Benn]

But the slow pace of change is a cause of concern, in both the public and private sectors. If people continue to encounter corruption and requests for bribes when going about their everyday activities, and accessing basic services, they will not be satisfied by high-level policy pronouncements and prosecutions. Implementation on the ground, making a difference to people's everyday lives, is what matters.[7]

10. In terms of health, HIV/AIDS and malaria there has been some progress. As the Secretary of State told us, there appears to have been some stabilisation of the HIV-prevalence rate.[8] The battle is far from over, but this is a glimmer of hope in a country where tackling HIV/AIDS is the "absolutely fundamental challenge to development", as it is across much of sub-Saharan Africa and elsewhere.[9] This in no way provides grounds for complacency. There is much that the authorities and community leaders can do to reduce the spread of HIV. It was clear from many conversations we had, with politicians, aid workers and most eloquently and memorably with female sufferers from the disease, that a major problem is a widespread aversion among males to the use of condoms, even when engaging in casual or commercial sex. There is a great reluctance to raise the issue, clearly sensitive as it is, in public debate. But this must be done if attitudes are to change and a taboo that has already proved fatal for millions of people is to be broken. A change in attitudes will have little effect unless condoms are widely available. Donors therefore need to play their part in ensuring the availability of adequate supplies of condoms in Kenya.

11. On malaria too, with DFID's help, the Government of Kenya has made progress and will save perhaps 40,000 lives as a result of phase one of its bed-nets programme.[10] Many more lives could be saved if the programme were extended to rural areas and the bed-nets made affordable for the very poor. In the health sector in general, there should perhaps be a re-balancing so that more than the currently paltry five percent is spent on prevention. We, along with DFID, hope that the Government of Kenya's budget, in June, will reflect a shift in priorities towards prevention.[11]

Economic Growth, Poverty Reduction and the MDGs

12. The MDGs will not be achieved without economic growth and job creation. Given the small size of Kenya's economy, and the current distribution of power and resources, redistribution without growth simply will not produce the goods. Growth, especially when some of its fruits can be distributed for poverty reduction, is good. And Kenya has an important role to play as the economic dynamo within East Africa. The Economic Recovery Strategy sets an ambitious target of generating an extra 2.6 million jobs by 2007. The Secretary of State reported that the private sector was making reasonable progress,[12] but highlighted the importance of the Kenyan Government moving forward with the

7 Q 31 [Hilary Benn]

8 Q 4 [Hilary Benn]

9 Q 27 [Hilary Benn]

10 Q 3 and Q 36 [Hilary Benn]

11 Q 5 [Matthew Wyatt, Head of DFID-Kenya]

12 Q 3 [Hilary Benn]

privatisation agenda and with helping to create an environment which is conducive to business and enterprise.[13]

13. If the Government are serious in pursuing an economic reform programme along these lines they will have to address the issue of over-manning and inefficiency in the para-statal sector which has been a notorious burden on the Kenyan economy for many years, and which it will clearly take great political courage and determination to resolve. A prerequisite for successful transition is the unwinding of inefficient industries and over-manned bureaucracies inherited from the past. In the short-term this would increase unemployment above already high levels and be politically very unpopular. If the new National Rainbow Coalition in Kenya puts off dealing with this problem far beyond its current honeymoon period it may never tackle it at all, and it will then fail in achieving many of its other economic aspirations.

14. There is clearly a key role here for foreign donors, both in stiffening the Government's resolve and, most importantly, in being prepared to intervene to help alleviate some of the pressures that would otherwise be borne by those made redundant and by their families. Special measures will probably be required to make the political costs of any radical restructuring bearable. Donors might usefully consider offering to subsidise dedicated retraining and enterprise creation schemes, while the Kenyan Government might contemplate special tax breaks for domestic and foreign investment projects designed to absorb some of the people released from the para-statal sector.

15. In a situation where population growth outstrips economic growth, the prospects for poverty reduction are poor. Recognising the sensitivities around population control, Government and donors should, in our view, pay attention to both sides of the economic growth/population growth equation, improving reproductive health services and enabling women and families to make well-informed choices about family size and child-spacing.[14] Given the need for economic growth, and the huge importance of agriculture to the Kenyan economy, we were pleased to hear from Matthew Wyatt, the Head of DFID-Kenya, that the Government of Kenya has launched a strategy to revitalise the agricultural sector, and that DFID is working with both the Government and with NGOs such as Farm Africa in piloting new ways of supporting small-holder farmers.[15] We welcome the fact that DFID is paying more attention to agriculture, both in Kenya and more widely.

16. But economic growth on its own is not sufficient for poverty reduction. We share the concerns of some of the participants in the Nairobi seminar about whether the Government of Kenya's Economic Recovery Strategy—the strategy which DFID's CAP is designed to support—is sufficiently focussed on poverty reduction.[16] These concerns seem to be shared by DFID and partially explain why DFID is not providing direct budget support to the Government of Kenya.[17] Questions remain; as Hilary Benn put it: "it is not yet clear to what extent the budget will reflect expenditure which tackles poverty and

13 Q 17 [Hilary Benn]

14 Q 15-16 [Matthew Wyatt]

15 Q 26 [Matthew Wyatt]

16 Ev 17, paragraph 4 [Action Aid memorandum], Ev 19, paragraph 4 [CARE Kenya memorandum], and Ev 24 [Farm Africa memorandum]

17 Q 6 [Matthew Wyatt]

improves social spending".[18] We were reassured therefore to hear the Secretary of State explain that DFID will be encouraging the Government of Kenya to adopt a more explicit focus on poverty, in part through consultation, discussion and dialogue around the CAP.[19] **We firmly believe that DFID's role should be one of encouraging developing country governments to prioritise poverty reduction, rather than one of filling in the poverty gaps left by governments which have an insufficient focus on poverty.**

17. If Kenya is to make progress in terms of economic growth, poverty reduction, and meeting the MDGs, then the Government of Kenya must have a well-designed development strategy, well-supported by donors including DFID. The Country Assistance Plan sets out DFID's plans. It is to this that we now turn our attention.

18 Q 25 [Hilary Benn]

19 Q 25 [Hilary Benn]

3 DFID's Kenya Country Assistance Plan

18. DFID policy is driven by the MDGs; its funds are spent in pursuit of these goals. Since the Kenyan elections of December 2002, DFID has taken the view that the Government of Kenya is sufficiently serious about development and poverty reduction to merit a substantial injection of financial assistance, amounting to around £30 million per year. This sum is likely to increase over the coming years, assuming the Government continues to move in the direction and at the speed which DFID deems necessary.

19. DFID's draft Country Assistance Plan for Kenya outlines how DFID intends to assist the Government of Kenya to make progress with its development strategy, the Economic Recovery Strategy for Wealth and Employment Creation. If the purpose of a CAP is to outline and explain DFID's MDG-driven plans to support a country's poverty reduction plans, then it ought to include the following elements:

- An analysis of poverty and poverty trends[20] in Kenya in relation to the MDGs;
- An outline of the Government's plans for poverty reduction and meeting the MDGs;
- An outline and explanation of DFID's plans to assist the Government of Kenya to reduce poverty and to meet the MDGs; and,
- A framework for monitoring Kenya's progress towards the MDGs and for evaluating the effectiveness of DFID's assistance.

20. DFID's draft CAP for Kenya includes most of these elements, and – particularly alongside other documents such as the UN's excellent progress report on Kenya and the Millennium Development Goals[21]—is a very useful document. It outlines the challenges which Kenya faces; the Government of Kenya's response to these challenges; what DFID has learnt; DFID's plans for assistance; and, in an extremely useful table, provides a framework for monitoring the impact of DFID activities. But there is room for improvement. In the remainder of this chapter we make some observations, and recommendations as to how the CAP could be improved: first, by focussing more on the MDGs; second by setting out in more detail the rationale for DFID's plans and priorities; and third by outlining more clearly how DFID will track and monitor Kenya's progress towards the MDGs, and evaluate the impact of its development assistance.

The CAP and the Millennium Development Goals: Disappearing targets?

21. The Millennium Development Goals do not figure prominently in the draft CAP. Two helpful tables showing progress towards the MDGs are included in it as annexes, but other than that these internationally-agreed goals appear to be marginal. There would be little point in replicating material available in the UN's Progress Report on the MDGs in Kenya (see footnote 21), but given DFID's over-riding commitment to poverty reduction and the

20 "Poverty and poverty trends" is used here as a shorthand for the range of development issues faced by Kenya.

21 UNDP, Millennium Development Goals: Progress Report for Kenya, 2003. See http://www.undp.org/mdg/kenya.pdf

MDGs – as set out in DFID's Public Service Agreement – we consider this apparent marginalisation of the MDGs to be a mistake. The MDGs provide a focus, and a common language for talking about the challenges of poverty reduction. The Secretary of State told us that he hopes that in future, when people are looking at DFID's Country Assistance Plans, "they will be able to see quite clearly a consistent focus on the progress that is or is not being made against the MDGs and what it is that we intend to do as part of our contribution in the areas where progress is not being made."[22] The draft CAP for Kenya does not achieve this; but it should. **If the UK as a donor country wants to persuade developing country governments to prioritise poverty reduction and the MDGs, it should outline its plans in terms of assistance towards meeting these goals. The UK Government must not allow the MDGs to slip off the international development agenda—globally, or at country-level—by neglect.**

Comparative Advantage and Complementarity: The rationale behind DFID's plans and priorities?

22. Development strategies need to be locally-owned if they are to succeed and to be sustainable. Consultations can increase the local-ownership of development strategies. In this respect, the process through which DFID's CAP is being produced provides something of a contrast with the Government of Kenya's Economic Recovery Strategy. As we heard in Nairobi, this strategy – which has in effect superseded Kenya's Poverty Reduction Strategy Paper—was produced in a hurry with little consultation, a factor which might account for its weaknesses on poverty reduction. But consultation may generate a string of wish-lists. Indeed many of the submissions received by DFID and by us are essentially requests that particular sectors receive more attention.[23] This is understandable, given the lack of resources which many sectors and organisations experience. Nevertheless, in the face of an overall lack of resources for development, this approach does not help donors or governments to prioritise effectively. In the face of multifarious demands from different stakeholders and sectors, the temptation to do a bit of everything is clear. The Secretary of State conceded to us that DFID-Kenya is perhaps spreading itself too thinly.[24]

23. The Country Assistance Plan does more than commit DFID to assisting Kenya. It also states DFID's priorities, and ought in our view to explain more clearly how DFID sets its priorities for Kenya.[25] By making explicit its own rationale for prioritising certain sectors and activities, DFID may also encourage its development partners and consultees to ensure that their plans take the form of evidence-based, prioritised strategies, rather than wish-lists. The draft CAP for Kenya does include some useful analysis of the challenges faced by Kenya, analysis which fills in what has been referred to as the "missing middle"[26] between DFID's objectives and DFID's spending plans, but this does not in itself provide sufficient explanation of DFID's priorities.

22 Q 9 [Hilary Benn]

23 Q 36 [Hilary Benn]

24 Q 7 [Hilary Benn]

25 The ways in which DFID prioritises and allocates resources across countries is an equally important related issue. See: International Development Committee, Sixth Report of Session 2001-02, *Department for International Development: Departmental Report 2002*, HC 964, especially paragraph 39.

26 Ibid., paragraph 34.

24. Hilary Benn told us that: "in the end we have to form a judgment about what is the right balance for the range of the programme, recognising that other people are going to do things and just because we are not working in a particular sector does not mean we do not think it is important; we do, but other people may be leading on it."[27] As such, DFID may well be right in its assessment that tourism is not an area where it should be focussing its assistance,[28] and may be wise to leave procurement and civil service reform to the World Bank.[29] We were interested also to hear in oral evidence of DFID's plans to work with the Canadian International Development Agency on education[30]; and with the Swedish International Development Co-operation Agency and the World Bank on improving the management of financial information.[31] But the CAP itself would be improved were it to provide more explanation of how DFID sets its priorities, particularly about how DFID ensures that its activities complement those of other donors.

25. DFID's Permanent Secretary, Suma Chakrabarti, has in the past explained the rationale for DFID's allocation of resources between and within countries in terms of comparative advantage. As he made clear to us in 2002: "We are part of a collective effort; we do not have to be in every single sector in every single country and we should look at comparative advantage at a country level to try and work out where we can best make the real difference".[32] That is, DFID should do those things which – relative to other donors – it is good at. This seems a sensible approach given the scarcity of resources for development, and the need to use them effectively if progress towards the MDGs is to be maximised. We acknowledge that comparative advantage, including that which is conferred by history and culture, may be a sound basis for making decisions about priorities and resource allocations. But one donor's comparative advantage only makes sense in relation to the comparative advantage of other donors. Unless information is provided about what other donors are doing, and where their strengths lie, little can be said about DFID's own comparative advantage.[33]

26. Clearly, a CAP cannot contain everything about a country's situation. Nevertheless, it seems to us that **a CAP should not simply outline DFID's plans; rather, it should provide a rationale for its plans and an explanation of how its priorities are decided. If priorities are decided on the basis of comparative advantage, then more information should be provided in the CAP about what other donors are doing in-country.**[34] **In addition, given the need for different donors to work together effectively, and to avoid placing excessive demands on recipient governments, it would be useful if CAPs**

27 Q 36 [Hilary Benn]

28 Q 14 [Hilary Benn]

29 Q 36 [Hilary Benn]

30 Q 12 [Felicity Townsend, Senior Education Advisor, DFID-Kenya]

31 Q 31 [Hilary Benn]

32 International Development Committee, Sixth Report of Session 2001-02, *Department for International Development: Departmental Report 2002*, HC 964, paragraph 39.

33 Q 36-41 [Hilary Benn and Matthew Wyatt]

34 There is, for Vietnam for instance, a publication which outlines the activities which different EU donors and the European Commission are involved in. EU, *European Union Development Cooperation Activities in Vietnam 2002*, Hanoi, September 2003. Available at http://207.201.187.56/en/whatsnew/bluebook/fore_word.htm

included more information about the extent of, and mechanisms for, donor coordination and harmonisation.[35]

The Aid Relationship: Balancing local ownership and external accountability?

27. As the former Secretary of State, Clare Short, was keen to stress, aid is not charity; rather, aid is an investment in poverty reduction.[36] Relationships between investor and investee are complex and require delicate balances to be struck, in particular between local ownership and the external accountability which is crucial to ensure that funds—UK taxpayers' funds—are spent wisely in pursuit of the development goals to which the UK Government is committed. Aid is provided to a country in the expectation that it will deliver real returns in terms of poverty reduction. Governments of developing countries must be in the driving seat, but donors will only provide the fuel if the car is being driven in what the donor regards as broadly the right direction and at a reasonable speed. Aid, if we are honest, is used as a way to influence policy, to persuade the (potential) recipient to pursue pro-poor policies, and to deliver poverty reduction.[37]

28. Developing countries need to be able to determine and pursue their own policies, but in circumstances when DFID is providing them with assistance, DFID must be able to check that its funds are being well-spent. As Hilary Benn put it: "It is very important that we are able to manage both the progress of the elements of our own programme and also the way in which the spending of the Government of Kenya on what I think we collectively regard as the priority sectors actually moves."[38] We agree. Responding to a question about what rate of progress would be acceptable on tackling corruption in Kenya, and at what point DFID might say "We are sorry. This is not working out", the Secretary of State told us that:

> "Sometimes I sit and I think 'Are we being over-ambitious and having excessive expectations about rate of progress?' and on the other hand sometimes one thinks, 'Well, we know this is absolutely fundamental to dealing with some of the broader problems and therefore it is in everybody's interests that people should crack on as quickly as possible', and in the end it has to be a balance between the two."[39]

29. We agree that there has to be a balance between maintaining a sense of urgency and being realistic about what is achievable in a certain time-scale. But when DFID's funds are being spent, thoughts about the appropriate balance must be translated into agreed, if flexible, timetables for making progress towards the MDGs.

35 The draft CAP notes in table G that donors are "poorly harmonised around Government's national strategic plan", and includes at E13 an objective of "increased harmonisation and alignment of donor resources behind ERS priorities", but says little more about the nature of donor harmonisation or coordination.

36 International Development Committee, Fifth Report of Session 2001-02, *Financing for development: Finding the money to eliminate world poverty,* HC 785-I, paragraph 71.

37 There is a large literature on the effectiveness or otherwise of conditionality, and different forms of conditionality, but donors clearly try to achieve policy influence through their use of aid. See IDC, Fifth Report of the Session 2001-02, *Financing for development: Finding the money to eliminate world poverty,* HC 785-I, paragraphs 78-81 (see footnote 36 for full reference).

38 Q 4 [Hilary Benn]

39 Q 35 [Hilary Benn]

30. **We welcome the fact that DFID's CAP sets out how it intends to support Kenya's development strategy, rather than superimposing DFID's own strategy. DFID ought not to micro-manage Kenya's development effort. But DFID must be able to assess whether sufficiently speedy progress is being made towards agreed objectives. DFID must be able to monitor Kenya's progress towards the MDGs, and to evaluate the effectiveness of its assistance. The Secretary of State accepted that DFID "ought to do more on how we track and monitor".**[40] **Well-designed processes for poverty reduction and development assistance are crucial, but they must be judged by whether or not they deliver the outcomes required in an agreed timescale. We look forward to hearing from DFID as to how it intends to do more on tracking and monitoring Kenya's progress towards the MDGs.**

40 Q 7 [Hilary Benn]

4 A Global Push for Poverty Reduction

31. International development, as it is currently understood, is about a collective effort to meet the MDGs. Bilateral aid relationships are an important part of this collective endeavour.

32. DFID's draft Country Assistance Plan for Kenya sets out how DFID intends to support Kenya's Economic Recovery Strategy. The expectation is that successful implementation of this strategy will contribute to poverty reduction and progress towards the MDGs. In effect, the CAP sets out the role which DFID intends to play in partnership with the Government of Kenya.[41] Whilst the draft CAP does a good job in this regard, it could still be improved: the MDGs should be more prominent; DFID's plans and priorities should be explained as well as described, in part by reference to what other donors are doing, and where DFID's comparative advantage lies; and, it should set out more clearly a framework for monitoring Kenya's progress towards the MDGs and for evaluating the effectiveness of DFID's assistance. In short, DFID's CAP should be more goal-focussed, and should show more clearly how DFID fits into the wider picture of development and development assistance in Kenya. In this way, DFID's CAP for Kenya, and other CAPs following this model, would more accurately, and more helpfully, paint DFID's bilateral aid relationships as part of a wider picture.

33. The Africa Commission, announced earlier this year by the Prime Minister, has a real chance to inject momentum and urgency into the global push for poverty reduction in Africa.[42] It is an opportunity for the international community to reflect on what needs to be done for Africa to make progress towards meeting the MDGs, as well as to learn from the success stories that can be found in Africa. It also provides a forum in which donors and recipients can—in the spirit of partnership, mutual accountability and collective effort—learn about what makes for effective aid relationships. **We recommend that the Africa Commission considers the value of, and mechanisms for, joint monitoring and evaluation by both donors and recipients. By making mutual accountability and learning a central part of aid relationships, the aid effort could be put on an upward spiral of increasing effectiveness,[43] and the delicate balance between local ownership and external accountability might be more easily achieved.** Initiatives to increase the effectiveness of aid should go alongside equally important efforts to increase aid volumes, such as the Chancellor's proposed International Financing Facility. We welcome the Prime Minister's initiative in establishing the Africa Commission, and look forward to hearing more about its plans and to engaging with its work.

41 On development partnerships, see IDC, Fifth Report of Session 2001-02, *Financing for development: Finding the money to eliminate world poverty,* HC 785-I, paragraphs 82-92 (see footnote 36 for full reference).

42 Q 30 [Hilary Benn]

43 Tony Killick, 2004, "Monitoring partnership-based aid relationships: A note", Development Policy Review, volume 22, no.2, pp.229-234.

Conclusions and recommendations

1. We firmly believe that DFID's role should be one of encouraging developing country governments to prioritise poverty reduction, rather than one of filling in the poverty gaps left by governments which have an insufficient focus on poverty. (Paragraph 16)

2. If the UK as a donor country wants to persuade developing country governments to prioritise poverty reduction and the MDGs, it should outline its plans in terms of assistance towards meeting these goals. The UK Government must not allow the MDGs to slip off the international development agenda—globally, or at country-level—by neglect. (Paragraph 21)

3. A CAP should not simply outline DFID's plans; rather, it should provide a rationale for its plans and an explanation of how its priorities are decided. If priorities are decided on the basis of comparative advantage, then more information should be provided in the CAP about what other donors are doing in-country. In addition, given the need for different donors to work together effectively, and to avoid placing excessive demands on recipient governments, it would be useful if CAPs included more information about the extent of, and mechanisms for, donor coordination and harmonisation. (Paragraph 26)

4. We welcome the fact that DFID's CAP sets out how it intends to support Kenya's development strategy, rather than superimposing DFID's own strategy. DFID ought not to micro-manage Kenya's development effort. But DFID must be able to assess whether sufficiently speedy progress is being made towards agreed objectives. DFID must be able to monitor Kenya's progress towards the MDGs, and to evaluate the effectiveness of its assistance. The Secretary of State accepted that DFID "ought to do more on how we track and monitor". Well-designed processes for poverty reduction and development assistance are crucial, but they must be judged by whether or not they deliver the outcomes required in an agreed timescale. We look forward to hearing from DFID as to how it intends to do more on tracking and monitoring Kenya's progress towards the MDGs. (Paragraph 30)

5. We recommend that the Africa Commission considers the value of, and mechanisms for, joint monitoring and evaluation by both donors and recipients. By making mutual accountability and learning a central part of aid relationships, the aid effort could be put on an upward spiral of increasing effectiveness, and the delicate balance between local ownership and external accountability might be more easily achieved. (Paragraph 33)

Annex: Seminar on the Kenya Economic Recovery Strategy: Can Kenya reach the MDGs?

List of participants, Nairobi 19 January 2004.

Ms Winnie Kinyua	Director Kenlink Global Ltd, Ag. Chair – KEPSA (Kenya Private Sector Alliance)
Raphael Mwai	Managing Director, Fama Resources, Member – KEPSA
Lee Karuri	Chief Executive, Dimensions Architectural & Interior Designers
Mr Albert Mwenda	Programming Officer in charge of Budget Information Institute of Economic Affairs (IEA)
Mr Stephen Kirmi	Policy & Advocacy Officer, NGO Council
Mr Mwalimu Mati	Deputy Executive Director, Transparency International
Mr Peter Kisopia	Ag. Programming Manager Country OXFAM GB
Mr Jason Oyugi	Parliament & Liaison Officer ACTIONAID
Ms Felicitas Ndegwa	Head of Marketing & Research, Nairobi Stock Exchange
Dr Karuti Kanyinga	Head of Department, Institute of Development Studies, University of Nairobi
Mrs Jane Kiragu	Executive Director, FIDA (Federation of Women Lawyers Kenya)
Mr James Mwangi	Finance Director, Equity Building Society
Dr Nezron Nyangito	Ag Executive Director KIPPRA (Kenya Institute of Public Policy Research & Analysis)
Mr Jaindi Kisero	Business Editor, Nation Newspaper Ltd
Dr Musambayi Katumanga	University of Nairobi

Formal minutes

Tuesday 27 April 2004

Members present:

Tony Baldry, in the Chair

John Barrett
Hugh Bayley
Ann Clwyd
Mr Tony Colman
Mr Quentin Davies
Mr Andrew Robathan
Tony Worthington

The Committee deliberated.

Draft Report, (Kenya: DFID's Country Assistance Plan and progress towards the Millennium Development Goals), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 33 read and agreed to.

Annex agreed to.

Resolved, That the Report be the Fourth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the DFID draft Kenya Country Assistance Plan be appended to the Report.—(*The Chairman*.)

[Adjourned till Tuesday 4 May at 2.15pm

Appendix: DFID's draft Kenya Country Assistance Plan, 2004–2007

PART I–CONTEXT

A. SUMMARY

A1. The Kenyan economy has stagnated over the last decade, service provision has deteriorated, per capita income has declined in real terms, and the proportion of people below the national poverty line has risen from 48% in 1990 to 56% in 2001. Key social indicators have also worsened:

- illiteracy rates have increased as school enrolment rates have dropped;
- life expectancy has fallen;
- child and maternal mortality rates have risen; and
- Kenya has remained one of the most unequal societies in the world.

A2. At the root of much of this decline lie deep-rooted structures of political and economic patronage. These have led to an environment in which corruption has flourished, there has been widespread misuse and theft of public resources, public institutions have been chronically weakened and the private sector has been unable to operate effectively to create prosperity.

A3. Despite the decline of recent years, Kenya still has the potential to make rapid progress in reducing poverty both at home and in the East African region. It has a relatively well-educated and trained workforce, and a strong industrial and manufacturing base. It is at peace with its neighbours and is free from major internal conflict. And its geographical position and potential in areas such as tourism and the export of high-value agricultural crops and products combine to make Kenya the natural driver of economic growth – and hence poverty reduction – in the region.

A4. The Government elected in December 2002 has made a promising start to tackling some of the challenges, and enabling Kenya to realise its potential. It has published an ambitious Economic Recovery Strategy for Wealth and Employment Creation (ERS), and has made a good start to implementing campaign pledges to introduce free primary education and tackle corruption. Key challenges include:
Strengthening the focus of the ERS on poverty reduction;
Ensuring that the implementation of the ERS drives decision-making (including on budgetary allocations);
Maintaining momentum in the war against corruption; and
Putting in place an effective multi-sectoral response to the HIV/AIDS epidemic.

A5. DFID will support the Government of Kenya as it seeks to address these challenges, and will encourage other development partners to do likewise. Our programme will focus on improving poor peoples' access to high-quality services (such as schools and health care), and to promoting sustainable economic growth that benefits poor people. We will place particular emphasis on supporting a comprehensive and effective response to HIV/AIDS, which represents the single largest threat to sustainable development in Kenya. We expect to maintain the size of our bilateral programme at least at its current level (around £30 million a year). We will consider the case for additional resources, possibly in the form of direct budget support, in the light of the Government's progress in implementing the ERS – and especially in tackling corruption, preparing a budget that prioritises spending which will benefit poor people, and strengthening public financial management.

A6. DFID's experience in Kenya has shown the importance of strengthening citizens' ability to call Government to account for its actions, and of supporting Government's ability to respond to the legitimate demands citizens place on it. We will therefore continue to maintain substantial programmes of support to non-state actors, including civil society and private sector groups. And we will base our work on a better understanding of the pressures and incentives that drive decision-making in Kenya.

A7. Throughout our work in Kenya we will seek to draw on the wider international system to support the ERS, and to support Kenya's own efforts to participate in and benefit from regional and global initiatives.

A8. To deliver this programme, we will re-shape the DFID-Kenya team, work closely with other partners and stakeholders in DFID, the UK Government and the wider international community, and be rigorous in maintaining our focus on the issues and activities identified in this Country Assistance Plan. But we will retain sufficient flexibility to respond to developments in the ERS and its implementation.

B. THE CHALLENGE

B1. Kenya has the potential to be the regional engine of economic growth and prosperity. It has a relatively skilled workforce, the most developed financial sector, the largest international transport hubs, the greatest manufacturing capacity, and the most extensive road network in East Africa. But over the last decade most Kenyans have become poorer. Accurate and detailed information on poverty in Kenya is in very short supply. But available data suggests that the number of people living below the national poverty line has risen from around 11 million (48% of the population) in 1990 to around 17 million (56% of the population) in 2001. Households that are large, headed by women or by adults with low educational attainment, or deriving most income from agriculture (especially subsistence farming or pastoralism) are more likely to be poor than others. On current trends, Kenya will fail to meet the majority of the Millennium Development Goals.[44]

B2. This national picture hides marked regional disparities: poverty rates on the coast, in western Kenya, and in arid and semi-arid (ASAL) areas, are twice those in Central province, although poverty hotspots where more than 70% of the population live below the national poverty line can be found in all Kenya's provinces. There are also significant gender inequalities. Although there is gender parity in primary education, on average women receive fewer years of schooling and are more likely to work as subsistence farmers than men. Women also lack ownership and control over productive assets (women make up 75% of the agricultural labour force but only own 1% of the land). In addition, there are large inequalities both between urban and rural areas, and within urban areas themselves. Despite rapid urbanisation, almost 70% of the population, and 80% of poor Kenyans, still live in rural areas. But the provision of most essential services is biased towards towns (e.g. in staffing numbers and financial allocations). Even so, these services fail to reach the majority of the urban poor who live in informal settlements that are characterised by over-crowding, lack of infrastructure, and chronic insecurity and where they lack secure tenure.

B3. Kenya's achievements in education have been impressive, and adult illiteracy is among the lowest of any country in Sub-Saharan Africa. But despite spending over 6% of Gross Domestic Product (GDP) on education (more than twice the average for low-income countries), primary school enrolment and completion rates declined during the 1990s. This was abruptly reversed in January 2003, when the National Rainbow Coalition (NARC) Government's declaration of free universal primary education and abolition of charges brought over 1 million children into school. But significant challenges still remain to ensure that these children complete their education, as well as to provide education for the million or so still not in school. Primary gross enrolment rates are almost six times lower in North-Eastern than in Western Province. Poor children everywhere, including an estimated 1.2 million AIDS orphans, are still vulnerable to exclusion and dropping-out especially in the urban slums and the ASAL areas. Allocations of financial and human resources within the education sector do not yet reflect stated policy priorities. And unit costs remain extremely high and overwhelmingly related to salary expenditures: redeployment of teachers according to need is urgently required in order to increase efficiency and address inequalities.

B4. Although Kenya's indicators of health remain better than those of many other sub-Saharan African countries, they are getting worse. Infant and under-five mortality rates are worsening, due largely to malaria, acute respiratory infections, diarrhoea, malnutrition, and HIV/AIDS. Maternal mortality is also rising. Health systems to deliver essential services are weak: key barriers to their access include cost and the user charge system, the unavailability of drugs, and long distances to health facilities. In addition, public expenditure on health remains extremely low at $5 per capita – well below the $20 normally considered the minimum required to deliver essential services – and only a small proportion of this is spent on preventive services in rural areas where it would have most impact.

44 See Annex 1 for more information on progress against the MDGs

B5. Access to safe water and sanitation, which will contribute to reducing child mortality, is low and declining. The quality of services is poor and unresponsive to consumer needs, and a failure to invest in maintenance has led to the collapse of much of the infrastructure. Less than half of rural dwellers have access to clean water or sanitation facilities: fetching water can take up to three hours each day and is usually the responsibility of women. In addition, Kenya is a chronically water-scarce country, and lake levels and river flow rates across the country are declining due to poor management, illegal abstraction, increased demand, and soil erosion.

B6. Life expectancy has declined from 57 years in 1986 to 47 years in 2000 – largely because of the impact of HIV/AIDS. Prevalence rates in pregnant women are currently around 10% nationally, and are roughly twice as high in Nyanza and Western provinces. Approximately 1.5 million Kenyans are living with HIV (of whom less than 10% know they have the virus), around 300 die from HIV/AIDS-related illness every day, and there are 1.2 million AIDS orphans. Recent data suggest that prevalence rates may now be stabilising or even falling, but most of those infected have not yet fallen sick, so the full impact of the epidemic has yet to be felt.

B7. The effect of HIV/AIDS on the economy and society is complex, and further analysis is urgently needed. But the World Bank estimates that the recent increase in mortality, largely the result of the HIV/AIDS epidemic and the persistent burden of malaria, has reduced Kenya's annual economic growth potential by 0.7%. HIV/AIDS is also increasing food insecurity, through reduced labour inputs to livelihoods, loss of knowledge within the population, and increased vulnerability to the effects of shocks such as poor rainfall or floods. This in turn is lowering household incomes so that children are less likely to stay in school, increasing pressure on Government resources due to the need to treat people already infected, and undermining the development of a skilled workforce. Current rates of training of teachers, health workers, and other key service providers, will not keep up with attrition. In addition HIV/AIDS reinforces, and is reinforced by, existing gender inequalities in society: infection rates among women are twice as high as among men (and even higher in the 15-24 age bracket), and women also bear the main burden of caring for the ill.

B8. Rising poverty over the last decade has been driven by the decline in Kenya's economic performance. Kenya's infrastructure – roads, railways, telecommunications, Mombasa port, power, water and sanitation – has deteriorated rapidly, and billions of dollars will be needed for its rehabilitation. The financial sector has been severely weakened by imprudent and corrupt lending particularly by publicly-owned banks (which account for only 29% of total assets but for 73% of all non-performing loans), and weak systems of commercial justice and financial sector regulation. With one or two notable exceptions (especially in the textile industry, which has taken advantage of greater access to the US market under AGOA), domestic and foreign investment has declined sharply in recent years, and the Kenyan economy has become increasingly uncompetitive. The costs of doing business in Kenya are pushed up by high user fees for essential services, inefficiencies in the regulatory environment, a justified lack of confidence in the judicial system, and by grand and petty corruption.

The need for parastatal reform

The Telkom monopoly charges $2.50 for a 1-minute international call (compared with 19 cents from South Africa). Telkom employs 65 staff per 1,000 lines, compared with 4 staff per 1,000 lines internationally.

Container productivity at Mombasa port is probably between a third and a half of accepted international norms.

Electrical power in Kenya costs around 6.8 cents per kilowatt/hour, compared with 3 cents in Zambia and 2.3 cents in South Africa.

Source: World Bank Country Economic Memorandum, 2003

B9. Kenya is not at risk of major internal armed conflict, and is neither a threat to nor threatened by its neighbours: indeed, it has been active in promoting peace and stability in the region. But a general lack of security reduces livelihood options and access to essential services, and deters tourists, and foreign and local investors alike – the latter cite this as the major deterrent to them investing. The Kenya Private Sector Alliance estimates that Kenyan firms spend 4% of their operating income on security measures, while recent terrorist activity has had a further negative impact on perceptions of Kenya as a safe place to visit and do business.

B10. Growth in the agriculture and natural resources sectors will be critical if economy recovery is to benefit the majority of Kenyans. Although rural livelihoods are changing and more than half of rural income now comes from the non-farm sector, agriculture still accounts for 25% of Kenya's GDP, 60% of total employment, and 75% of merchandise exports. But agricultural growth stagnated during the 1990s, and despite strong performance in some sectors where there is strong private sector involvement, such as tea, horticulture and cut flowers, several other sectors are close to collapse. Key constraints include poor governance; inadequate access to markets, technologies and credit; insecure access to land and fragmentation of holding; the impact of HIV/AIDS; degradation of land productivity and available water resources; and the impact of international tariff and non-tariff barriers. In addition, Kenya remains vulnerable to extreme climatic events (particularly droughts and floods), largely due to an institutional failure to prepare or respond appropriately, and to poor land and natural resource management.

Governance in the agriculture sector

About 75% of public spending in agriculture is absorbed by parastatals, in many cases to perform functions which have been designated by the Government as "non-core".

Sugar prices are double those on the world market, costing Kenyans an extra $6 each year – more than Government health spending.

Only 30% of coffee sales proceeds go to the farmer (compared with 70% for tea).

Source: World Bank Country Economic Memorandum, 2003

B11. Observance of human rights has been improving gradually in recent years in Kenya. There are no political prisoners, the media is vocal and criticises the Government freely, and politicians from all parties are able to operate without harassment. However, corruption and economic mismanagement have played a crucial role in contributing to Kenya's poor economic performance. In 2002 Transparency International's perceptions of corruption survey saw Kenya ranked by businessmen 96th out of 102 countries. In a separate survey Kenyan citizens reported bribes being demanded (or offered) in two out of three encounters with public officials – including 9 out of every 10 law enforcement matters.

B12. Analysis commissioned by DFID-Kenya as part of the preparation of this Country Plan points to a culture of political and economic patronage as the root of such widespread corruption. This culture exploits ethnicity, and has led to the development of a deep-rooted network of personal ties and informal structures that spans public institutions and much of the private sector. The capacity of Kenya's public institutions, including the civil service, parastatal organisations, public sector banks, the police and the judiciary, was seriously and systematically undermined over many years. They have become progressively less able to provide the checks and balances necessary to limit the spread of corrupt practice – or, indeed, to carry out their own basic functions effectively (see also paragraph C8 below). As a result of these processes power has become concentrated in the hands of a few, the private sector has been stifled, and the accountability of the governing elite to its citizens has been seriously undermined. Rather than Kenyans' taxes being collected fairly and spent efficiently on the basis of need, they have often been collected arbitrarily and spent for private gain. This has been seen most notably in the many examples of grand corruption, the creation of public sector jobs for favoured supporters, and the use of many parastatals and public financial institutions for private gain.

C. THE GOVERNMENT'S RESPONSE

C1. The National Rainbow Coalition (NARC) Government was elected in December 2002, in elections that were widely recognised as free and fair and a shining example to the region and, indeed, the world. The new Government sees its primary challenge as restoring economic growth for the benefit of all Kenyans. Its strategy for achieving this is set out in the ERS, which is designed to ensure rapid economic growth by maintaining macro-economic stability, strengthening the institutions of governance, rehabilitating and expanding Kenya's physical infrastructure, and investing in the human capital of poor Kenyans. It has at its heart the twin principles of greater democracy and empowerment.

C2. The ERS recognises that economic recovery will come primarily from improvements in the productive sectors of the economy, especially agriculture, manufacturing, tourism, trade and industry. It commits the Government to maintaining a stable macroeconomic framework, creating 500,000 jobs per year, and to redefining the role of the state as a facilitator for private sector-driven growth and investment. It sets an ambitious timetable for achieving economic growth of 4.5% (base case) and 6.5% growth (high case) by 2006/07, and for a reduction in the proportion of the population below the national poverty line from 56% to 51%. International development partners support the ERS and the open and consultative process through which it has been developed, but caution that its targets are very stretching, and achievable only if the Government moves swiftly to implement key – and politically sensitive – commitments to reform.

C3. During 2003 the Government has made good progress in implementing free primary education, and has taken a number of steps to address the patronage culture and tackle corruption. These have resulted in the resignation of many judges and public officials, the setting up of a public enquiry to investigate the notorious Goldenberg scandal of the early-1990s, the passing of key anti-corruption legislation, the appointment of a top official reporting directly to the President to co-ordinate work on anti-corruption and the declaration of wealth by all politicians and public servants (although this information has not been published). But as the Government moves ahead with implementing the ERS, there remain a number of key challenges that will need to be addressed. These include:

i. Strengthening the poverty focus of the ERS;

ii. Ensuring that implementation of the ERS drives policy-making, including the setting of budget allocations;

iii. Financing the ERS;

iv. Ensuring an effective response to the HIV/AIDS epidemic; and

v. Addressing the patronage culture and increasing domestic accountability for delivery of the ERS.

C4. In addition, there are a number of shocks and external factors that may impact on the implementation of the ERS, although the extent to which they do so will depend largely on Government's capacity to prepare and respond appropriately. These include natural hazards such as droughts and floods, external economic factors, and terrorist activity within Kenya. A summary of the risks to the implementation of the ERS is below.

i) Strengthening the poverty focus of the ERS

C5. Without sustainable economic growth, poverty in Kenya will not be reduced. Many of the measures set out in the ERS, such as addressing corruption, reforming parastatals, and reducing the wage bill, will be necessary to generate economic recovery. But to maximise the impact on poverty it will also be necessary for the Government explicitly to identify policies that will have a greater impact on poverty, rather than assuming that the benefits of economic growth will simply "trickle-down" to ordinary Kenyans.

C6. A key issue will be restoring growth to the agricultural sector, on which the majority of poor Kenyans depend for their livelihoods. A successful policy in this area will need to look at the range of agricultural and natural resource-based activities on which poor people depend, and to include measures to address inequality and increase the economic participation of women. Reforming and strengthening the security sector would also address a key constraint on the livelihoods of poor Kenyans, on investment, and on

Kenya's ability to deal with the current terrorist threat. The regional dimensions of trade and economic growth, and the impact on poverty of trade reforms including the imminent introduction of a Common External Tariff within the EAC, will also be important. Questions of environmental sustainability also require further development within the ERS. Finally, there is a strong need to ensure that the poorest and most vulnerable are served by affordable and effective mechanisms for social protection.

ii) Ensuring that implementation of the ERS drives policy-making, including the setting of budget allocations

C7. Close links between policy (as set out in the ERS and in individual sector strategies) and budgetary allocations are essential if policy priorities are to be translated into action through the budget. At present these links are weak, and the Government has committed itself to strengthening them through the Medium-Term Expenditure Framework (MTEF) process and, within it, annual public expenditure reviews (PERs). In addition, the quality of public financial management systems is currently poor, reducing the proportion of public spending that reaches its intended target, and increasing the scope for corruption and waste. The Government recognises this and has begun to draw up an Action Plan to improve financial management. The Government has also committed itself to develop a comprehensive monitoring and evaluation framework for the ERS, to establish benchmarks and assess progress in its implementation, and provide a greater evidence base for planning and policy formulation. Strengthening these essential systems, and integrating them into a single, comprehensive, annual cycle will be vital if the ERS is to drive Government action.

C8. Placing the ERS at the centre of Government policy implementation will require clear leadership from the President, strong and effective collaboration between the Ministries for Finance and Planning and line ministries, and a strong sense of unity in the governing coalition around the ERS priorities. In addition, although Kenya as a whole has a relatively strong human resource base, the capacity of the public sector to implement the ERS has been severely reduced over the past few years. Many of the large parastatals are heavily over-manned and inefficient, local Government is very weak, and HIV/AIDS will erode capacity still further.

C9. Finally, development partners themselves need to rally behind the ERS. At present, although there are improvements in some sectors, donor harmonisation at the national level in Kenya is poor. This results in the inefficient use of resources and increased transaction costs, especially for Government. The Government has committed itself to developing an aid policy setting out its vision of how development partners can best support the ERS and, for their part, development partners have promised to harness their efforts behind the ERS and improve donor harmonisation.

iii) Financing the ERS

C10. Implementation of the Investment Programme, which forms part of the ERS, will require extra investments of around 8% of GDP per year. This will greatly exceed the level of additional external resources likely to be available, from both public and private sources. There is therefore a pressing need for further prioritisation. Government revenue collection as a proportion of GDP is relatively healthy, although the Government is keen to widen the tax base, and remove special interest exemptions. But approximately Ksh65 of every KSh100 collected from Kenyans in taxes is spent paying public servants and servicing Government debt.[45] This is very high compared with other countries in sub-Saharan Africa, and leaves little for development expenditure. The Government is committed to reducing the public sector wage bill and controlling domestic debt, including by proceeding with public service reform and the privatisation of key parastatals.

iv) Ensuring an effective response to the HIV/AIDS epidemic

C11. HIV/AIDS represents the most significant threat to Kenya's medium- and long-term development. This is recognised by the Government, and President Kibaki is giving a strong personal lead on this issue. An effective response will require clear Government leadership and the building up of capacity to implement a genuinely multi-sectoral strategy that comprehensively addresses prevention, care and mitigation, and which looks beyond the health sector to include all aspects of social and economic life. The Government is reviewing the institutional arrangements for responding to HIV/AIDS with development partners to ensure that resources are allocated effectively and transparently. Ensuring effective and equitable distribution of anti-

45 The wage bill (excluding the armed services) totals around 41% of Government expenditure, and debt servicing around 24%.

retroviral drugs (ARVs) will be a major challenge. So will ensuring that the response to HIV/AIDS, including that supported by global initiatives, does not weaken health systems by distorting priorities in the health sector and reducing the resources required for other important communicable diseases.

v) Addressing the patronage culture and increasing domestic accountability for delivery

C12. Over recent years, a number of excellent Government policy documents have been developed, but their implementation has generally been poor and the incentives for political elites to deliver on their promises to their citizens have been weak. The election of the new Government, on a platform of change, represents a historic opportunity to begin to reduce the role that patronage and ethnicity play in Kenya politics, and to address the issues of most concern to all Kenyans. The new Government has built its ERS upon the principles of democracy and empowerment: significant steps towards this goal will include increasing public awareness of their rights, increasing the evidence base on which policy-makers can base their decisions, strengthening formal decision-making processes, and ensuring that good information on Government's performance against its targets is made publicly available. The reinforcement of democratic checks and balances will also be important, including through strengthening the judiciary, and the greater involvement of Parliament, civil society and the private sector in policy formulation, implementation and monitoring. Achieving sustainable change in the relationship between Government and citizens will take time, but will be essential to long term poverty reduction.

Risks to poverty reduction in Kenya

Probability / Impact	Low	Medium	High
Low		• Donors uncoordinated and don't support ERS • External economic factors, lack of progress on trade	
Medium	• Ongoing terrorist activity has lasting impact	• Crime and insecurity not addressed • Government lacks human and systemic capacity to implement ERS	• Implementation of ERS is insufficiently bold to generate pro-poor growth • Inequality not sufficiently addressed
High	• Macro-economic management fails • Governing coalition disintegrates • Weak capacity to respond to natural hazards (drought, floods etc)		• Impact of HIV/AIDS exacerbated by ineffective response • Patronage continues to be the basis of politics and corruption not seriously addressed.

D. WHAT WE HAVE LEARNT

Policy and its Implementation: the role of development partners

D1. The central challenge facing DFID-Kenya's programme over recent years has been how to reduce poverty in a poor governance environment, as Kenya's decline has its roots in economic and political processes. Our experience has shown that we need a much better understanding of what drives positive change and what holds it back including the role of and incentives impacting on the governing elite. This is all the more urgent with a new, reforming Government. We have therefore commissioned analysis of Kenya's political economy; the interim results have informed the development of this Country Plan, and we will seek to deepen this understanding and to integrate it much more closely into our work during our implementation of it.

D2. Despite the weak governance environment, DFID maintained a substantial presence in Kenya and worked with the previous Government where it was possible to deliver benefits directly to poor Kenyans without simply releasing resources to be misused elsewhere. This work laid the basis for systems for service delivery that could quickly be scaled up once the policy environment improved. For example, DFID's work setting up a transparent and effective textbook procurement system in the education sector was key in ensuring that we, the new Government and other partners were able to channel resources quickly and effectively to help implement free primary education.

D3. Our work with Government has also shown that increasing its accountability to its citizens is crucial to improving the quality and accessibility of essential services. The need to increase accountability will therefore be a key theme running through our programme, and we will seek to build longer-term partnerships with non-state actors in civil society and the private sector to promote this. To promote change effectively, we will need to finance a balanced portfolio of activities which supports the demand for change, strengthens the institutions and processes through which these demands are expressed, and addresses the incentives and capacity of Government to hear and to respond effectively.

D4. A further lesson from our experience suggests that Governments respond primarily to domestic political and economic pressures, and that development partners have rather limited direct influence. Kenya is less dependent on external aid than most neighbouring countries and, under the previous Government, externally-imposed policy conditions proved largely ineffective in promoting change. In some cases, the provision of external funding may actually have slowed down necessary reforms by providing the resources to sustain a *status quo* of poor resource allocation and inefficient public services. We also know from experience elsewhere that institution-building is a long-term and difficult task. Given the systematic weakening of Kenya's institutions in recent years, it will be essential for both the new Government and its development partners to show realism about the speed and sustainability of the implementation of reforms.

D5. DFID's view is that international partners cannot and should not try to drive change themselves. Instead they should support domestic drivers of change, provide technical advice and ideas to support reform, and back reforms that are genuinely owned in-country. Also, the additional financial resources which international partners can provide, while small in comparison with the size of the Government's budget, can help cushion the impact of politically difficult decisions and deliver poverty reduction faster and more sustainably than would be possible without them.

PART II – UK ASSISTANCE PLANS

E. UK DEVELOPMENT PARTNERSHIP

E1. DFID's primary aim over the period of this Country Plan will be to support the further development and implementation of the Economic Recovery Strategy, so that it is at the centre of Government policy and of the partnership with the international community. The ERS is new, and we will need to retain a high degree of flexibility to respond appropriately as it is refined and implemented. We will also need to review our work in the light of Kenya's new Constitution, which is due to be finalised by June 2004. Within this framework, we will focus on the four key objectives listed below.

E2. In addition, there are a number of cross-cutting themes which we will push forward across our programme. A key objective is to increase the accountability of Government to its citizens in all areas of our work, through increasing the quantity and quality of public information on the Government's performance, supporting greater use of participatory planning and monitoring mechanisms, and strengthening the institutions crucial to public accountability (such as the judiciary and Parliament). We will also seek to ensure that the interests of the poorest Kenyans are fully taken into account in our policy dialogue with Government, and in Government's strategies to deliver essential services and promote economic growth. An early priority here will be improving the quality of information about poverty in Kenya, through support to the Central Bureau of Statistics (CBS) and other organisations, so that resources can be targeted on the areas of greatest need.

E3. Throughout our work in Kenya we will seek to draw on the wider international system to support the ERS, and to ensure that the UK uses its influence in key international bodies accordingly. We will also support Kenya's own efforts to ensure that it participates in and benefits from regional and global initiatives such as the East Africa community and the New Partnership for African Development (Nepad).

i) Key Objective: To strengthen accountability and poor Kenyans' access to high-quality services

E4. We will support key central processes within Government to ensure that strong policy, planning and budget allocation processes are in place and are well-coordinated, that public financial resources are used effectively to sustain growth and alleviate poverty, that corruption is tackled, and that the public sector has the appropriate capacity and incentives to ensure implementation. We will also support the development and implementation of a monitoring and evaluation framework for the ERS. We will consider the provision of further capacity-building support to the central Ministries of Finance and Planning, and increased involvement in the areas of public sector reform. In consultation with the Government and other development partners, we will also consider the case for substantial new programmes of work in the areas of revenue and taxation, and public procurement.

E5. Within the ERS framework, we will continue to work in a limited number of sectors which provide key services to poor people, including education, health, local government, and agriculture and natural resources. We will continue our support to the Government's programme in the governance, justice, law and order sector (GJLOS), and believe that ensuring reform of the police will be especially important if security in Kenya is to be improved. We will consider in-depth engagement on police reform if the Government asks us to become involved and confirms its commitment to implementing the difficult decisions that will be necessary for lasting improvements to occur.

E6. In all our sectors of engagement, we will support the development of comprehensive Government strategies that clarify the role of public, private, and civil society service providers. We will only support service delivery providers outside this framework in exceptional circumstances such as humanitarian emergencies, and where there is a clear strategy for the transfer of responsibilities so that they can be provided without external support in future.

E7. Access to water and sanitation is consistently highlighted as a priority by Kenya's poor. Improvements in water and sanitation are important not only for the direct benefits they bring, but because they impact upon many other aspects of poverty such as health and education. In our discussions with the Government of Kenya, we will press for greater allocations for water and sanitation from the Government's budget. We will continue to work on water management issues through our environmental governance programme, and we will support the provision of community-led water, sanitation and infrastructure services through our partnerships with local civil society groups. Our work on improving security of land tenure should address one of the underlying constraints to water and sanitation provision. Our education programme will include support for improvement of school sanitation. These initiatives will mark a new phase of our engagement in water and sanitation, as our remaining stand-alone water and sanitation projects draw to a close. We will keep the nature of our involvement in this area under review.

ii) Key Objective: To promote sustainable economic growth which benefits poor people

E8. The immediate priority facing the Government is to reverse the current economic decline. But in a country with such differentials between rich and poor, issues of poverty and inequality need to be tackled from the outset. Unless poor people can participate in growth, these inequalities will continue to increase. We will therefore continue to support measures to improve investor confidence and reduce the costs of doing business, while at the same time seeking to address the issues of poverty and inequality set out in section B above by improving the opportunities poor people have to obtain sustainable incomes. In particular, we will work to ensure that poor people, particularly the 80% of poor Kenyans living in rural areas, have better and more sustainable access to markets, assets and services, and that they are less vulnerable to shocks and socio-economic changes.

E9. The ERS recognises the primary role of the private sector in generating growth. We will support the Government's efforts to facilitate this through improving the regulatory and institutional framework, and developing a robust strategy for private sector development. We will look for ways to continue building Kenyan capacity on trade issues, and will explore the potential for further work on non-tariff barriers. We will also work with Government, the private sector, and civil society groups in a limited number of areas which have a high potential to impact on poverty, including agriculture, land and natural resources, the financial sector, and micro and small enterprises (MSEs).

E10. We will support the development of a more coherent approach to addressing the vulnerability of poor Kenyans to shocks and external economic factors. We will develop and implement a comprehensive UK strategy to address insecurity, including support to effective conflict prevention measures, and will support the development of a stronger Government framework to prepare for and respond to food insecurity and natural disasters. We will also consider the possibility of more in-depth engagement in the area of social protection mechanisms with a broader focus than just health and social insurance funds.

iii) Key Objective: Effective Multi-sectoral Response to HIV/AIDS

E11. DFID has provided substantial resources towards the fight against HIV/AIDS in Kenya, and will continue to do so in line with the UK's "Call for Action on HIV/AIDS", and the joint UK/US Taskforce on AIDS - under which Kenya is one of five African countries for enhanced co-operation between the UK, the United States and other partners. We will give top priority to supporting an effective multi-sectoral approach to HIV/AIDS (in line with the UK's "Call for Action on HIV/AIDS launched in December 2003), and on mainstreaming the response to HIV/AIDS across all sectors. And we will seek to promote the coherence and effectiveness of the entire international development effort, including global initiatives, so that it is better aligned with Government's own priorities and delivered through Government systems where possible.

E12. Currently, DFID's support is mainly channelled through the National Aids Control Council (NACC) and the National AIDS/STD Control Programme (NASCOP) in support of the Government's National Strategy on HIV/AIDS. Provided the Government works effectively with partners to ensure that the appropriate institutional arrangements are put in place to deliver the Strategy and that these structures are properly staffed and managed, we will continue to channel most of our resources through them and encourage other partners to do the same. We will continue to support the strengthening of the Government's policy framework including through the work of Aids Co-ordination Units (ACUs) in Ministries, and through the development of strategies focusing on prevention, care and the effective, equitable and affordable distribution of anti-retrovirals. We will also intensify our efforts to elicit an appropriate response to HIV/AIDS from the private sector.

iv) Key Objective: Increased Harmonisation and Alignment of Donor Resources Behind ERS Priorities.

E13. Over the period of the CAP we will work towards a vision under which Government, donors and other stakeholders share a single strategy for the implementation of the ERS. During the first year of the strategy we will focus our efforts on improving donor alignment behind the ERS and supporting the Government as it develops its Aid strategy.

Aid instruments: how will we deliver our assistance?

E14. We will use a mix of aid instruments, including sectoral support, and project aid, and will consider the case for providing direct budget support.

E15. The Government of Kenya has made clear that its preferred instrument is direct budget support. We will carefully consider with them the case for direct budget support and the circumstances under which we could provide it. To do so would have several advantages. It would be consistent with our objective of putting the ERS at the centre of our work. A dialogue with the Government on direct budget support would help focus attention on some of the key challenges facing the Government – i.e. strengthening the budgetary process so that resources are allocated according to policy priorities, improving the delivery of essential services, strengthening domestic accountability. Direct budget support would also help to reduce the demands on Government from development partners for separate reporting and monitoring, and contribute, in a predictable way, towards the additional resources required to achieve the MDGs. In considering whether to provide direct budget support we will assess the extent to which the budget process prioritises spending that will benefit poor people, the Government's progress in maintaining macro-economic stability and, crucially, its progress in strengthening public financial management systems so that all funds are demonstrably used for their purposes they were voted for. We will monitor progress on this issues together with the Government and other development partners.

E16. Within the sectors in which we work, we will promote greater donor harmonisation through increased use of pooled funding mechanisms and sector-wide approaches (SWAps), which will incorporate work with all stakeholders active in a sector – including Government, Parliament, and non-state actors. Over time this should lead to our making increasing use of Government systems including those for procurement, accounting and auditing. We will seek to link our engagement at a sectoral level more closely with central processes, including through public expenditure reviews, greater involvement in the budgeting process, and support to staffing and expenditure reforms within key sectors. The speed at which we are able to do this will depend both on the pace of reform within specific sectors, and on overall progress in implementing the ERS and on strengthening public financial management and hence reducing the risk of corruption and waste.

F. PROGRAMME RESOURCES

F1. Our base case scenario for this Country Plan is for the size of our bilateral programme to at least maintain its current level of around £30 million per year. But if good progress is made in the areas set out in paragraph E15 above, we expect this level of resources to increase significantly.

F2. Because of the importance we place on increasing the accountability of Government to its citizens, we expect the level of funding we provide to civil society and private sector organisations to remain roughly constant over the course of this Country Plan.

PART III – ANNUAL PLAN

G. MONITORING THE IMPACT OF DFID ACTIVITIES

G1. The tables below set out a number of changes to which we will contribute. All indicators included in DFID's Africa Director's Delivery Plan for 2004 are <u>underlined</u>.

OBJECTIVE: STRENGTHEN ACCOUNTABILITY AND POOR KENYANS' ACCESS TO HIGH-QUALITY SERVICES

2003 Situation	*2007 Forecasted Change*	*Annual Change Forecast*	*DFID Supporting Activities*
Politics largely based on patronage, personalities, and ethnicity; rather than issues. Citizens unable to hold governing elites accountable for implementation and impact of policies	Some differences on issues between major parties in 2007 elections; elections conform to international best practice again Increased knowledge of rights and key information on which to base voter judgements amongst general population	Greater public information on Government performance and increased use of evidence for policy making. <u>Government taking tough action against grand corruption</u>	Support increased political accountability through Political Empowerment Programme and including non-state actors in other programmes. Support to CBS and non-state actors to improve poverty data and increase public information on poverty, the economy and service provision
Concentration of power and a lack of checks and balances.	Greater involvement of Parliament, civil society, and private sector in policy discussions More independent and effective judiciary	Final version of ERS incorporates views of variety of stakeholders GJLOS Short-Term Priorities Programme being implemented New constitution finalised by mid-2004 with appropriate checks and balances	Capacity-building support to Parliament Support to Governance Justice and Law & Order sector SWAp Support to decentralisation and local Government reform initiatives
Weak link between macro-economic policy, ERS, sector strategies and MTEF processes.	Proper co-ordination of policy and budgeting through MTEF, PER, ERS and sector strategies	MTEF review finalised; PER completed in time for the budget; <u>single annual timetable linking ERS, MTEF, PER, and budget processes</u> <u>Increased budgetary allocations to investment and core poverty expenditures</u>	Support to public expenditure management, and development of ERS monitoring and evaluation framework *With other partners, consider capacity building support to Ministry of Finance*
High-quality essential services not accessible to poor Kenyans. Low levels of accountability to community	Legislation passed on role of private sector, civil society in providing essential services Greater accountability of service providers to communities Progress against human development MDGs	<u>Strategies with strong poverty focus developed in participatory manner in key sectors</u> Malaria morbidity begins to decline; <u>2003 increase in primary education enrolment sustained</u> Reduced cost to poor people of accessing essential services Greater and more effective decentralisation of service delivery	Support development of sector strategies and SWAps Social marketing of bednets in endemic malarial areas and condoms *Consider case for engaging with police reform* Strengthen basic systems to improve access to essential services Support to increased use of participatory planning and monitoring mechanisms
Large proportion of Government expenditure allocated to wages, debt and non-performing parastatals.	Wage bill reduced to below 8.5% of GDP, domestic debt stock to below 20% of GDP, by 2007 All non-performing parastatals sold or	<u>More efficient allocation of resources within key sectors, and proportion of expenditure on salaries and benefits reduced</u> Privatisation Bill enacted and	Support to staffing and expenditure reforms within key sectors

2003 Situation	*2007 Forecasted Change*	*Annual Change Forecast*	*DFID Supporting Activities*
	liquidated	implementation underway	
Corruption affects the quality of public financial management.	Domestic and international surveys show reduced perceptions of corruption Procurement systems revised and implemented more effectively.	Strengthening of public financial management systems on track Reduced perceptions of corruption in Transparency International surveys	Support to public financial management, legal and anti-corruption reform *With other partners, consider engagement on procurement*
Revenue generation relatively high, but narrow tax base, inefficient systems and endemic corruption.	KRA strengthened; tax base broadened and special interest exemptions removed Increased public awareness of link between tax and expenditure	KRA institutional review completed Greater understanding of tax incidence particularly on the poor	*With other partners and IMF, consider engagement on revenue issues, including Customs*
Public sector lacks appropriate skills, incentives to improve performance and management, and leadership; HIV/AIDS further undermining capacity	New salary structure and promotion policy in place in public sector Improved capacity across Government; impact of HIV/AIDS fully taken into account	Policy on wage bill reduction agreed, implementation started Key ministries have included impact of HIV into sector strategies; ACUs operational in all ministries and increasingly effective.	*With other partners, consider engagement in public sector reform* Strengthen capacity of local government through PROLOGS Support ACUs in line ministries, and build evidence base on impact of HIV/AIDS

OBJECTIVE: PROMOTE SUSTAINABLE ECONOMIC GROWTH THAT BENEFITS POOR PEOPLE

2003 Situation	*2007 Forecasted Change*	*Annual Change Forecast*	*DFID Supporting Activities*
Overarching policy and institutional framework			
Decline in GDP/capita over the last decade	Growth rates increase each year to 2007	Growth of 2.3% achieved in 2004	Support development of enabling environment for broad-based economic recovery
Economic policy-making not always transparent or evidence-based.	Greater involvement of Parliament, civil society, and the private sector in economic policy-making Decision makers draw on existing evidence to inform economic policy	Key economic policy making processes are based on interactive processes with stakeholders and sound evidence base.	Support to strengthen economic policy capacity of Parliament and non-state actors; scope possible work on increasing capacity of research institutes on growth issues
ERS framework for achieving growth and productive sector strategies does not adequately take into account issues of poverty, inequality and sustainability	Greater emphasis on growth which addresses poverty, inequality and sustainability, reflected in budgetary allocations	Pro-poor strategies developed in two sectors key for growth Better data available on poverty and inequality	Support development of strategic plans and engagement with PER/MTEF processes in key ministries Support to improving environmental governance through PEAK Support to CBS strategic plan
A weak macro-economic framework unlikely to sustain growth	Stable macro-economic framework achieved, including sustainable tax policy for growth	Appropriate IMF programme on track	Engage IMF on appropriate macro-economic framework *With other partners, consider engagement on revenue and debt management issues*
Weak enabling framework for investment reflected in high costs of doing business in Kenya and declining competitiveness	Key aspects of the investment climate are strengthened substantially; increased rates of domestic and foreign investment. The cost of doing business in Kenya is reduced substantially and competitiveness increased	Private sector strategy mainstreaming MSE developed in consultation with stakeholders Clear path to reform of key parastatals set out by Government; key milestones met Measures taken to strengthen land and environmental governance. Police reform process initiated	Support development of a private sector strategy and implementation of the MSE sessional paper Support to improving the regulatory and investment climate through the Enabling Environment programme *Consider engaging with police reform if Government demonstrates clear commitment*
Kenya vulnerable to external economic factors, decline in terms of trade, and changes to tariff and non-tariff regimes	Increased capacity to monitor and respond to the opportunities and threats of globalisation; increased regional and global exports	Effective implementation of the EAC Customs Union Trade Sessional Paper completed.	Build capacity to engage in trade policy issues and negotiations; scope possible work on non-tariff barriers

Strengthen livelihoods through sustainable access by poor people to markets and services			
Weak human capital as a result of poor social sector investment and inequalities constrains growth	Productive public and private sector investment in developing national skills and capabilities to support broad-based growth Greater understanding of impact of HIV/AIDS on growth	Establishment of effective public-private partnership to drive development of appropriate technical and vocation training. Clear HIV/AIDS mainstreaming mechanisms implemented in productive sectors	Consider engagement on technical and vocational training within education sector strategic plan and private sector work Analytical work with DFID PD on labour markets Support ACUs in key productive sector ministries
Poor people excluded from key growth-related services and have insecure access to key assets	Improved economic and physical access by poor people to assets, services and markets so that they are able to participate in growth processes. Increased incomes of the poorest quartile	Policy and institutional reforms initiated in agriculture, natural resource sectors Restructuring of state banks well-advanced; wider financial sector reforms adopted to improve poor people's access to financial services More effective conflict prevention measures including national action plan to tackle small arms proliferation	Develop and support donor basket fund on land and agricultural policy Support development of comprehensive pro-poor financial sector strategy and invest in pro-poor financial market development Support development of appropriate models for delivery of business services and technologies in agriculture Implement coherent HMG strategy to improve security.
Reducing vulnerability and risk			
Limited focus on vulnerability and chronic poverty within Government planning, absence of cost-effective mechanisms to respond.	Sustainable social protection mechanisms developed and implemented, to ensure the inclusion of poor people in growth	Better understanding of sustainability and cost-effectiveness of existing social protection mechanisms	With support from DFID PD, map out existing social protection mechanisms; review case for further DFID engagement
Weak capacity to respond to droughts, floods and other natural hazards, and their impact on livelihoods	Coherent response mechanisms in place both nationally and in arid and semi arid areas. Impacts of recurrent natural disasters and climate variability incorporated into Government planning	Government finalises disaster management policy Strong Government-donor coordination on food insecurity continues.	Support disaster management planning process Support institution-building work in pastoral areas and advocacy through Oxfam Ensure strong linkages between work on conflict and food insecurity

OBJECTIVE: EFFECTIVE MULTI-SECTORAL RESPONSE TO HIV/AIDS

2003 Situation	*2007 Forecasted Change*	*Annual Change Forecast*	*DFID Supporting Activities*
Good National Strategy in place and visible leadership from President. But legislative base and institutional structures are weak, and leadership below the President is less evident. Lack of an effective and well-coordinated multi-sectoral response to HIV/AIDS. Government allocates little of own budgets to issue. Private sector not providing adequate leadership. Sector strategies have not yet mainstreamed HIV/AIDS	Prevalence rates fall by 10% annually among 15-24 age group Government allocates rising level of own resources to HIV/AIDS Clear commitment and leadership from political and private sector leaders On mainstreaming into sector strategies, see Change Tables above	Prevalence rates in 15-24 age group fall again Following institutional review involving all stakeholders, NACC effectively restructured and delivering effective programme Satisfactory HIV/AIDS Bill enacted. CACCs staffed and work without political interference. Increasing number of private sector firms developing workplace policies On mainstreaming into sector strategies, see Change Tables above	In partnership with BHC, raise profile of HIV/AIDS in political process including with Parliamentarians Participate in institutional review and strengthening of NACC. Capacity-building of structures to ensure transparency and accountability, and effective delivery of National Strategic Plan Work with private sector to promote best practice
Policies and strategies exist but are weak in key areas (e.g. mitigation and support to orphans and women). Insufficient attention to prevention, and limited access to condoms especially in rural areas. ARV strategy requires further development to ensure equity.	Comprehensive and high-quality single national strategic plan in place and being implemented Increased and equitable access to ARVs; wider health budgets and systems not distorted	Single monitoring and evaluation framework in place Strategy developed to reduce social impact of HIV/AIDS, focusing on orphans and young women; treatment literacy campaign launched; ARV strategy implemented that focuses on equity	Support Government monitoring and evaluation system Support development of appropriate strategies including on prevention and ARVs Support social marketing of condoms Review school-based prevention work
Communities have limited capacity to implement care and support programmes			Consider increasing support to capacity-building at community level and funding of community activities focused on prevention, care, and livelihoods
Donors poorly harmonised around Government's national strategic plan	Strong donor harmonisation; Global Initiatives complement and support National Strategic Plan Large majority of external resources incorporated into Government budget in support of single national strategy	Strong partnership agreed with US as part of UK/US Taskforce on HIV/AIDS Joint Review carried out every 6 months Global Fund country co-ordinating mechanism reformed	Ensure UK/US Task Force put into practice Actively participate in country co-ordinating mechanism to ensure accountable and transparent use of funds; strengthen links with Global Fund, including working through DFID Policy Division

OBJECTIVE: INCREASED HARMONISATION AND ALIGNMENT OF DONOR RESOURCES BEHIND ERS PRIORITIES

2003 Situation	*2007 Forecasted Change*	*Annual Change Forecast*	*DFID Supporting Activities*
Weak alignment of donor resources with ERS priorities, heavy demands on Government time, and little use of Government procedures.	Greater volume and proportion of donor resources provided as direct budget support Donor resources fully integrated within MTEF process Government systems and procedures strengthened; increased use by development partners	<u>New multi-donor budget support instrument operational</u> <u>Common donor principles and procedures agreed by Donor Coordination Group</u> <u>Government aid policy developed on basis of Rome Declaration and close to finalisation</u> Donor commitments integrated into budget timetable <u>Multi-donor SWAps operational in 2 more sectors; basket funds operational in at least 3 more sectors</u>	Contribute to development of multi-donor budget support instrument (with EC, SIDA) Promote greater harmonisation through Donor Co-ordination Group and dialogue with Government on aid policy Promote increased donor harmonisation at sectoral level, including through use of SWAps, basket funds and joint reviews

H. IMPLEMENTING THE COUNTRY PLAN

H1. Responsibility for delivering the Country Plan will lie with DFID-Kenya. We will structure this office around the above Change Management objectives, and keep our human resource needs under review as we take decisions on new areas for strategic engagement. We expect some changes to the skills mix in the Nairobi office, but no net increase in administrative costs for delivering the Kenya programme. But as DFID-Kenya staff are likely to take on greater involvement in regional issues our administrative cost requirements will rise modestly over the period of this Country Plan. We will value team-working, and will strengthen internal mechanisms for learning and sharing lessons. We will examine ways to improve diversity within our office, and take forward the Investors in People agenda.

H2. Across DFID we will work closely with teams in Africa Division, International Division and Policy Division to ensure both that we obtain inputs from them into our work and that the interests of poor Kenyans are reflected in our influence on international organisations in which we are a member or share-holder.

H3. We greatly value our excellent working relationship with the British High Commission in Nairobi, and will continue to work closely with them especially on HIV/AIDS, security, and political governance issues. We will work closely with other Whitehall Departments on issues of mutual interest, including FCO, Treasury and the Department of Trade and Industry to ensure that the interests of poor Kenyans are reflected in British policy and positions in international negotiations and within the EU.

Last revised 12 January

Annex: Progress against the Millennium Development Goals

Kenya					**Region**
	1990	**1995**	**2000**	**2001**	**Sub-Saharan Africa**
1. Eradicate extreme poverty and hunger	2015 target = halve 1990 $1 a day poverty and malnutrition rates				
Population below $1 a day %	*See Note 1*	..	..	..	48.1^{2000}
2. Achieve universal primary education	2015 target = net enrolment to 100				
Net primary enrolment ratio (% of relevant age group)	*80 See Note 2*	..	73.7	..	..
3. Promote gender equality	2005 target = education ratio to 100				
Ratio of girls to boys in primary and secondary education (%)	..	..	97.2	..	81.7^{2000}
4. Reduce child mortality	2015 target = reduce 1990 under 5 mortality by two-thirds				
Under 5 mortality rate (per 1,000)	97	111	120	122	170.6^{2001}
5. Improve maternal health	2015 target = reduce maternal mortality by three-fourths				
Births attended by skilled health staff (% of total)	50	45	44	..	..
6. Combat HIV/AIDS malaria and other diseases	2015 target = halt, and begin to reverse, AIDS, etc				
Prevalence of HIV, female (% ages 15-24)	..	..	13	15.6	9.3^{2001}
Percentage of children under 5 who slept under a bed net the night preceding the survey		See Note 3	7.4		
Percentage of pregnant women who slept under a bed net the night preceding the survey		See Note 3	0.5		
In patient malaria morbidity (proportion of total inpatient cases at Government facilities)					
7. Ensure environmental sustainability	2015 target = various (see Note 4)				
Access to an improved water source (% of population)	45	..	57	..	58.12
Aid Need and Resources					
UK bilateral aid (£m)				38.3	
UK share of total bilateral aid (%)				20	

Total aid from all sources (£m)				310.5	
Total aid per poor person (£)				6.5	
Number of DFID staff directly involved				..	
Poor people per DFID staff member (thousands)				..	
General Indicators					
Population (millions)	23.4	26.7	30.1	30.7	673.9 [2001]
GDP growth (annual %)	4.2	4.4	-0.2	1.1	3.2
GNI (current US$)	8.8 bn	7.0 bn	10.6 bn	10.7 bn	311.2 bn
GNI per capita ($)	380	260	350	350	460 [2001]
Inflation, consumer prices (annual %)	17.8	1.6	10.0	5.7	
Life expectancy at birth (years)	57.1	52.6	47	46.3	46.2 [2001]
Source: ***World Development Indicators Database, April 2002, Statistics on International Development, expect where otherwise indicated***					

Notes
1. There is currently no time series data available on $1/day poverty in Kenya
2. Source: MICS 2000, CBS 2001
3. Sentinel surveillance, Kenya 1990-2002
4. Goal 7 targets: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources. Halve, by 2015, the number of people without sustainable access to safe drinking water. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

MILLENNIUM DEVELOPMENT GOALS IN KENYA: AT A GLANCE

GOAL	TARGET + INDICATORS	PROGRESS	SUPPORTIVE ENVIRONMENT
Eradicate extreme poverty and hunger	Halve the proportion of people living on less than $1/day, 1990-2015		
	Halve the proportion of people suffering from hunger, 1990-2015		
Achieve universal primary education	Net enrolment in primary education		
	Proportion of pupils starting grade 1 who complete grade 5		
	Literacy rates of 15-24 year-olds		
Promote gender equality and empower women	Ratio of girls to boys in primary, secondary and tertiary education		Primary potentially; others unlikely
	Ratio of literate females to males among 15-24 year-olds		
	Share of women in wage employment in the non-agricultural sector		
	Proportion of seats held by women in national parliament		
Reduce child mortality	Reduce the under-five mortality rate by two-thirds, 1990-2015		
	Infant mortality rate		
	Proportion of one-year old children immunised against measles		
Improve maternal health	Reduce the maternal mortality ratio by three-quarters, 1990-2015		
	Proportion of births attended by skilled health personnel		
Combat HIV/AIDS malaria and other diseases	Have halted by 2015 and begun to reverse the spread of HIV/AIDS		
	Have halted by 2015 and begun to reverse the spread of malaria and other major diseases		Malaria fair; tuberculosis strong
Ensure environmental sustainability	Halve by 2015 the proportion of people without sustainable access to safe drinking water		
	Have achieved by 2020 significant improvement in the lives of at least 100 million slum dwellers		

Key:

Goal probably achieved: strong supportive environment

Goal potentially achieved; fair supportive environment

Goal unlikely to be achieved; weak supportive environment

Source:

Millennium Development Goals: 2003 Progress Report for Kenya, published by Government of Kenya, UN Kenya, 2003

ACRONYMS

ACU	Aids Co-ordination Unit
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immuno-Deficiency Syndrome
ARVs	Anti-retrovirals
ASAL	Arid and semi-arid land
BHC	British High Commission
CACC	Constituency Aids Control Committee
CBS	Central Bureau of Statistics
DFID	Department for International Development
DFID PD	Department for International Development – Policy Division
EAC	East African Community
EC	European Commission
ERS	Economic Recovery Strategy for Wealth and Employment Creation
GDP	Gross Domestic Product
GJLOS	Governance, Justice, Law and Order Sector
GNI	Gross National Income
HIV	Human Immuno-Deficiency Virus
IMF	International Monetary Fund
KRA	Kenya Revenue Authority
MDGs	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
MSE	Micro and Small Enterprise
MTEF	Medium-Term Expenditure Framework
NACC	National Aids Control Council
NARC	National Rainbow Coalition
NASCOP	National AIDS/STD Control Programme
PER	Public Expenditure Review
SIDA	Swedish International Development Agency
STD	Sexually Transmitted Disease
SWAp	Sector-Wide Approach
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
US	United States of America

DFID programmes

PEAK	Environment governance programme
PEP	Political Empowerment Programme
PROLOGS	Local Government Reform programme

Witnesses

List of written evidence

List of unprinted written evidence

Additional papers have been received from the following and have been reported to the House but to save printing costs they have not been printed and copies have been placed in the House of Commons Library where they may be inspected by Members. Other copies are in the Record Office, House of Lords and are available to the public for inspection. Requests for inspection should be addressed to the Record Office, House of Lords, London SW1. (Tel 020 7219 3074) hours of inspection are from 9:30am to 5:00pm on Mondays to Fridays.

Nairobi Stock Exchange Ltd

FARM-Africa

Saferworld

Small and Micro-Enterprise Programme, Kenya

Reports from the International Development Committee since 2001

The Government Responses to International Development Committee reports are listed here in brackets by the HC (or Cm) No. after the report they relate to.

Session 2003-04

First Report	Trade and Development at the WTO: Learning the lessons of Cancún to revive a genuine development round	HC 92–I and II (*HC 452*)
Second Report	Development Assistance and the Occupied Palestinian Territories	HC 230-I and II *(HC 487)*
Third Report	International Development Committee: Annual Report 2003	HC 312

Session 2002-03

First Report	Afghanistan: the transition from humanitarian relief to reconstruction and development assistance	HC 84 *(HC 621)*
Second Report	International Development Committee: Annual Report 2002	HC 331
Third Report	The humanitarian crisis in southern Africa	HC 116-I and –II *(HC 690)*
Fourth Report	Preparing for the humanitarian consequences of possible military action against Iraq	HC 444-I and –II *(HC 561)*
Fifth Report (First Joint Report)	The Government's proposals for secondary legislation under the Export Control Act	HC 620 *(Cm 5988)*
Sixth Report (Second Joint Report)	Strategic Export Controls Annual Report for 2001, Licensing Policy and Parliamentary Scrutiny	HC 474 *(Cm 5943)*
Seventh Report	Trade and Development at the WTO: Issues for Cancún	HC 400-I and II *(HC 1093)*
Eighth Report	DFID Departmental Report 2003	HC 825 *(HC 231, Session 2003-04)*

Session 2001–02

First Report	The humanitarian crisis in Afghanistan and the Surrounding Region	HC 300-I and –II *(HC 633)*
Second Report	The Effectiveness of the Reforms of European Development Assistance	HC 417-I and –II *(HC 1027)*
Third Report	Global Climate Change and Sustainable Development	HC 519-I and -II *(HC 1270)*
Fourth Report (First Joint Report)	Strategic Export Controls: Annual Report for 2000, Licensing Policy and Prior Parliamentary Scrutiny	HC 718 *(CM 5629)*
Fifth Report	Financing for Development: Finding the Money to Eliminate World Poverty	HC 785-I and –II *(HC 1269)*
Sixth Report	DFID: Departmental Report 2002	HC 964 *(HC 357, Session 2002-03)*

Oral evidence

Taken before the International Development Committee

on Wednesday 24 March 2004

Members present

Tony Baldry, in the Chair

Mr John Battle
Mr Tony Colman
Mr Quentin Davies
Mr Piara S Khabra
Mr Andrew Robathan

Witnesses: **Rt Hon Hilary Benn,** a Member of the House, Secretary of State for International Development, and **Mr Matthew Wyatt,** Head, and **Ms Felicity Townsend,** Senior Education Advisor, Department for International Development (Kenya), examined.

Q1 Chairman: Secretary of State, thank you very much for making time to be with us this evening. It was very good of you to fit the session in. If I could just say, as much to those at the back of the kirk as to you, as a Select Committee, we sometimes find ourselves in the rather curious position of going on visits to countries where DFID has large bilateral programmes but, because of the curious rules of the House, it is difficult for us to take verbatim evidence that appears as part of the record of the House. DFID in Kenya organised what we all thought was an excellent seminar on the Country Assistance Plan and what NGOs and civil society wanted to see in Kenya. We thought it was so good that one of the ways in which, of course, what they said could become evidence and part of the record of this House was by our having an inquiry, and that is what we are doing. However, I want to make it very clear that we are not seeking to second-guess the Country Assistance Plan; we are not in a position to do that, we do not want to do that, and we certainly do not want to set a precedent whereby it is felt by DFID or whoever that we are trying to look at each and every Country Assistance Plan, but because we have been there so recently, and we were engaged in thoughts on Kenya so recently, we thought it would be worthwhile to do an exercise whereby at least all of it is on the record. So thank you very much for helping us with it. There was quite an interesting comment in the *Economist* a few years ago, which was, I think, entitled "The Kenya-Donor Dance." It said, and I quote: "Over the past few years Kenya has performed a curious mating ritual with its aid donors. The steps are (1) Kenya wins its yearly pledges of foreign aid; (2) the Government begins to misbehave, backtracking on economic reform and behaving in an authoritarian manner; (3) a new meeting of donor countries looms, with exasperated foreign governments preparing their sharp rebukes; (4) Kenya pulls a placatory rabbit out of the hat; and (5) the donors are mollified and the aid is pledged and the whole dance then starts again." Actually, one of the things which struck us as being interesting in the seminar that was hosted by DFID Kenya—and I think it was Andrew who observed this—was that nobody actually asked us for money. It is the first time we have been in a situation where people did not have money at the top of their agenda, and indeed, many of the participants stated that what Kenya did not need was more money from donors. I wondered if you felt there is a sense in which Kenya is and has had to be more self-reliant than its neighbours over the last 10–15 years and, if so, to what extent and how does this preference for self-reliance alter the nature of DFID's approach to assisting Kenya?

Hilary Benn: First of all, can I thank you, Mr Chairman, for inviting me to come and give evidence. I probably do not need to introduce Matthew Wyatt, who you will have met, and Felicity Townsend from the DFID team.

Q2 Chairman: We are extremely grateful to Matthew and his team for facilitating a really good visit.

Hilary Benn: I am very glad that is the case. Secondly, I appreciate the opportunity of what I am sure will be a conversation about the work that we are doing in Kenya and the process of the development of the CAP. As I understand it, the Committee is not planning to produce a report as such, but one thing I wanted to say right at the beginning was, if you have any opportunity for reflection on what you have had in the way of written evidence and the session we have today and there are any views that you wanted to express, formally or informally, as a Committee to us, I would be very happy to receive them, because, having been through the consultation process on the CAP—and the plan we have, of course, is to produce a final version, drawing on all the sources of advice and feedback that we have had—it would be very useful to have any of the Committee's views to contribute to that process. I was very interested by the quote that you read from the *Economist*. You said some years ago; you do not happen to know when?

Q3 Chairman: 1995, so a few years ago.

Hilary Benn: It is a very interesting description of a process, and I am, I suppose, relatively new to it. Clearly, in recent years, and certainly since the election in 2002, there has been some real progress in terms of the democratic process in Kenya, and I think everybody recognises that. There is the progress they have made on universal primary education, and I was interested in what you had to say about people not having asked you for money, but clearly, the contribution that we were able to make alongside others to support the lifting of user fees has resulted in a very tangible benefit, which has been the increase in enrolment in primary education. I think there is some debate still about the precise numbers, but it is certainly over a million, and I think the Government is suggesting that it could be slightly more than that. I think if one looks back at the history, corruption has been a particular problem, but the new government has certainly taken steps to try and address that and to change what might have been the traditional picture, and it is interesting to look at what Transparency International have reported, namely that according to their urban bribery index, public institutions are being bribed less than they were a year ago and there have been significant judicial reforms. The private sector is doing reasonably well, although one of the reasons why, certainly in our view, some of the key Millennium Development Goal indicators in Kenya have worsened in the last ten years, particularly income, health and education, is in part due to corruption, but is simply the fact that population growth has outstripped economic growth. We are trying to have an open and honest relationship and dialogue with the Government of Kenya, and to develop a CAP which reflects the priorities that they are setting through their Economic Recovery Strategy, the ERS, which is, of course, their version of the PRSP. If you look at the elements of our programme, we are making a significant contribution on HIV, on malaria—where the bed net programme is a very tangible benefit, because we estimate so far that this may have contributed to saving 40,000 lives, and we are looking to extend that programme—the money we have put into education, about which I have talked already, and other things to do with water and sanitation, extra classrooms, and so on, and I hope it will not be, as far as the future is concerned, a continuation of the Kenyan dance, as the quote described it, but us working as an important donor in the country to support the Government in taking the country forward, recognising that in these key areas of health and education and income, things have actually worsened in the last 10 years, and that is why we are anxious to help, and that is why our programme is increasing in size.

Q4 Mr Colman: Could I welcome to this evidence session also, but not giving us evidence, the distinguished High Commissioner from Kenya and other representatives of Kenya. Everyone here is very much a friend of Kenya, and if our questions sound particularly aggressive, it is that we are searching for truth, and nothing beyond that. I think, Chair, the Kenya donor dance stopped in 1995 and, regrettably, has now been taken up after seven years of the dance coming to an end. I very much welcome the fact that DFID are having this new look at the Country Assistance Plan. If things do unravel, if things—pray God it does not happen—go wrong, if HIV/AIDS is not sufficiently tackled, if there are problems with the Government implementing its Economic Recovery Strategy, how does DFID intend to track and manage these risks so that we do not get back into the bad past, as it were, and is there a danger in channelling too large portion of assistance to the Government, which as yet is not able to prove its poverty reducing credentials?

Hilary Benn: Clearly, if the bad things that you refer to, Mr Colman, in your question were to come to pass, this would present a very big challenge. On HIV/AIDS, as I am sure you saw when you were in Kenya, in the last year or two there appears to have been some stabilisation of the prevalence rate, and that undoubtedly represents progress, although we have expressed some concerns about the effectiveness of the arrangements within the country for managing that process and that has been the subject of discussion at a number of different levels. Clearly, if those circumstances arrive, we are going to have to address them. It is very important that we are able to manage both the progress of the elements of our own programme and also monitor the way in which the spending of the Government of Kenya on what I think collectively we regard as the priority sectors actually moves. One thing that is very striking—and it in part links to the point that you raised about health—is the disparity between expenditure that goes on education as opposed to health, because education spending is a significant proportion of the revenue budget and it has increased in recent years. In health it is nothing like as significant a proportion and I think one could probably argue that health has been under-funded, certainly in comparison with the amount of money that has gone on education, and of course, infant and maternal mortality are getting worse. Also, an interesting statistic which I came across: I am advised that 15% of the health budget goes on the Kenyatta Hospital and 5% of the health budget goes on preventative work in general. That is just an example.

Q5 Mr Colman: Will you be setting benchmarks in each of these areas?

Hilary Benn: I do not know whether Matthew wants to say anything about how the monitoring work is being undertaken in detail relating to the programmes.

Mr Wyatt: We are having a dialogue with the Government on the overall nature of the budget, and within that the Government itself has said that it feels that the expenditure on preventative services in health is too low, so they are looking for ways to increase that, and we are hoping that they will increase it and we have made that very clear to them. The budget is in June, so the process is ongoing at the moment, but that will certainly be one of the things that we will be looking at as we develop our partnership with them.

Q6 Mr Colman: You will be setting benchmarks in other areas too?

Mr Wyatt: We are not setting benchmarks, but what we will be doing when we look at the budget, and in particular, as we are considering, as we say in the CAP, the case for providing direct budget support, we will want to look in the round at the budget and to see whether or not the expenditures which really benefit poor people, of which preventative health care services are one, are in general increasing, but we do not feel we are in a position to set benchmarks ourselves at the micro level.

Hilary Benn: That is true; the fact that we are not in a position currently to consider direct budget support reflects our assessment of how things are going, but Matthew is entirely right that, were we to get to that point, as we do in our relationship with other countries, it is very important if you are going to use that as a mechanism for giving some of your development assistance that you can see very clearly, by the decisions that the Government takes about the way in which it allocates expenditure to poverty reduction, to health and to education, that it is moving in the right direction. That is fundamental to that kind of relationship.

Q7 Mr Battle: This draft Country Assistance Plan seems very thorough, and it seems very well tied into the ambitious Economic Recovery Strategy for wealth and employment creation, but I wonder if I could ask you this: having read it myself, I was left wondering what you see as the key changes that have taken place to previous approaches. What is new in it? How do the plans for engaging with the Government differ from previous approaches, particularly where you have had experience in the Department in Africa, and elsewhere in the world really, with countries that have emerged from authoritarian regimes in the past? How do you see it as a new direction and a new dynamic? What is special about it that could be leading us on a new way forward in our approach, or maybe it is not?

Hilary Benn: I think your last comment is very pertinent. Clearly, the circumstances in the country have changed with the election of the new government, and I alluded to some of the consequences of that in answer to the Chairman's original question. I happen to think that the process by which the CAP has been drawn up and then consulted upon is a really good model, not least because of the extent of the comments which we have had from people in response to it, and the fact that this then gives us an opportunity to reflect. If one just looks at the comments that we have received, people were positive about the emphasis on accountability; the priority we have given to HIV/AIDS for reasons, I think, that we all understand; the need to work both on demand from citizens—because a significant part of the work that we do is about trying to support the political process doing what it ought to do, which is citizens asking things of government, because that is government's job, to respond and to provide, but also to support the Government in improving its ability to respond to those demands and to supply basic services; donor harmonisation, which, of course, is a theme that runs right across the work we are doing in a number of countries; recognising the importance of agriculture to grow from poverty reduction—and I know you had a submission from FARM-Africa—and being involved with the Ministry of Finance on public financial management and revenue. None of those I would describe as unique, but those, if you like, are the positives. Then people have made comments to us, asking the question, for example, whether we are spreading ourselves too thinly. The honest answer on reflection is perhaps we are, and I think there are two areas where we might look to scale back, and in both cases actually to direct work towards the World Bank because they are doing these things already—one is on procurement and the second is on civil service reform. We ought to do more on how we track and monitor, which was your question, Mr Colman, and I think you are right, and we need to reflect on that. People suggested we should do more with civil society. In truth, we think we are doing quite a lot already, so I am not sure that that is a criticism that we would necessarily accept. Certainly people have said "Can you spell out more clearly what the envisaged size of the programme will be in future?" The revised version of the CAP will come out after the 2004 departmental annual report is produced, and it seems to me that that is the appropriate place to publish the figures on what the aid framework is going to be for the next two years. I just feel, having talked to colleagues in the office who have been working on this, that this is good progress. Each country is unique, each set of circumstances is unique, but I think as a process it has worked well because it gives us a chance to reflect on what people said about the draft and then helps us to develop our thinking. Today's hearing is part of that process.

Q8 Mr Battle: The next question that is in my mind, and you might tell me is just a stylistic, language question, is Millennium Development Goals and how largely they feature. Some of us on the Committee, about a year ago, I think, went to America to try and lobby senators and congressmen and women to say "Can you take Millennium Development Goals more seriously, not just have them as aspirations but as real targets, so that we have what is sometimes rather gloriously described as an international narrative, where we are all joined together and know where we are going." I thought there were very helpful annexes on Millennium Development Goals in the paper. The targets and the figures are there, but there is hardly a reference to it in the main text, and there is nothing in the Economic Recovery Strategy either. I wondered whether that was just because you are so close to it on the ground and you are doing it anyway, or whether we do not need to sharpen up the focus on the Millennium Development Goals. What is your view? Is that an unfair criticism, or am I just playing language games?

Hilary Benn: I think there is a mixture of both, because the Millennium Development Goals are fundamental to everything that the Department does, yet we have been discussing, not just in relation to Kenya but more generally, our Country Assistance Plans. My view is that I think we need to have more focus on the progress that is or is not being made, and then how our programme responds to that, not least because, as you will see when the departmental annual report is published, in the case of Africa we have 16 target countries which form part of the PSA, and I think we have a good system for reporting using the traffic light system. I cannot remember whether we discussed this before at an earlier hearing. It is a very visual way of presenting the progress that we are making or not making, and I have certainly been encouraging the Department, looking at the information that we are now producing on how we are doing in aggregate across sub-Saharan Africa, which is one of the PSA groups, but also in relation to individual countries, where we identify that the country is not making sufficient progress towards the MDGs. One of the questions we have to ask ourselves as a donor, as other donors should be doing, is how we should adjust our programme. We need to focus on this, first, because we have all signed up to this, and second, because if you look at figures on, for example, maternal and infant mortality, and in the case of Kenya they have been getting worse, the question is what are we going to do collectively, us supporting the Government, to make a difference to that? Those are the two answers that I would give to the question that you ask.

Q9 Mr Battle: Would it be more helpful, if we are developing, if I can put it in these terms, a common discourse, that the documents tied in together and worked it through, and that everyone is aware that there is some momentum?
Hilary Benn: I hope very much that in future, when people are looking at our Country Assistance Plans, they will be able to see quite clearly a consistent focus on the progress that is or is not being made against the MDGs and what it is that we intend to do as part of our contribution in the areas where progress is not being made.

Q10 Mr Davies: One thing that struck me about the draft CAP was that you say very little about your plans for education, and what is more, in the table at the back, *Millennium Development Goals in Kenya: At a Glance*, under Education you have a light colour, which means that you are satisfied with progress, goal potentially achieved. Unfortunately, I do not have the original colour version but I think, if I am reading the thing right, the light colour means that. You were saying that one of the benefits of this exercise was all the comments you are getting back from people, and I wondered whether you had seen the comments of Oxfam on the subject of education in Kenya.
Hilary Benn: To be honest, I have not read all of the contributions that were made. Was there a particular point you wanted to raise?

Q11 Mr Davies: They seemed to be a bit disappointed, and they make a number of suggestions, including, if I can just read some of them briefly, "The Kenyan education policy, and donor support of Kenya's education programmes such as DFID, must include measures to widen access to education to cover non-formal education needs." You have, of course, already supported the primary education programme. "In this regard a commitment to Non-Formal Education should be reflected in a revised Education Act," they say. "Relevant Kenyan Government ministries, and donors supporting their programmes such as DFID, must provide sufficient financial resources for non-formal education to improve access, levels of teaching and curriculum standards." How do you respond to these proposals about non-formal education and, if you accept them, will you in the full report, when it comes out, include proposals of this kind?
Hilary Benn: The first thing I should say is we certainly reflect upon them in the course of drawing up the revised plan. We have self-evidently put a particular focus in terms of our effort in supporting the government's efforts to get more children into primary school, and the £10 million that I referred to earlier has made an important contribution, and the Government has made real progress. That is not to under-value the importance of non-formal education, but it is to value the progress that has been made with the support that we have given because of the priority that we give to that particular measure of progress, and it links back to Mr Battle's question, which is that this is one of the Millennium Development Goals that we are all very keen that we should make progress on. Ms Townsend, who is our education advisor, perhaps would like to say something in answer to Mr Davies's question.
Ms Townsend: I have been away for a week, but at the end of the week before that we, together with the World Bank representative, were really talking about DFID's first step into supporting the sector in a wider way than we have up until now. The World Bank will follow but they will be a bit slower than us. So for next year and onwards, our plans, which have very much emerged from what the Government has prioritised, now, informally at least, agreed with the Minister and the PS and others, are that a fairly significant proportion of our support should go towards easing the way for government and donor finance to reach the providers in the non-formal schools, because the Government recognises that it cannot do everything. Some of you will be remembering the visit to the slums that we did in Nairobi. You know that government schools are few and far between for urban poor people, and that there is no early prospect of the Government being able to provide good services in those areas and in other areas where non-formal schools are the only possibility. We have just come back from a visit to the North-East, where enrolment is only 20%, and a lot of the options available to increase that access are a combination of non-formal and government support—they certainly want to be able to fund every child through whatever provider. This, I think, is a major and very positive step, so we will be working with them to get out of the bureaucratic situation which has prevented non-formal schools registering with the Government and therefore getting assistance, so we are going to be able to sweep a lot of that away, while watching very carefully the accountability issues. So the plan which we will be putting up very soon will include this as a major element.

Q12 Mr Davies: So we are making some progress. I sense that you share my view that the present draft could indeed be read as I rather read it, that "We have done education", because there is nothing very concrete or new that is proposed in education, and secondly, that you are now going to come up with addressing the issue of non-formal education, which is not in the present draft. Before I leave education, can I put to you something else that really came out of the discussion we had in Nairobi: one of the local experts who came to see us at our meeting—and I think I am entitled to quote her because those were the rules of the game—Winnie Kinyua of Kenya Private Sector Alliance—told us that really, the essential problem in primary education is female primary education, and if you can solve the problem of female education, you can achieve the Millennium Development Goals. Do you sense that something special should be done to prioritise female education, and if so, what is the Government doing to urge the Kenyan authorities to move in that direction or to support the Kenyan authorities moving in that direction?

Hilary Benn: Ms Townsend may want to comment on some of the detail. In answer to your direct question, do I agree with the observation that was made to you, yes, I do, for all the reasons that we understand, the fundamental importance to everyone but particularly to girls of an education and the prospects that it opens up for the country. Certainly, as part of the work that we are doing, we would like to see further progress on that front.

Ms Townsend: It is part of all we do. I think it would be good if we could further prioritise, and it would not just be DFID doing this; we are now getting the Government interested. The trip that I have just mentioned to the North-East a couple of weeks ago with the World Bank and with the PS from education, the Director of education, and the Chief Inspector, was the first time that any of those three have been in that province for a very long time. They have never in 40 years been visited by a PS, for example—any PS. That is where enrolment is 20% and the girls' proportion of that is less than a third. So some of the issues we were digging up and rubbing our noses in, very deliberately, were connected with girls' education, with Islamic issues, with issues about madrassahs and the possibility of some integration, and that would need to include girls. We work closely with the Aga Khan Foundation, which do a lot of good work on the coast. Again, it is an Islamic area and girls are lagging far behind. There are other areas in Kenya where the gender gap is not a problem, so we have a particular set of foci to concentrate on. We now have an arrangement with CIDA (Canada) where they are putting funds through DFID into primary education, and we are working closely also on the technical assistance and the needs assessments and the specific pilots and innovations that are needed. They have a very good track record on girls' education, similar to ours, and I think that partnership is going to be very useful, particularly in that area.

Q13 Mr Davies: I think one should regard as axiomatic that nothing we do in this area can be done by DFID alone, to address your first point. The only purpose in having a development programme, it seems to me, is to collaborate effectively with other donors, bilateral, multilateral, and with the local recipient government, and to try to influence them in the direction we think is most appropriate. In that context, I think this document has a certain importance, because it does highlight what we consider to be the lacunae that need to be addressed as a matter of priority. So I hope you make some further progress there, and maybe something on girls' education could also come into the document when it emerges in final form. I am grateful for that. If I could just move to a different area, where there is also a strange lack of any reference at all that I have been able to find, to tourism. Anybody who goes to Kenya can see there is an industry which is flourishing and does create rather a lot of employment and can see the enormous potential of it. So though you prioritise somewhere the economic areas which you think most promising—I think it is paragraph E9[1]—you mention agriculture, land, natural resources, financial sector, micro and small enterprises and so forth, I was rather struck by the fact that tourism does not figure there. Does that mean that you think that really, the potential has been exhausted? Does that mean you do not think there is a role for explicit governmental or donor action in that sector, or is there some other conclusion I should draw?

Hilary Benn: No, I hope you would not draw the conclusions that you have just postulated. In part it is about the answer I gave to an earlier question, about the response to the feedback we had to the CAP, which is what in the end can we do, and do we spread ourselves too thinly? In the end, we have to make a judgment because we cannot do everything, and we have to recognise that.

Q14 Mr Davies: That is a perfectly respectable answer, to say other people are doing everything, so there are certain things we can sit back on.

Hilary Benn: Indeed. Clearly, the tourism industry is of great importance. The EC provides some funding through its Biodiversity Conservation Programme, so we are contributing to that, obviously, by the contribution that we make. We are also doing some work through our PEAK programme—Pathways for Enhanced Environmental Governance in Kenya—which is about trying to promote policy and legal frameworks which will encourage sustainability in the use of forest and wildlife resources, upon which, of course, tourism depends significantly. So that is a modest contribution to helping the Government to deal with some of those issues, but in other respects we have decided there are other things that are of greater priority. That is not to say that other donors are not working on

[1] Paragraph numbers referred to throughout this oral evidence session relate to DFID's draft *Kenya: Country Assistance Plan 2004–07*, which has been reproduced in this Volume.

them, or that it is not a considerable priority for the Government of Kenya, because of course, it certainly is.

Q15 Mr Robathan: Moving from tourism and education to health, you mentioned HIV/AIDS and you also mentioned in your opening remarks the difficulty of population growth. What I particularly want to talk about is reproductive health. I cannot quite remember the figures for economic growth compared to population growth in Kenya, but I do recall that it was significant and actually, to a certain extent, economic growth is eroded by the growth of population. We have been told that population issues are invariably dealt with by donors rather than national governments. I notice it is set down in the Millennium Development Goals that the development goal in maternal health is unlikely to be reached. Do you think that DFID should be doing more about pushing the issue of population issues and reproductive health? Is somebody else doing it? What impact do you think population growth is having on progress towards achieving the Millennium Development Goals? It is a rather big question.

Hilary Benn: It is indeed, but you are absolutely right that the extent to which population growth has been outstripping economic growth is one of the reasons why there has been growing poverty, and therefore it is an important issue to address. Looking at our programme this year, as I think I mentioned earlier, about £7 million will be going on HIV and reproductive health. At a very practical level, we finance the provision of condoms and other reproductive health services, because that is a very practical contribution one can make both to protection against acquiring HIV and also in terms of helping to contribute to control of the population. Who do I think has responsibility for this? Ultimately, as in all of these things, the government of the country has responsibility; I think there is no question about that whatsoever, but the importance that we attach to it is reflected in the sums of money that we are investing as part of our increasing aid programme, and I think that the two interests, in population control and also in tackling HIV/AIDS, obviously come together, in part in the form of the support for reproductive health services which we make available. So it is undoubtedly in the country's interest from both of those points of view that the issue should be addressed, and that is the contribution that we are making. Other donors are also doing that.

Mr Wyatt: This is very high up in the dialogue that we have with the Ministry of Health. We have for some years been stepping into the breach when funds run out or when stocks of contraceptives have run out, and so on, so year on year we have stepped into the breach, but obviously we are not very comfortable doing that and we would much rather see the Government providing adequately in its budget and then making sure that its budget is spent on those things. That is very high on the list of things that we are talking to the Government about, but in the mean time we have been providing a lot of things ourselves, and we will continue to do so, particularly with the social marketing of condoms.

Q16 Mr Robathan: Is it the case—my memory is becoming hazy even though it is only two months on—that population growth is outstripping economic growth in percentage terms? It is. Yes, I seem to remember asking that in Nairobi actually. Is the Government of Kenya aware of the issue, and is it taking steps to address it, with your assistance? You discuss it, but is it reacting?

Mr Wyatt: There are two sides to that equation. I think that the Government is very much focused on wanting to increase the rate of economic growth, and that is really where many of the energies lie, and in fact, that is why the Economic Recovery Strategy is called the Economic Recovery Strategy, because it is a very top priority, and we very much support that because, unless there is a significant increase in the rate of economic growth, Kenya will not meet the Millennium Development Goals. In terms of setting targets for population growth, I am not aware that the Government has set itself targets for that. The most recent figures for population growth in Kenya suggest that the total fertility rate may have slightly risen for the first time in some years, but overall, the population growth rate in Kenya is generally rather below most of the countries in the region and, as far as I am aware, the Government has not targeted that as a key problem. What is a key problem, of course, is enabling people to have access to reproductive health services so that they can make their own choices about family size, how many children they have and when they have them, and also the impact that there is particularly on maternal mortality and so on. That is very much part of the Government of Kenya's focus and we support it, but in terms of a target for population growth rate, I am not aware that they have that.

Hilary Benn: That, of course, links back to the proportion of the budget which is being spent on health in comparison, for example, to education.

Q17 Mr Colman: The Economic Recovery Strategy envisages the creation of around 2.6 million jobs by 2007, with domestic investment the primary driver of employment growth. How realistic do you think this is, and how does the Country Assistance Plan help to bring this about?

Hilary Benn: It is an ambitious target which the Government has set itself. I think if one looks at how Kenya has performed, if one looks, for example, at the extent of its private sector development, in one sense one could say that it is in a stronger position than a number of other countries in Africa, so I think that provides a foundation on which the country can build, but it depends on a range of circumstances, and, referring back to Mr Davies's earlier question about tourism and the contribution that tourism makes to the industry, of course, there have been recent difficulties in the course of the last year which did impact upon the tourism industry, so events can come along which can knock you off course which you cannot anticipate at the time. In this case, the

Government did respond very effectively to the concerns that had been raised, and restoration of flights and so on and so forth, but it did have an impact upon the economy, and that is one example of events that can come along that can have an impact. As it so happens, there is an investment conference, which the Committee may well be aware of, that is scheduled and is taking place today, which is about trying to get the business community together. There are, however, some key measures which we assess to be important to the prospects of achieving the objectives that are set, and which you referred to, such as the passage of the privatisation bill and the promulgation of a new investment code, which are still outstanding. One of the things that we are seeking to do is to help the private sector to build what one might describe as a single voice for the purposes of having an internal dialogue with the Government, and we look to support the intensifying of that dialogue, in the terrible development jargon—more of it—and to see what the results of the investment conference are. But that is a step which the Government has been taking to try and follow up the aims that have been set for itself and for the future of the economy.

Mr Wyatt: The only thing I would add on that is you mentioned, Secretary of State, that it is a very challenging target. As you say, the foundation for the economy is very good, but there is a need for some fundamental reform, and I think the Government accepts that, and that is set out in the Economic Recovery Strategy, and it is important, obviously, not only to pass the legislation and the code that the Secretary of State mentioned, but also actually to get on with implementing some of those reforms, such as the privatisation agenda and reducing the costs to business in particular, which that should entail.

Q18 Mr Colman: Can I move us on to trade? The Kenyan Chamber of Commerce and Industry has called for DFID to support Kenya's National Export Strategy 2003–07. I think we all admire the work of Minister Kituyi in terms of getting the Doha Round back under way and the work of ambassadress Amina Mohammed at the WTO in Geneva, but what actually is DFID going to be doing to help the export strategy of Kenya, particularly on agricultural produce? Kenya has had problems in the past in getting its agricultural exports into Europe, for instance, and also dealing with this issue of Everything But Arms not applying to Kenya of course, where it does apply to all its neighbours. To what extent are you going to be helping? You mention it in E9 and you mention it again in C6, but you are a bit short on practical steps you are going to be taking.

Hilary Benn: Obviously, you see the two references set out there. We had been giving some support to the Ministry of Trade through the Africa Trade and Poverty Project. The real key to progress, as I think we all know, is what is going to happen in the World Trade talks, because I have to say, in my experience, a very large number of developing country ministers with whom I have had conversations about trade and trade policy have a pretty clear idea—indeed, a very clear idea in many cases—of what it is that they are looking for out of those World Trade negotiations in order to enable their economies to benefit. So we are giving some support in the form that I have described and the references to which you have referred in the Country Assistance Plan, but much more broadly—and this is something we have discussed in previous evidence sessions—it is the contribution that the UK and other countries can make to opening up the world trading system, and that is all about getting the World Trade talks back on track. So I think it is about approaching it from both ends, supporting the building of capacity and knowledge, and that is different for different countries, but at the same time, making progress to unlock the opportunities which a country like Kenya would very much like to have.

Q19 Mr Colman: But you recognise the problem that Everything But Arms at the moment does not apply to Kenya, which could cause major problems in export of its goods into Europe very shortly. To what extent are you addressing this problem, or is DFID going to be addressing this problem with the European Union to ensure that Kenyan exports are not having this impediment going forward?

Hilary Benn: The key to that is the trade talks and the development round. Everything But Arms is Everything But Arms, and that applies to the countries that it applies to.

Q20 Mr Colman: It is a European Union designation, not WTO.

Hilary Benn: Yes, that is true, but we need to focus our efforts in making progress in World Trade matters, and I would say the number one priority from which we should not deviate is continuing to put all our effort and energy, alongside others, into getting those World Trade talks restarted, because of the benefits that will flow to lots of countries, including Kenya, and that is what I would say unquestionably is the priority.

Q21 Mr Colman: But you do not recognise, perhaps, in your answer that Kenya is being ruled against on the fact that Uganda, Tanzania—I could list them all—all the countries in east and central Africa have trade preference over Kenya on its exports to Europe. Is this something which DFID would in fact see as a major area that needs attention?

Hilary Benn: I recognise that that is the fact of the matter currently, because of the decisions that have already been taken. My answer is simply that I think the route to progress, both for Kenya and other countries, is in making sure that the World Trade talks progress, because I think that is where we ought to put our energy and effort, and that, if we can have a breakthrough and get the trade talks back on track and get an agreement, is where we can see real progress which will benefit Kenya alongside others.

Mr Wyatt: The question about who is able to benefit from Everything But Arms is an ongoing discussion within the European community, and in terms of

Kenya, an awful lot is likely to depend upon what happens with its regional trading agreements. Of course, there has recently been agreement with the Eastern African Community on the common external tariffs and so on, so there is good progress there. There are, I think, reasonable prospects that Kenya will be able to benefit in the same way as some of the other countries in the region once they get their regional agreements in place.

Hilary Benn: They have made progress on that front and revived an idea that, as I recollect, was originally mooted a couple of decades ago, and have been able to make some real progress in recent months, and I think that is a good illustration of the benefit that countries can have from promoting regional trade and regional trading agreements at the same time as trying to make progress at an international level.

Q22 Chairman: Am I right in thinking the EU has just recognised their fisheries regimes? Is there some improvement on fisheries?

Hilary Benn: I do not know the answer to that but I can find out.

Q23 Mr Colman: I think it is correct that Ugandan fish products out of Lake Victoria are allowed in but Kenyan products from the same lake are not. The witnesses are nodding. Kenya has had many trade barriers against it which do not apply to neighbouring countries.

Hilary Benn: It depends on the classification of the fish.

Q24 Mr Colman: It is the same fish.

Hilary Benn: Yes, but to whom they are attributed. I would be happy to provide a note in answer to the question since I do not know the answer.

Q25 Mr Battle: In another context, I am quite encouraged by the Department's shift to budget support as opposed to simply projects. I am actually trying to encourage the Chancellor of the Exchequer and Home Departments to apply that same model in Britain, to give a little bit more as well, and support through local councils as a way of going forward rather than doing piecemeal projects. But the proviso that I would have for that is that you tie in that kind of work in the relationship of governments to a really clear and agreed poverty focus. I want to probe a little more the plan that you put forward, the Country Assistance Plan, and its relationship with the Economic Recovery Strategy. You mentioned FARM-Africa, but also CARE and Action Aid, and some of the other bodies and organisations that have looked at the Country Assistance Plan have said the problem is perhaps going to be that the Economic Recovery Strategy is not sufficiently poverty-focused, that in essence at best there is still, to use an old-fashioned terminology, a trickledown approach that wealth generation at the macro level will deliver the goods for eliminating poverty, and therefore there is not sufficient poverty focus on the issues such as equity, public service provision. How best can that be addressed, and how is the dialogue going with the Kenyan government, and are the kind of lines that I am suggesting the right way to go?

Hilary Benn: Very much. Since you started the question by a reference to budget support, why do we not feel that we are in the position to go down that road at the moment? Really, first, because we think that there has been insufficient progress in improving public financial management; secondly, because there has been insufficient progress in public sector reform; and thirdly, because it is not yet clear to what extent the budget will reflect expenditure which tackles poverty and improves social spending in the areas I think we would all accept are important, recognising the real progress that has been made in education, but the progress yet to be made in health. Yes, we do form a judgment on that basis. Certainly we support the ERS, but we also support the idea that it is a strategy which needs to be developed. In the same way that our CAP is developed in response to consultation and discussion and dialogue, we are certainly encouraging the Government to do the same thing, and in particular, for there to be a more explicit focus on poverty as it develops.

Q26 Mr Battle: You mentioned earlier a renewed emphasis on agriculture, and, if I could take that as a particular example to push this argument a little bit further, Imperial College published a paper in which it suggests that often politicians can review agriculture as a means of distributing patronage. In other words, that top-down approach might not deliver the anti-poverty strategies and the pro-poor growth that is needed. What role does DFID see for agriculture in being a pro-poor strategy rather than simply a macro strategy for economic growth?

Hilary Benn: I would say that I think it is about both. It ought to be about both given the significant number of people who rely on agriculture for their livelihood. People said that the plans that we had set out in the draft CAP for involvement in agricultural and rural development and tackling the problems of rural poverty had been insufficiently detailed in the CAP. Agriculture is in fact central to our work. We are developing new programmes, and in the revised document I think we will spell that out better, and that is one of the benefits of having had the comments that we have received in response to the consultation. From our point of view, we would say that the key issue in agriculture is one, more effective public spending, and two, the development jargon again, the enabling environment, the framework within which people are able to improve their livelihoods as part of agriculture, and therefore we will be looking at a range of mechanisms in taking forward our work, grant, challenge funds, to try and address the issues in agriculture.

Mr Wyatt: Two things perhaps. One is that since we did this draft, the Government has now launched its strategy for the revitalisation of agriculture, and we have also had some very positive discussions with the ministry and have offered to provide some flexible technical cooperation which they can draw down as they want to support the further development and implementation of that. In doing that, we will be wanting to focus very much on questions of ensuring that resources reach poor people and that mechanisms are put in place to ensure that goods are not subject to patronage. That is the first point. The other one is that we are also working with a number of non-governmental organisations on questions of agriculture. We have had a very successful programme with FARM-Africa in Meru, which has focused on improved goat breeding, and there are 30,000 people now benefiting from that programme, which is also sustainable. The lessons are being learned there, and although it is a project with a non-governmental organisation, there are very close links with government and the veterinary services and so on, so the lessons from that programme are able to be learned and hopefully replicated. So we are coming at it from two angles, if you like: first of all, with government at central level on its overall policy, but secondly, trying to ensure that our feet are on the ground by supporting specific initiatives which can then inform that policy.

Q27 Chairman: I have some very quick questions. Firstly, the United States seems to be committed to a lot of money for HIV/AIDS in Africa generally, Kenya in particular. Do you see that as an area where you say that the United States is putting so much money into this that it is one where we can back off and let them get on with it? What is your line on that?

Hilary Benn: No, that is not the view we take. We welcome very much the fact that the Americans have announced this additional funding, and indeed, Kenya is one of the five countries in which we are looking to develop a partnership with the Americans in the fight against HIV/AIDS following the visit that President Bush paid to the UK in November. No, we need more money in the international system, we need more effort, we need more co-ordination, and we are far from reaching the point where we can say, "Yes, there is enough money because the Americans or others are putting in and we can step back," and that, of course, is reflected in the fact that we have significantly increased the money that we spend as DFID bilaterally on tackling HIV/AIDS and supporting reproductive health, and according to UNAIDS, the UK is the second largest bilateral donor after the United States of America. So we welcome it, but we need more of it if we are going to address this absolutely fundamental challenge to development, not just in Kenya but right across sub-Saharan Africa and in other parts of the world where, if the epidemic gets out of control in the way we have seen in some sub-Saharan African countries, we have a really big problem on our hands as a world.

Q28 Chairman: We will come on to talk about governance and other issues in a second, but Kenya, by any token, has made considerable progress on governance in recent years. If the United States Millennium Challenge Account comes forward, one would assume that Kenya would be one of the countries that would benefit from the new MCA. I just wonder what sort of dialogue anyone had had with USAID, to what extent you think further funds from the United States are going to come for Kenya in addition to money for HIV/AIDS, and whether you have any indication as to where that money is going to go and how it is going to be used, and to what extent DFID can steer USAID as to how that money should be used.

Hilary Benn: The first thing is that obviously, the Millennium Challenge Account has been developing as both a process and a concept, and it is, of course, in the end for the Americans to determine, as is their right, how they wish to structure it, and how they are going to make an assessment of individual countries against the benchmarks which they set for entitlement for MCA support. What we need to do is to make sure that we understand the way in which they are doing that, and understand where the money is going to be made available, because obviously, we need to take that into account alongside contributions from other donors in looking at our programmes in particular countries, and in particular, promoting harmonisation and co-ordination so that we do not duplicate and we can work together as effectively as possible. But it is fundamentally a matter for them. I remember last Autumn attending a presentation which the Americans made in New York, I think around the time of the autumn session of the UN General Assembly. Their thinking was still developing, I must say, at that point, and obviously it has come on a bit since then, but they have to take those decisions, and we have to take account of them, and to understand where they are going to be deploying their resources and in what area.

Q29 Chairman: Do you have any idea when the cheques are going to start turning out? It seems to be taking a very long time.

Hilary Benn: I am afraid you are asking the wrong person.

Ms Townsend: I was just going to add that Jeffrey Sachs and a huge contingent from the UN Millennium Project arrived a few weeks ago, I suppose, for consultations with the Government and other stakeholders across sectors, and two or three of us attended meetings in our own sectors, which certainly included agriculture and education and health. I would like to support what the Secretary of State is saying about their thinking; it was mainly asking questions. There were a few speeches but not ones informed by the local situation in Kenya. It seemed to me that their interest was very broad. They had not focused yet. But we are talking.

Hilary Benn: The truth is we all have to wait and see.

Q30 Chairman: It does not sound as though much has changed since we were in Washington. It is a bit depressing really. Lastly, as we are focusing on the Kenyan Country Assistance Plan, Secretary of State, what in the various topics that we are covering would you see the Commission for Africa touching so far as a country like Kenya is concerned? How is the Commission's work going to relate to all this? Is the Commission's work going to be theme-led? How is that going to impact and engage on Kenya?

Hilary Benn: The decisions about the way in which the Commission is going to do its work will obviously be determined when the Commission holds its first meeting, which is planned to be in May, but we do envisage that there will be a number of themes that will be identified. Individual commissioners will be asked, perhaps in pairs, to lead on those particular areas of work. That is the first thing. The second thing is it seems to me a fundamental that we should draw on all of this experience, in essence about what works to enable progress to happen, what does not work, what we need to do more of, what changes we need to make in the environment in which countries develop, in order to maximise the chances of making progress towards the MDGs, to encourage opportunities for private investment, in particular given the fundamental importance of economic development to making progress for all the countries of Africa. I see this very much, first, as we have already made clear, being about keeping the focus on the importance of Africa and progress in Africa, for all the reasons that I think we share and understand, and second, to genuinely ask the questions about what is going well and which we can do more of and how can we support it, and what is not going so well and what new ideas we can draw upon. This is a really difficult balance, it seems to me, in the work of the Commission for Africa and more generally: on the one hand, if people look at the continent and have a perception that this is the part of the world where nothing works, this is an incomplete and an incorrect picture. That is unquestionably the case, because there are areas of success and progress that can be pointed to. On the other hand, given the scale of the challenges in many of the countries of sub-Saharan Africa, we also have to maintain a sense of urgency and determination that we need to do more, because so much hinges on the progress of this continent over the next generation if it is to avoid a repetition of the experience of the last generation, which is that it has actually got poorer, its share of world trade halved, all the things that we know and understand, and it is about getting that balance right. If you can demonstrate where progress is possible—for the sake of argument, we have talked about Kenya and the areas in which it has made progress—take a country like Mozambique, where they have doubled the number of children in primary school in the last five years; that is progress—then it seems to me that it will encourage people to say yes, if we can do more of the things that have enabled that to happen—peace and security and stability and having a plan and all of the elements—then we have a better chance of supporting Africa in many of the things that it is seeking to do itself, both as individual countries and through the AU and NEPAD, and it seems to me it is how we get that balance right, to provide political impetus and support, which is going to help the continent to progress in a way that it has not in the last generation. That is why it seems to me that it matters enormously. It has had a very broad welcome, and a lot of people are keen to contribute to the process, including, I am sure, and I hope, the Select Committee.

Chairman: We have made that clear.

Q31 Mr Colman: My question is about governance, and I certainly think that Kenya is going to be one of those success stories in the next ten years. Governance is going to be very important within that. You have a very good analysis in section B11 and B12 on corruption in Kenya, and I note you say in B11 that Kenyan citizens reported bribes being demanded or offered in two out of three encounters with public officials. We met John Githongo, the Anti-Corruption Tsar, when we were in Kenya and were very impressed by him. You seem to concur with that in your paragraph C3. Other than increasing civil servants' salaries, what can a government do to address the issue at the everyday level at which poor people encounter corruption and rent-seeking behaviour, and how can DFID support this?

Hilary Benn: I think the first thing is that there should be a very clear lead from government, which indicates that they intend that things should change and that the daily experience which you refer to, and which we touch on in the paragraphs here, should not be how people have to live and should not be the things that people have to do in order to access services or to get their rights or to be treated properly and decently. I think one cannot over-estimate the importance of strong political leadership in this area, combined with an effective mechanism for calling people to account who do engage in corrupt behaviour, because then people can see that things are beginning to change. I think that is fundamental to enabling progress to happen, because if people do not think that things are changing on the ground, particularly at the lower level that you have been talking about, Mr Colman, then you can have the policy and we indeed have a very high opinion of the work that the anti-corruption tsar is doing, but it is how people experience it on the ground, and that is about setting the standards and then calling people to account if they breach those standards, so that in time people can see that things are changing. But I would just say that fundamental to it is strong political leadership.

Mr Wyatt: In terms specifically of what DFID is doing, we are working with a number of organisations in government and outside government to try to help the Government to implement its policy of zero tolerance on corruption. A couple of examples, one from each: we are working with the Government and also with the World Bank and Swedish SIDA to put in place an integrated financial management information system which will reduce the opportunities for corruption and improve financial transparency within government spending. That is an example of supporting government. Equally, we are also supporting organisations outside government which are there to hold government to account and to draw attention to things that go wrong. A good example of that is the support we are giving for Transparency International, where we are providing core funding—it is quite an innovative thing for us to provide core funding to a Kenyan organisation, but we are doing that. We have had a long relationship with Transparency International—first while John Githongo, who you mentioned, was the chief executive and now under Gladwell Otieno—and are now providing core funding for their work. So on both sides, the demand for reduction in corruption and also helping government to ensure that it is able to respond to that demand.

Ms Townsend: May I just add that what we do in education is not only about getting children into school and improving their experience there. The combined effect of the Government abolishing the fees from parents for primary education, which used to be, I think, the third greatest expenditure for people after food and housing, the accountability mechanisms now in place together with the abolition of that type of payment, which was very much at the discretion of the head teacher, has changed people's interaction with that particular arm of government services enormously. There is a huge area of possible corruption and conflict between the user and the provider that has just been taken away. We need to follow that in other areas.

Q32 Mr Colman: A brief question on democratic accountability, parliamentary accountability. Bomas came to an end on the constitutional process. It has come out with its constitution, very much about having a prime minister, being accountable and elected from parliament. Do you see a role for DFID in terms of working within and encouraging a democratic process in Kenya? The political parties have long been on an ethnic basis rather than on ideologies or approaches. Do you think that DFID should in its Country Assistance Plan look to perhaps encouraging the emergence of new political parties, or is this a move too far? I think it probably is. Is there a comment you want to make about what has come out of Bomas?

Hilary Benn: I do not think it is the role of us as a development organisation to be explicitly encouraging the development of new political parties.

Q33 Mr Robathan: Hear, hear! You ought to be worried when we are the ones cheering you!

Hilary Benn: I am grateful for the verbal support from members of the Committee, but that is my view. I do not think that is our role, but it is our role to encourage a climate, and we do this in the way in which we support voluntary and community organisations, the programmes that Matthew has just been describing, in trying to support the tackling of corruption, where as I said right at the start, I think the new government has shown commitment and has demonstrated progress, because we know that all of these elements of openness and transparency and people being able to articulate the needs that they have and encouraging government to be able to respond to that are all essential parts of a healthy, functioning political process, and it is our job to support that, but not individual parties. As far as the constitutional process is concerned, of course, it is a bit stuck at the moment because of recent developments. Our very strong view is that the outcome of that constitutional process is unquestionably for Kenyans themselves to determine. I think everybody's concern would be that the process for doing that should be respected. That is a straight answer to a straight question.

Q34 Chairman: Perhaps I can just ask Matthew a quick question. When we were in Kenya we met a lot of parliamentarians. I just wondered on the process of the CAP civil society is engaged with, to what extent have Kenyan parliamentarians engaged in and responded to the CAP?

Hilary Benn: You told me earlier, Matthew, that some of them had come to one of your consultation meetings.

Mr Wyatt: We have sent the CAP to the heads of some of the parliamentary committees, so we have actually reached out with the draft to Members of Parliament. I am not aware that we have had written replies from them, but we did hold a public consultation in Nairobi last Thursday, where I presented the draft and we had about 150 people there, of whom four were Members of Parliament. So there has been some engagement with MPs there and at least one, I think, possibly two of them asked questions during that session and gave their views, so there has been contact with parliament on the CAP.

Q35 Mr Robathan: Can I take you back to the governance and corruption issue? You earlier made a comment that it is of absolutely fundamental importance to this issue—a proposition I agree with entirely, as do many of our correspondents, not least, indeed in terms of economic growth. The Nairobi Stock Exchange commented on the absolute importance of the rule of law for people to be dealing in the Nairobi Stock Exchange, and that they had to have redress in the courts, etc. The Kenyan National Chamber of Commerce and Industry made comments to the same effect. I also have something from the National Council of NGOs. You have mentioned the constitution—and it was in the newspapers either today or yesterday, as I recall—and the fact that people seem to be moving away from the process of a new constitution and, as you so rightly say, a constitution is a matter for the people of Kenya, but it is quite important, I suggest, that there is a constitution which all people in Kenya think is fair and correct, or as many as possible. In your CAP you in particular talk about the culture of patronage. If I might just quote to you from the National Council of NGOs[2]: "From where I sit, the culture of patronage (political, ethnic or otherwise) is alive and well in Kenya today. The only thing that has changed is the pronouncements against it and the hand that hands out the largesse." Later on: "From a DFID Kenya perspective, it would be good to nuance the existing optimism with the reality of

[2] See Ev 39

patronage." That is a comment. I know Rome was not built in a day and Kibaki has not been in power for very long, or the Government change did not take place that long ago, but when would DFID decide, if it came to it, that in fact the changes which you say are fundamental—and I agree with you entirely—for the rule of law, for an end to such overt corruption—not to go along with this? We are talking about direct budgetary support. When might DFID say, "We are sorry. This is not working"? What progress do you expect to see?

Hilary Benn: We are not talking about direct budgetary support currently. I explained in answer to an earlier question the lack of progress in areas which meant that we were not at the moment considering that, and I think that is the right approach in the context of the country at the moment. That is a very difficult question to answer, how long, because it goes to the heart of something that we think about a great deal, as does the Committee, which is what are the right expectations to have about rate of progress in countries where one is talking about quite fundamental changes? If we pause for a moment to reflect on our own history as a country, look at how long it has taken us, as I sometimes joke in stressing the importance of making progress. I say "We don't want you to take quite as long as we did," because we have done it all and made every mistake in the book and been through our own processes and experiences ourselves. Sometimes I sit and I think "Are we being over-ambitious and having excessive expectations about rate of progress?" and on the other hand sometimes one thinks, "Well, we know this is absolutely fundamental to dealing with some of the broader problems and therefore it is in everybody's interests that people should crack on as quickly as possible" and in the end it has to be a balance between the two. But I agree with you completely that it cannot be just a question of fine words being uttered, which is why, in answer to Mr Colman's earlier question, my view is what really matters is people's daily experience on the ground, because that is the best way of judging whether progress has been made or not. We are talking about Kenya today, but two weeks ago I was in Sierra Leone—and you, Mr Chairman, were also there—where corruption is a fundamental problem, and there have been two recent surveys in that country where the people have said "This is a big obstacle to progress, it is an obstacle to our perception that things have changed in our lives"—and there is great expectation in Sierra Leone because of the stability—and also it is an obstacle to the opportunities for private sector investment, because people have to come and decide whether they are going to connive with the culture of corruption or not. The fact that the Government has identified this as an issue, has started to talk about it, is a big step forward, and I think one needs to recognise that, but the proof is in what happens on the ground, whether things change or not, and our job is to support the Government in that commitment and the expectations that it has set out to enable that progress to be experienced by people in their ordinary lives. That does not answer your question as to how long, because I do not know what the answer is to how long, but that is the process I think that needs to be followed.

Q36 Mr Khabra: Rather than trying to address each and every development challenge that a country faces, it appears DFID's approach is to focus its efforts on those issues on which it has a comparative advantage. There are a few questions around this issue. How does DFID prioritise and allocate resources across various sectors? As regards Kenya, what areas does DFID have a comparative advantage in, and what are the comparative advantages of other key donors? Finally, which donor has a comparative advantage in agriculture, which is a major part of the economy?

Hilary Benn: That is a really big and fundamental question, which goes to the heart not just of this process but of the way in which we work in a number of countries, and I am sure Matthew will want to comment on some of the specifics. The honest answer is in part where we put our time and effort will have evolved out of what we have done in the past, and therefore, because we have done it in the past, we have developed knowledge and expertise, and therefore that is something that we seek to build upon. That is one route. Secondly, it is based on our analysis of what we think the circumstances of the country are, where we think we can best apply our assistance, and the ways in which we give support. One finds in a lot of programmes, including here, that providing support to capacity building on the one hand—and I think the malaria bed nets is a really good example, and I should correct myself because I think earlier I said that we felt we had already saved 40,000 lives; we are part-way through the first part of the programme, and when that is completed we assess that that will have saved 40,000 lives, and we are currently looking at ways in which we can extend the malaria bed net programme, in particular to bring the price down in the rural areas, where the sales of the bed nets are not going as well as they are in the urban areas, where people have a higher disposable income, because we are keen that we should spread the benefits as widely as possible. Thirdly, it is about trying to get this balance right between, on the one hand, not spreading ourselves too widely, and the questioning and encouragement from lots of people. They say "What about this, this and this? Thanks for what you are doing on these, but what about this?" and in the end we have to form a judgment about what is the right balance for the range of the programme, recognising that other people are going to do things and just because we are not working in a particular sector does not mean we do not think it is important; we do, but other people may be leading on it. In answering the earlier question about where we might scale back, having accepted that perhaps we have spread ourselves a bit too thinly, I gave the example—I am not sure whether it was before you had arrived, Mr Khabra—of procurement and civil service reform; the World Bank is doing work on that, and I think we can really leave it to them. That is the range of factors that we have to take into account, so it is a product of history and priorities. The last thing I would say, and it links back to an earlier answer I gave, in relation to the Millennium Development Goals, which are absolutely fundamental to everything that we do, and our PSA targets in particular, is that I have been emphasising the importance of asking ourselves, in deciding where to put our effort, how we are making progress against those different goals and, if that country is not making progress, whether we should be doing more, and that that therefore should be reflected in the CAP.

Mr Wyatt: I think that is a very comprehensive answer. I would only add that the one other factor that is very important in our dialogue with the Government is that they approach different donors for different things, and that also features in the discussion. If the Government is particularly keen that we should be involved in an area, obviously we give a lot of weight to that, and similarly, if they particularly want another one, then we give weight to that too.

Q37 Mr Khabra: How do you assess the comparative advantage and what it means?

Hilary Benn: In the context of Kenya, we might be able to give the Committee an example of where we think we have a particular comparative advantage or comparative expertise. I think the truth is that it is going to depend on the circumstances of the particular country and the history. If we have been working in an area and we have built up knowledge, I suppose that creates a comparative advantage.

Mr Wyatt: Perhaps one example might be in the education sector. For a long time we, perhaps with the World Bank, of the major donors were really the only two donors that were working to scale in the education sector. So historically, we have had a very deep involvement with that. We have been working on the books programme, which Felicity was talking about earlier. Now a number of other donors have come in and are supporting that, and we are thinking maybe books should not any longer be our priority and perhaps we should look at other things, and we are looking at school buildings and sanitation and so on. That is one example of where we felt we had a comparative advantage in one area and because circumstances have changed, perhaps it is beginning to shift, an example within a sector.

Q38 Mr Davies: A very quick question on comparative advantage: is it your feeling that *a priori*, we would have a comparative advantage in a country that was a member of the Commonwealth, or that *a priori* the French would have a comparative advantage in francophone or former French Union country? I have to tell you, there is a pattern there, which you can quite clearly see, in terms of flows of aid.

Hilary Benn: Unquestionably, because it is a product of our history.

Q39 Mr Davies: Exactly. Do you regard that as a comparative advantage?

Hilary Benn: I do not know what the answer is as to whether it is a comparative advantage.

Q40 Mr Davies: History and familiarity could be a comparative advantage.

Hilary Benn: That is a very good way of describing it. Yes, we do have familiarity with particular countries, and that is reflected in the pattern of programmes, particularly across Africa. But if I could give an example, not relating to Kenya, but if you take the Democratic Republic of Congo, where traditionally and historically we have not had a presence, but we are now a significant donor in the DRC, why have we done that? Because I formed a view, given the scale of the nightmare that the people of the DRC have experienced, the enormous loss of life, the huge challenge which the new transitional government in that country now faces, not to rebuild a state but to establish a state for the first time; not to restore people's faith in the Government, but, as President Kabila said to me in December, to persuade people that there might actually be something called government which has something to do with improving the lives of the people of the DRC, and in those circumstances, we have taken a decision, notwithstanding the lack of direct historical connection, that we should be in there supporting the peace process with increased aid in return for progress on that peace process, and addressing the challenge that the country faces in the future.

Q41 Mr Davies: All that is splendid, but it has nothing to do with comparative advantage. It has to do with the perceived priority of the particular emergency that presents itself. Comparative advantage is a concept which is entirely linked to the supply side in the development equation, the question of why we should do it rather than somebody else. I think I have a clear answer that familiarity and historical connection is considered, *a priori*, other things being equal, as a comparative advantage.

Hilary Benn: Yes.

Q42 Chairman: Comparative advantage also involves trust, trust in institutions, trust in UK government, trust in our institutions. Without being mischievous, I would hope that history would judge our relationship with Kenya rather better than Belgium's relationship with the Congo. Secretary of State, you have been very generous with your time.

Hilary Benn: I hope it has been helpful.

Q43 Chairman: I think it has been. We tend as a Committee to look at themes. Most of our inquiries are into climate change, migration, those kinds of things, so it is not often that we actually focus on an individual country. Even though it has been brief, I think it has actually been quite helpful, and I think it has been quite helpful because it is actually fresh in our minds and helps us with some of these concepts. If time had permitted, I would have also been mischievous: when we were in Nairobi, we came across a group that I thought were on to a really good number, and these were the so-called Somali warlords, who either you or someone put up at the Safari Lodge Hotel. I think they were on their 24th round of peace talks. This seemed to me a really good number! Perhaps some other time we could ask you about that. You have been very kind in responding to a debate on Somaliland, but I think at some stage, perhaps we could have a discussion about those bits of Africa which are still problems, like Sudan, Somalia, Congo, failing states, maybe in the context of the discussions on the Commission for Africa, because that is quite important.

Hilary Benn: Can I just say, Mr Chairman, it has been a pleasure, not least, having come back at six o'clock this morning from two days in Iraq, to have the opportunity to turn my attention to other matters. I have certainly found the questioning and the conversation helpful, and I hope you have too.

Written evidence

Memorandum submitted by ABANTU for Development

(*Submission to DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07*)

This will be a brief comment on DFID's Kenya CAP consultation.

We agree with DFID's reading of Kenya's current situation.

- Kenya has the potential to be the regional engine of economic growth and prosperity.
- The challenges Kenya faces as enumerated by DFID's consultation paper.
- Despite all the problems and challenges this country faces, Kenya still has the potential to make rapid progress in reducing poverty both at home and in the East African region.

We will comment on the following:

1. Policy Formulation:

Participation by all members of society is very important during policy formulation. ABANTU believes that strategies for poverty alleviation in Kenya will only be successful if people who live in poverty are involved at all levels of policy formulation policies and initiatives. The people themselves must take ownership of the process so that it can be effective.

The 2002 elections proved that Kenyans could be agents of change by electing the NARC coalition. With appropriate capacity-building and information, the government of Kenya, civil society organisations and DFID can find creative ways to include solutions from all members of society.

Since 1999, the UK government has had several programmes to ensure that local community needs and concerns are given the importance they deserve. The government states in the Neighbourhood Regeneration: "local people know best what the priorities of their own neighbourhood are. It is essential that they have the opportunity and the tools to get involved in whatever way they want." Furthermore, the government has set aside funds to support communities so that they can be better equipped to have a say in how they are governed. This example shows that the same model can be adopted in Kenya so that all Kenyans can have a say in how their government is ran and how policies affecting their lives are created.

2. Corruption

While corruption is rife in Kenya, it is important to note that this is not just a Kenyan or African phenomenon. Corruption cuts thorough all societies in the world and in all sorts of working environments.

The government of Kenya appears to be working hard to fight corruption through several measures it has initiated, including salary increases for lawmakers and implementers and policy makers. In addition, some essential work is being done through specially set-up commissions to address corruption, for instance illegally grabbed land. It has been heartening to see several individuals who in previous years were deemed above the law being charged with corruption.

While these measures are commendable, corruption in Kenya will only cease when poverty levels are reduced and people stop augmenting their small pay packages through taking bribes.

Again, only through awareness raising by the government and civil society organisations will the people understand how corruption affects their lives and how they can counter it. DFID could also help eradicate corruption in Kenya by encouraging those outside of Kenya from using corrupt methods to gain unfair advantage (corporate handshakes).

3. Gender

We are concerned that DFID did not highlight the role that women play in society, especially in poverty eradication. DFID mentions gender equality only as part of the MDGs (the provision of education for girls).

We would like to believe that the DFID team working in Kenya has seen how women contribute both to the country's economic and policy development. Kenyan women have been in the forefront, fighting for the end of repressive laws and constitutional reforms, as well as fighting corruption. Kenyan women have also been heavily involved in the campaigning for the HIV/AIDS awareness, and bringing sensitive issues like domestic violence to the nation's attention.

We would like to believe that DFID has developed a culture of gender sensitivity and is aware that gender inequality is a structural impediment to eliminating poverty. According to UNDP, 70% of the 1.3 billion people living in poverty are women. Gender insensitive polices and programmes have led to the "feminisation of poverty". Women make up the majority of rural agricultural economies in Kenya, which are smallholder subsistence and cash crop farmers. Women are the unofficial nurses in the family, taking care of those who fall sick.

We would like to see DFID provide more support for women in Kenya either through the government or through civil society organisations that work with or for women. We believe that it is only until women are empowered to engage with the economic structures of the country will poverty be alleviated.

4. The HIV/AIDS Pandemic

ABANTU for Development believes that HIV/AIDS is a developmental and poverty issue, not a health one. We believe that DFID should support a multi-dimensional framework addressing the pandemic as a developmental and poverty problem. As with all programmes, HIV/AIDS programmes must be formulated with the Kenyan people in mind. Programmes should involve faith groups, traditional and customary leaders and Kenyan CSOs, taking into account the cultural norms of different Kenyans groups, customary and traditional roles. Capacity building for these different groups will be very useful and important because they are the people who essentially work with the people affected by HIV/AIDS.

The gender dimension of this pandemic should be addressed. More women than men are affected and infected by HIV and as mentioned earlier, women often bear the burden of caring for family members.

We also believe that Kenyan people will themselves provide creative and culturally appropriate ways of raising awareness within their own communities.

5. Civil Society Organisations

DFID has made little mention of working with international and local CSOs in Kenya. The fact that there is a new government does not mean DFID need not work with CSOs. Many CSOs work at grassroots level, and are powerful agents for social change, for most marginalised in society, particularly for those who would otherwise be inaccessible to government and statutory agencies. These organisations meet a need where mainstream services are non-existent. Again the UK is a good example of CSOs working in partnership with government and funders; the government is a world leader in good governance, there is little poverty and few instances of human rights abuses, yet there are well over 100,000 CSOs ranging from local neighborhood community organisations to large international organisations. These complement and supplement the government's work. UK government departments have carried out several consultations in the past years and have been vocal in their support and understanding of the standing of CSOs.

We believe that DFID would be more effective if local and international CSOs are included in the plan for Kenya. A lot of them work in places where both the government of Kenya and DFID cannot be due to political or logistic reasons. CSOs will also ensure that DFID have a multi-dimensional approach in all its work. On the whole, CSOs do not work from a political agenda thus they are quite impartial in the services they provide.

6. Trade

Trade is Kenya's lifeline. One of the more positive ways that DFID would work with Kenya is to work towards ensuring that trade and development are on the UK's and EU's agenda. Ensuring all the blocks towards trade and export for Kenya (and indeed all developing countries) is eliminated would support the country's development, for instance, the unfair subsidies, CAPs and tariffs.

February 2004

Memorandum submitted by ActionAid Kenya

(*Submission to DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07*)

1. Focus of the CAP

The Strategy has a strong poverty focus with clear strategic objectives that address poverty reduction; service provision, pro-poor economic growth, and HIV/AIDS. This is because it is predicated on an attempt to empower citizens to hold the Government accountable as well as empower the Government to respond to new demands through capacity building. In particular, its focus on public expenditure management, revenue, the macro economic framework, public sector reforms and public safety, law and order are impressive.

The plan is also pro-partnership especially with mainstream government and makes an attempt to link Kenya's development achievements to the MDGs.

2. Context Assessment

Globalisation

Documentation of the country's challenges is accurate. However, it fails to place Kenya's development in a global context and how this has and will continue to impact on economic growth and poverty.

Civil society partnership

DFID's strategic objective 1 and 2 address the need to work with civil society to increase government accountability. Logically, this should have been secured by providing strong support CSOs to create such demand while simultaneously strengthening government institutions on its response to this demand. The latter component of government response is well articulated. However, the civil society component is weak. There is no indication even in the Impact Monitoring matrix that there will be a balanced portfolio of activities which support the demand for change as intended.

Additionally, many observers have verified that governments respond primarily to domestic political pressures. The case for stronger civil society support would is based on this premise. Given DFID's impressive work with civil society in the past, one would expect that DFID would continue to provide a vanguard role to the civil society in the process of governance and accountability. This would require more rather than less or invariable support to civil society actors.

The constitutional review process

DFID forecasts that a New Constitution will be finalised by mid 2004 with appropriate checks and balances on executive power. However, there is no recognition that this significant process is bound to significantly affect not just the DFID Plan but economic and political development in general. The completion of the new constitution will present Kenya with major challenges that require to be factored into the country strategy. This omission makes the strategy look rather isolated from mainstream political processes that will directly affect country performance.

The manufacturing sector, access to markets and services

In attempting to focus on pro-poor sustainable economic growth, DFID may be interested in getting into a little detail in the manufacturing sector in its sector analysis. It could examine how predominantly poor people-led SMEs can link with large scale enterprises for poverty reduction. The sole focus on establishing partnerships to drive development of appropriate technical and vocational training or even the education sector strategic plan appears to be limiting.

3. Gender

DFID has put a major focus on "gender inequity" in its contextual assessment. In the Assistance Plan however, the gender focus has been lost by a series of apparently gender neutral interventions that are unlikely to address the original intentions of DFID. The focus should be re-amplified in the sector interventions as well as the economic growth agenda. More so, gender based indicators need to form part and parcel of the impact monitoring indicators including the DFID Africa Director's Delivery Plan.

4. ERS and the Poverty Focus

The poverty focus of the ERS is very weak. This is as a result of the process and design of the ERS. In the implementation of the ERS, DFID forecasts the development of pro-poor strategies in two key sectors and the increased use of data on poverty and inequality. These are grossly insufficient given the poverty gap in the ERS. In fact, in the long term, the distributional impact of ERS-led policies could significantly leave out poor people if they are not deliberately linked to markets and public services. The DFID CAP therefore should be clearer and more specific on its intervention to address these weaknesses of the ERS. Thematically, DFID should as also consider greater emphasis on core poverty areas such as Arid and Semi Arid Lands and education among pastoralists.

5. Monitoring and Evaluation

DFID has a strong focus on building internal M&E capacities for the Government especially the Ministry of Finance and Planning. The approach appears to ignore some principles that could inform the process to guide it to a pro-poor orientation. Such principles may include outcome orientation, pro-poor focus, devolution and inclusivity among others. If this were to be the case, it would be clearer to notice the role of both State and Non State Actors in the process.

6. HIV/AIDS

DFID intends to support a government led multi-sectoral Response to HIV/AIDS. The activities that DFID will be supporting such as prevention strategies, ARVs, social marketing of condoms, community level capacity building and care are traditionally areas where government has a very weak capacity to take a lead role. Because there exist no direct linkages between mainstream ministry ACUs and the communities intended to benefit from these initiatives, the capacity of government to deliver on fighting the scourge may be limited. DFID may need to factor in some of these concerns in its strategy and consider greater use of CSOs such as faith based organisations, specialised HIV/AIDS agencies and community based institutions.

In the entire plan, DFID does not mention both the role and significance of the participation of People Living with HIV/AIDS in the activities. Irrespective of DFID's work strategy, PLWAs are a critical entry point to address multiple issues including stigma, advocacy, care and support programmes.

February 2004

Memorandum submitted by CARE Kenya

(*Submission to DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07*)

Thank you for the opportunity to comment on the CAP. First, some general observations:

- The document is well written, clear and fairly concise.
- The document lays out the problems and context well, and bridges those with strategy in a coherent and logical way.
- The objectives read well as intent statements but in our view the related sub-strategies lack sufficient specificity in a number of areas. Language such as "support", "engage", and "support enabling environment" is used often leaving it to the reader to speculate how this strategy will be put into action.
- There were no indicative resource amounts set against each objective so it is difficult to comment as to whether we think resources are allocated to objectives in the right proportions.
- We believe that in the "risk to poverty reduction", the probability of "government coalition disintegrating" should be moved from low to medium; the impact of "lack of progress on trade" moved from low to medium; and the "government lacks human and systemic capacity (perhaps more specifically, the lack of will of the public service) to implement the ERS" should be moved from medium to high in both probability and impact, especially since the turnaround strategy for Kenya is the ERS.

With the foregoing in mind, we would like to comment as follows:

1. DFID have identified causes for Kenya's decline and correctly identified the main cause as poor governance, the illegitimate use of power by a few and lack of accountability, particularly of public institutions and processes. The paper provides a good description of the situation in various sectors and goes on to link that to the proposed strategy, the core of which is support to the Economic Recovery Strategy.

2. CARE agrees with the analysis and the proposed strategy but we question the strategy to the extent that it appears to concentrate DFID efforts on supporting the improvement if not transformation of a range of governmental institutions as the key drivers of economic recovery, rather than the private and non-state sectors. DFID's view is probably based on the assumption that broad-based, multi-sectoral change must be lead by government, however, we question the likelihood that government—notwithstanding the unprecedented political changes that occurred in December 2002—is willing or capable of driving, and following through on change; in effect of reforming itself. While our conclusion may be wrong, the strategy appears to be putting too many or most of the eggs in the public sector basket whereas we believe more support needs to be given to civil society organisations and the private sector, the latter of which is going to be where the bulk of investment is made and wealth is created, as is the case throughout the world.

3. It is widely held that poverty is not going to decline in Kenya without sustained economic growth. In fact, the GoK acknowledges this (point C.2) and further states that economic recovery will come primarily from improvements in the productive sectors of the economy. It is our view that government's role needs to be unambiguously that of facilitating local and foreign private sector investment into these sectors, and at the same time of active disengagement from actually trying to perform functions in these sectors whether through parastatals or government ministries, for example in the case of agriculture extension to smallholder farmers.[1] DFID has an important role to play in actively encouraging government with aid incentives or disincentives, to move in that direction. Transformation will not happen automatically; in fact, it is likely that various levels of government will resist these essential changes.

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[1] The notion of turning around parastatals before privatising is counter to good business experience in Kenya and elsewhere. The process and outcomes from the privatisation of Kenya Airways should be a model for other parastatals.

4. While economic growth is essential to poverty reduction it is also widely held that on its own growth is not enough. The ERS should not be the sole underpinning driver of DFID's engagement—but it should continue to significantly inform the process. Until its poverty focus is strengthened, and until it can look beyond the mere generation of macro-income and address issues of equity and public services, it would be unwise to make the ERS the sole or primary driver of decision-making on policy and budget allocations. We believe there is significant scope to develop models or frameworks to better manage public sector operations (and we comment further on that below) and that DFID can and should take the lead in making that happen.

5. The CAP strategy, which features government at the centre of economic transformation around the productive sectors of agriculture, manufacturing, trade and industry, and tourism needs to consider the following impeding or resisting factors, and incorporate sub-strategies to deal with them:

— Limited resources available for investment: government spending accounts for between 30%–40% of GDP, and most of this is wages and debt financing[2] (C.10); so government does not have much money for productive investment. Kenya needs to unlock the resources of the non-state sectors for investment.

— Capacity to absorb new donor investment: late last year, the donors made commitments of approximately $4 billion, but can that level of resources be absorbed well? Government disbursement of past credits has been consistently under-target and not necessarily used productively.

— Need for public service reform: what will be the efficiency and effectiveness of new investment if it is channeled through existing systems and structures, which not only need improvement but urgently require comprehensive reform? As mentioned above we believe government should move away from implementation of functions and focus on regulation of sectors and facilitation of service provision by non-state players. The draft plan does acknowledge this in point C8.

— The effect of investment without reform: E16 describes DFID's intention to invest resources in government. While this is important, we believe that large investments made in the absence of civil service reform will be wasted. Mention is made in the CAP of a new public sector salary structure (presumably increasing salaries), and reducing the wage bill to 8.5% of GDP. These two things can happen only in the context of major civil service reform.

6. With respect to the objectives of the CAP, we have the following comments:

To strengthen accountability and poor Kenyans' access to high-quality services

— We concur with the choices of sectors—education, health (especially HIV/AIDS), and agriculture.[3]

— We agree with point E6 that role clarity is critical, but ask what does this mean in practical terms? The poor badly need access to quality services in all sectors, whereas existing services are inadequate, therefore what is DFID proposing exactly?

— At the risk of being too specific or perhaps self-serving, we encourage DFID to support efforts of CARE who have been working with the CDC, PSI and Ministry of Water in expanding the availability of the Safe Water System (SWS) to poor Kenyans. The SWS is a water purification technology that combines chlorination, safe storage, social marketing and education to make existing water sources safe, and has proven to be very effective in reducing prevalence of diarrhoea in Kenya and several countries in Africa, at very low cost. The SWS is one technology with the potential to reach large numbers of the poor, through existing wholesale and retail networks at very low cost per person reached.

To promote sustainable economic growth which benefits poor people

— We strongly endorse this objective. The poor do not need handouts or even subsidies, they need opportunities to access markets at a fair price—markets for services, production-enhancing inputs, capital, markets for their produce, etc. At the moment the poor do not have access to most markets for various reasons including: perceived risk in dealing with the poor by private sector lenders and services providers; or high transaction costs; or institutional policy barriers such as requirements for collateral; to name just a few constraints. We believe many of the existing services markets, inputs/outputs markets and capital markets are at best imperfect and in many cases dysfunctional since the majority of the population cannot access them.

[2] DFID might wish to consider unilateral measures to reduce the debt servicing to the UK in order to free up internal investment capital.

[3] CARE Kenya's mission is put into action around four focus sectors: commercialisation of smallholder agriculture, coping with HIV and AIDS, civil society organisation strengthening, and disaster response and mitigation.

Leaving the poor to cope on their own with hostile markets, or to expect existing market players to expand outreach or develop innovative pro-poor products and services on their own is not going to achieve economic growth that benefits poor people. The private sector needs to see the business case for making new investment. DFID and others such as CARE have a role to play in demonstrating to markets that the poor are good investments and in fact represent huge untapped markets and future market share. DFID's CAP therefore should strive to work with non-state players including CARE[4] and the private sector especially in the agriculture sector to encourage the development of commercially-viable, replicable and scalable business models that enable the poor to access markets and which create sustainable income streams. In other words, take the lead in showing that markets can work for the poor and not exclude them. This will require setting aside resources for innovative pilot activities, and to share risk with the private sector and NGOs (for example in the form of loan guarantees or risk sharing).

Multi-sectoral response to HIV/AIDS

— We strongly endorse this objective. The effect of AIDS is arguably one of the biggest impediments to development and poverty reduction in Kenya. However, if DFID is going to invest resources aimed at making NACC and NASCOP relevant to AIDS-affected Kenyans and CSOs fighting AIDS, then it must hold NACC and NASCOP accountable to perform competently, cost-effectively and with a sense of urgency in line with the scale and impact of the pandemic. Civil society organisations and affected Kenyans are in general disappointed with the performance of NACC and NASCOP.

— DFID should work with non-state players to develop working and replicable models that can be scaled up regionally or nationally that put into action (as is stated in point C11) a "genuinely multi-sectoral strategy that comprehensively addresses prevention, care and mitigation and which looks beyond the health sector to include all aspects of social and economic life". This is what will win the fight against AIDS, but we are a long way from seeing this sort of holistic approach functioning in practice.[5] Consortiums with significant outreach such as HACI or KANCO should be supported.

Brief Comments on Part III—Annual Plan

— Under reducing vulnerability and risk, CARE would like the opportunity to compete (in addition to Oxfam) for resources under the CAP that will support institution building in pastoral areas, and advocacy. We have been working in the ASALs for over a decade and have extensive experience in capacity building of Water User Associations around water resources and livestock production, as well as conflict management among pastoral groups. This work has been supported in the past by DFID.

— Under response to HIV/AIDS—we agree the CAP should work towards donor harmonisation in the AIDS sector by not only working to improve the Global Fund mechanism but also bearing in mind consortiums and funding mechanisms already in place, including: the Hope for African Children Initiative (HACI) which, through consortium members, has national outreach; the PEPFAR; and the USAID-funded CORE and ACQUIRE projects.

February 2004

Letter from The Centre (The Collaborative Centre for Gender and Development) to the Head of DFID Kenya, as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07

Thank you for giving us an opportunity to give our input into the DFID Kenya Country Assistance Plan, 2004–07. We have looked at the draft and have a few comments to make particularly those regarding gender mainstreaming in the poverty reduction programmes in Kenya. We hope the attached comments will inform DFID's Kenya Country Plan 2004–07 in the promotion of sustainable economic growth.

[4] CARE's REAP project—Rural Enterprises for Agribusiness Promotion—is one way in which we are helping subsistence farmers move to commercialised agriculture and access export markets. REAP is a business model executed in conjunction with two large fresh produce exporters, that enables poor farmers to access and pay for an integrated bundle of business services necessary in order to produce Asian vegetables at a quantity, quality and consistency to meet forward contracts with Kenyan exporters and UK buyers. This farmer-CARE-exporter relationship is currently providing over 20MT of fresh vegetables per week for export.

[5] In Siaya district, CARE is working with government, communities and the CDC to integrate a PMTCT service into the existing health delivery system in eight facilities. The initiative is about improving supply of services provided by institutions and increasing demand for those services by communities. We plan to expand that activity to up to 30 facilities—governmental, faith-based, and community-run facilities. CARE will deliberately integrate this initiative with two others: a savings-based micro-finance programme and a smallholder agriculture programme, in an effort to build a working model of a "genuinely multi-sectoral strategy" that people affected by AIDS badly need.

1. Part I: Context

A: *Summary*

A1. Under the key social indicators that have negatively affected development in Kenya a fifth bullet should be added to address the impact of HIV/AIDS on national development.

A3. The social-cultural factor of Kenyans being industrious and positive change oriented should be factored into this paragraph of abling factors to poverty reduction.

B: *The challenge*

B1. The issue of gender and poverty should come out clearly as it is impractical to address poverty reduction without taking into consideration gender perspective. This is because gender is one of the factors contributing to widespread poverty, with women constituting the largest single category of those living below the national poverty line in Kenya.

B3. Again the issue of gender in education should come out clear since completion rates differ between girls and boys in addition to the regional variation.

B4. The issue of gender and HIV/AIDS is completely silent though according to reality HIV/AIDS affects men and women differently in relation to:

(i) infection due to their biology and social-cultural roles;

(ii) as care takers for the infected and affected resulting into reduction of the time they commit to productive works; and

(iii) no acknowledgement or remuneration for these care services in the national budget.

B5. What is the impact of lack of access to safe water on women's time use in terms of reproductive and productive work?

B7. This article addresses some of the issues on gender and HIV/AIDS raised in B4 above.

B8. How has social exclusion of the majority of Kenyan citizenry, in addition to the other factors mentioned in this article, affected the decline in Kenya's economic performance?

B10. Agriculture remains one of the key sectors contributing to the GDP and employs 60% of total employment. The fact that women constitute the majority of those who provide labour force in this sector should be stated. Secondly, what is the impact of the fact that the majority of those women working in the farms only have access and no ownership or control of the land?

C: *The Government's response*

(i) Strengthening the poverty focus of the ERS

Between articles C5 and C9 the failure of the government to take gender into consideration in the planning and programming for poverty reduction programmes as well as in actual resource allocation should be considered as a risk in achieving the ERS goals.

Similarly, gender inequality in Kenya should be seen as one of the risks to poverty reduction in Kenya and should therefore be one of the factors included, in the table below article 12, as a high impact risk unless it is addressed.

Part II—UK Assistance Plans

E: *UK development partnership*

If gender is a key factor in poverty reduction, as illustrated in the foregoing comments, then it would be important for DFID to factor it in its key objectives in promoting sustainable economic growth in Kenya. Thus, the need to allocate resources to gender mainstreaming in its (DFID) poverty reduction programmes in Kenya.

Part III—Annual Plan

G: *Monitoring the impact of DFID activities*

The issue of gender mainstreaming and women's empowerment should be captured under the Objective on "Promote Sustainable Economic Growth that Benefits poor people" as one of the annual change forecast and appropriate DFID supporting activities identified in the relevant column.

NB: Annex 1 spells out the Millennium Development Goals of which the issue of gender is a key concept. Thus, the need for DFID to factor it in its programmes aimed at poverty reduction in Kenya.

February 2004

Memorandum submitted by the Consumer Information Network of Kenya

Introduction

The Consumer Information Network (CIN) is a national not-for-profit consumers' organisation founded and registered in Kenya in 1994 with a mission of empowering consumers. CIN's main objective is to protect consumer rights and promote consumers' responsibility. CIN is a full member of Consumers International (CI), the world federation of consumers' organisation, registered in the United Kingdom.

Why the Concern?

CIN is concerned that the DFID's draft country assistance plan for Kenya for the period 2004–07 as published in the website http://62.190.2.12/Pubs/files/cap_kenya_draft.pdf makes very little reference to civil society organisations and does not make any reference to consumers at all. We are concerned because this document will be key to the activities of DFID in Kenya and with the recognition that DFID is one of the major development partners in Kenya. The activities of DFID in Kenya have a significant effect on the development objectives of the country.

Issues

We herewith offer the following responses to your questions as presented in document PN10a.2003–04 dated 4 February 2004.

Kenya has a high potential for achieving the MDGs because of the following:

- the recent opening of democracy space;
- overall goodwill from development partners that the country enjoys; and
- renewed hope and enthusiasm on the people of Kenya by the new administration.

The achieving of the MDGs will however mainly also depend on how the challenges highlighted below are addressed/managed and the outcome of the ongoing constitutional (bomas) talks.

The main challenges that Kenya faces in meeting the MDGs include the following:

- political bickering, terrorism threats;
- poverty, high social inequalities;
- incoherent and mainly supply side biased policies;
- external pressures, mainly from globalisation agents and bilateral partners;
- lack of effective civil society engagement, particularly those working on issues of the poor and the vulnerable members of the society;
- debt burden; and
- disease burden, mainly HIV/AIDS.

The Draft DFID Country Plan does not identify accurately the challenges facing Kenya if it fails to include the demand (consumer) side in its plan of action. Most of the policy changes currently being implemented by the Kenya Government with the support of bilateral and multilateral agencies/partners have far reaching implications for the consumers. Policies such as privatisation/private sector participation in utilities service provision imply a major deviation from what the Kenyan public are conventionally used to and hence require their effective engagement in decision making, implementation, monitoring and evaluation alongside education and awareness campaigns. This is pertinent if the plans are to be successful.

February 2004

Memorandum submitted by Development Through Media

(*Submission to DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07*)

As Kenya steps into the year 2004, the new government's commitment to the fight against corruption, the introduction of free primary education among other measures of reform, continue to fuel optimism about improvements in the well being of the citizenry.

Development through Media (DTM) concurs with both the Government of Kenya (GoK) and the DFID that indeed the key challenges facing the country are economic recovery, the eradication of poverty and inequity, the involvement of the citizenry in decision-making, and the HIV/AIDS pandemic.

The DFID-Kenya Country Assistance Plan 2004–07 is commendable, first, on its commitment to working with the GoK through supporting the Economic Recovery Strategy (ERS) for employment and wealth creation; and second, in its commitment to supporting the efforts of the civil society in strengthening the citizen's ability to call the GoK to account for its actions.

DTM would like to make several comments on several issues in the Country Plan in the areas of:

(i) empowerment;

(ii) equitable redistribution of the benefits of development; and

(iii) the international context of the GoK Economic Recovery Strategy.

Empowerment

That the country has come up with a sound ERS is without question. The ERS, coming in the context of promises made to the citizenry by the NARC government, holds promise for the improvement in the welfare of the common person.

Promised reforms such as that made by the government to fight graft, may be sustained through trusting in the goodwill of the governing elite. Yet examples from countries that went through the same experience as Kenya show that this approach rarely works. The reform process by its very nature threatens the vested interests of the elite and as such they are bound to pay only lip service to the promises they make.

The way around the problem therefore remains to empower the citizenry to hold the governing elite to task over the promises made. It is only when the common person is aware of their right to exercise life's opportunities that they can demand that the government deliver on its promises.

In the context of the DFID-Kenya Country Plan, the relevance of sustained empowerment efforts targeting to enable the poor and disadvantaged groups to demand an equitable distribution of the benefits of economic growth cannot be gainsaid.

Equitable Redistribution of the Benefits of Development

It is indeed true that Kenya suffers a regional disparity in terms of poverty and gender inequalities. This situation seems to have arisen, as the DFID-Country Plan so rightly analyses it, as a result of Kenya's deep-rooted culture of political and economic patronage. Socio-economic development in Kenya was previously determined by the carrot and stick principle whereby a region that was seen as pro-establishment was rewarded generously, whereas those regions seen to be anti-establishment were punished by being denied a share in the national cake.

The NARC government is currently implementing reforms that will hopefully lead to an equitable redistribution of the society's resources towards the poor and disadvantaged. These will include employment creation, land reform, construction of affordable housing units in the urban centres, free education and provision of affordable health services.

Yet despite these positive indications, the challenge remains to put in place measures that will ensure that when economic recovery is attained, that accruing benefits will be shared out equally between all the groups in Kenya.

The International Context of the GoK Economic Recovery Strategy

The challenge of economic recovery facing Kenya must be addressed in relation to factors pertaining to the international operating environment. It is a fact that for Kenya to lift herself out of its socio-economic decline, it must either cut down on government expenditure or increase its foreign exchange reserves. The government is currently bracing itself to rationalising the public service, through sacking approximately 23,000 civil servants. The challenge of increasing the country's foreign exchange reserves is however a little tricky as shown in the subsequent paragraphs.

Agriculture, the country's major foreign exchange earner, is besieged by a highly competitive and unpredictable world market. First, the prices of coffee and tea are dictated by the whims of players in the international market, often to the detriment of the local farmers.

Second, the farmers have to contend with unfair practices from international trade partners, such as dumping, use of subsidies by competitors, tariff barriers and World Trade Organisation (WTO) rules.

Third, despite such an unfair trade environment, the country is arm twisted by the IMF and the World Bank to comply with these rules as conditionalities to receiving aid. In late 2003, one of the conditions put up by the lending institutions was that the government had to open up the country for maize and sugar imports, before resumption of lending.

Tourism, Kenya's other foreign exchange earner, has been equally embattled by factors in the global operating environment. The threat of terrorism and the travel bans slapped on Kenya by the USA and the UK have further crippled tourism and related industries such as the audio-visual media sector. Further the audio-visual media industry, an important vehicle for information and cultural exchange, continues to get little or no support from both the government and development partners. Despite the fact that the sector has been appreciated as a key facet of development, development partners are yet to include the sector in their priority funding areas.

It is a fact that Kenya spends more than half of its GDP on repaying foreign and domestic debt. The burden of foreign debt therefore continues to put hurdles on efforts targeted at lifting the country out of poverty.

The price the country pays for these international forces is predictably borne by the poor and disadvantaged. The DFID, through the Kenya Country Assistance Plan is well positioned to facilitate the readdressing of these issues through convening a forum to discuss the way around these issues.

February 2004

Memorandum submitted by FARM-Africa

1. Realistically, Kenya's prospects for meeting the Millennium Development Goals (MDGs) are non-existent. FARM-Africa's work relates closely to Goal 1: "to eradicate extreme poverty and hunger"; sadly, the number of people going hungry and living in absolute poverty in Kenya has been steadily rising since the declaration of the MDGs. Progress on goal one is possible but it would require a serious commitment to improve the prospects for smallholder farmers, these being the majority of the poor and hungry in Kenya.

2. The Kenyan Government has prepared an impressive strategy document, "Economic Recovery Strategy for Wealth and Employment Creation" (Government of Kenya, June 2003) but the real challenge is implementing such policies considering budget constraints and the potential for political resistance to reforms. Changes on the ground require sound strategies for implementing new policy and effective co-ordination between Ministries (Agriculture and Transport, for example) and other stakeholders. Ministries of Agriculture should be reformed so they are performance driven, are able to work in partnership with a range of organisations and are accountable to other stakeholders in the agricultural sectors. Front-line government workers must be retrained to improve their community facilitation and empowerment skills and to encourage local innovation. Rural infrastructure development is key to improving local markets and supporting private sector development.

3. The challenge for donors is to ensure a balance of support between national governments and local civil society organisations so that top down policies can be implemented, while people on the ground have the opportunity to make demands and hold public agencies accountable. Innovative approaches to rural livelihoods must be explored so that partnerships and funding mechanisms for coordinated service delivery to rural areas are developed.

4. DFID are to be complimented on a well thought through Plan that integrates itself into recent policy initiatives that have a pro-poor dimension to them. As we know the difficulty lies in maintaining this pro-poor focus in the translation of policy to practice, particularly in the face of powerful interest groups and a strong culture of political patronage.

5. The Plan recognises the importance of agriculture and natural resources in Kenya particularly for the poor, many of who live in rural areas particularly in ASAL areas of the country. This is welcomed by organisations like FARM-Africa who have been fighting to address the decline in bilateral and multilateral donor support for the agriculture in Sub-Saharan Africa and indeed the low priority and reduced investment by African country governments themselves in the sector. The reasons for this situation are diverse but we are concerned that despite the Plan noting the close link between agriculture and the rural poor it is not drawn out sufficiently in the Key Objectives. Addressing water and sanitation and the scourge of HIV/AIDS are of course very important and making them a priority is correct, but if this involves the transfer of funds from an already depleted agricultural sector poverty in rural areas will continue to remain stubbornly high.

6. The commitment to supporting a parallel process of government capacity to supply services and non-state actors to formulate demands for these services is very welcome. There has been a tendency for many DFID country programmes in SSA to invest wholesale in providing DBS to government in the belief that these governments would be committed to strengthening civil society in their own countries. DFID in Kenya have maintained a more enlightened approach, through planning to ensure that a strong civil society can hold those in positions of power accountable.

7. There is reference throughout the plan to the importance of planning for policy formulation. This will need to link with people at the grass-root level, particularly the rural poor. There are an increasing number of opportunities for government to link with bottom-up planning and this level. Without supporting government to understand and implement these links a gap will remain between policy at district level and above and the needs of the poor in Kenya.

8. The private sector is mentioned as important in the implementation of the ERS. Care needs to be exercised in the privatisation of services for the rural poor. Innovative partnerships need to build between the private and public sectors and communities who can benefit from an improved service. FARM-Africa has developed a model of good practice in the delivery of animal health services in rural areas of Meru District using such an approach and lessons should be drawn from this.

9. The Plan rightly identifies the importance of supporting domestic drivers of change rather than using economic or other levers to persuade the government to promote pro-poor reforms. FARM-Africa would like to see an emphasis placed on the importance of the development of farmers and pastoralist associations and on district and sub-district level public information on Government performance (E2) where the poor can engage in debate on government policy and performance.

10. Finally the section on the use of aid instruments suggests that DFID have spent some time on developing their DBS approach with government but it is unclear what mechanisms will be employed for the work with NSAs. Perhaps this is because these mechanisms are in the early stages of development but clarity here would help.

February 2004

Memorandum submitted by Futures Group Europe/HIV/AIDS Prevention and Care Project (HAPAC)

(*Submission to DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07*)

We commend the emphasis that is being given in the new CAP to HIV/AIDS and congratulate DFID on the efforts to mainstream HIV/AIDS in future assistance plans.

GENERAL COMMENTS

The ERS articulates Kenya's poverty reduction strategy and outlines government priorities for the coming period. It influences budget allocations within the Medium Term Expenditure Framework and acts as a basis for donor assistance to Kenya. Priorities for the ERS are made after extensive consultation with line ministries, civil society, development partners and the private sector. Participation in the process is made possible through working groups, which are made up of representatives from every sector or "sector working groups" (SWG).

The lack of recognition in the ERS of HIV as an economic, governance, security or livelihood issue challenges any efforts at effective mainstreaming and tends to ensure that the focus of HIV interventions remain in the field of equity and socio-economic agenda or human resource development. In an epidemic such as Kenya's, where it is estimated that over 2.5 million people are thought to be living with HIV/AIDS (UNAIDS 2002), it is crucial that HIV is addressed more broadly as a development issue.

In addition, the ERS process tends to be largely sectoral, for obvious reasons i.e. each ministry is fighting for a greater share of limited resources. In Kenya, HIV is a cross-cutting issue, under the OOP without a ministerial home and so there is urgency for it to be seriously and effectively mainstreamed wherever possible. In order for this to happen, greater multi-sectoral co-ordination is needed at a high level and among decision makers.

In spite of the call and commitment to mainstreaming of HIV, it is often perceived as a separate and vertical issue dealt with by HIV/AIDS experts through HIV/AIDS specific activities. This perception is reinforced through the various HIV specific structures, budget lines and projects which have been established to respond to the disease.

The further development and implementation of the ERS therefore provides an opportunity and imperative to ensure that HIV issues are adequately reflected and resourced throughout all sectors. Bearing this in mind there are a number of more specific comments and suggestions we wish to contribute:

1. As funding to HIV/AIDS is increasing from different sources, there is a growing demand for a common strategic framework for the multiple actors and for links between the poverty and development framework and the AIDS action framework. The CAP refers to the UK's call for Action on HIV/AIDS, it should mention the three 1's:

- one agreed HIV/AIDS Action Framework that drives the alignment of all partners;
- one national AIDS authority, with broad based multisectoral response; and
- one agreed country level M&E system.

2. To promote a multisectoral response it is essential that a good National HIV/AIDS Strategy is in place. It is equally important to ensure that HIV/AIDS is addressed at a higher level through GoK National Priority Setting. Once HIV/AIDS is identified as priority or as a key development initiative (alongside employment creation or primary education), then this priority should ultimately cascade through to policy development, planning and budget allocation processes.

3. An effective way of mainstreaming HIV/AIDS and supporting an effective multisectoral response to HIV/AIDS will be through ensuring that HIV/AIDS is adequately addressed as part of the poverty reduction agenda and economic recovery strategies. The objective being, to get HIV/AIDS routinely mainstreamed into government planning, programming and budgeting processes (ERS and MTEF). This will ultimately result in HIV/AIDS being mainstreamed into sector strategies.

4. If DFID's primary aim over the period of the country plan is to support the development and implementation of the ERS, and if the emphasis is on ensuring the poverty focus of the ERS, then HIV/AIDS should be an explicit component of this agenda. Currently HIV/AIDS is inadequately addressed in the ERS, and significant work will be necessary to ensure that it is adequately addressed (not as a separate issue—but mainstreamed through the various sectors).

5. Likewise DFID planned support to public expenditure management, and the development and implementation of a M&E framework for the ERS, will need to track resource allocation and expenditure on HIV/AIDS and include indicators to measure progress of the national multisectoral response to HIV/AIDS.

6. The CAP does recognise that the effect of HIV/AIDS on the economy is such that it has reduced the annual economic growth potential, however it does not suggest strategies to address this.

If DFID is serious about mainstreaming HIV/AIDS, there is a need to mainstream it throughout the CAP text, rather than highlight them in a few selected paragraphs. What follows are some examples of where HIV/AIDS could be incorporated in the main text:

(a) In particular the CAP would be made stronger if HIV/AIDS is mainstreamed within sections B2 to B5 rather than separated out in section B7—after all the impact on gender (B2), education (B3), health (B4) from a supply (staff) point of view could be stated more clearly that way rather than stating it in B7 as "current rates of training of teachers, health workers, and other key service providers will not keep up with attrition".

(b) Will section B6 reflect the new DHS findings of 6–8% prevalence in women and 4.5% prevalence in men or will the CAP reflect higher UNAIDS 2002 stats of 11–13%?

(c) Section B8—last sentence "The cost of doing business in Kenya are pushed up . . ." doesn't mention HIV/AIDS as a cause, but as we know definitely does.

(d) Section C6: Is a key issue not HIV/AIDS that needs to be addressed too? Especially in light of the CAP mentioning "increase the participation of women" . . . hardly achievable if HIV/AIDS is not addressed.

(e) Similarly in Section E HIV/AIDS could be mainstreamed (as well as) being a key objective. For example, how can key objective i and ii be achieved if HIV/AIDS is not mentioned? (It would also mean "DFID supporting activities" in part III the annual plan would have to be added in each objective.

(f) E12: if DFID continues to mainly channel support through the NACC and NASCOP—will this ultimately result in supporting the 80% of poor Kenyans in rural areas?

(g) In Section G's table—Row: under public sector lack appropriate skills, Column: Annual forecast change, you could include the work HAPAC is doing to support NACC/GoK to introduce a workplace policy on HIV/AIDS for the public sector—this will be also be a significant contribution to increasing the effectiveness of the civil service.

February 2004

Memorandum submitted by HelpAge International

HelpAge International is a global network of not-for-profit organisations with a mission to work with and for disadvantaged older people worldwide to achieve a lasting improvement in the quality of their lives. In Kenya we work with a range of partners and non-governmental organisations working with and for older women and men in poverty. This memorandum sets out the core concerns of those organisations and of HelpAge International in terms of the three questions put to the Committee, as follows:

— What are the prospects of Kenya meeting the MDGs?

— What are the main challenges which Kenya faces in meeting the MDGs?

— To what extent does DFID's Country Assistance Plan identify accurately the challenges which Kenya faces, and outline appropriate strategies to help Kenya to make faster progress towards the MDGs?

Introduction

Overall, Kenya's economic performance has declined over the years due to a multiplicity of problems, including poor governance, the decline in external resources and commodity prices, rising input costs, instability, poor infrastructure and insufficient investment in priority social sectors. Poverty amongst the already poor has increased. About 56% of the population live below the poverty datum line, of which three quarters live in the rural areas, but with the number of urban poor also rising. Current estimates put the numbers of 60 plus age group at 4% of the population, and evidence on chronic poverty and rural poverty point to the older poor counting amongst the very poorest of all. The majority of the older poor have no regular income, are subsistence farmers with declining outputs due to age and the sale of assets and yet are increasingly assuming the role of primary carers due to the HIV/AIDS pandemic. Despite the existence of a poverty reduction strategy and a draft "Kenya National Policy on Older persons and Ageing 2003" older populations report a decline in living conditions and corresponding rise in experiences of acute poverty, lack of access to essential services and hunger.

In general current predictions are that the Millennium Development Goals in Kenya will not be achieved by 2015. This corresponds to analysis across the developing world; both resourcing for MDGs needs to be substantially increased, and development programming needs to be improved. The experience of HelpAge International and its civil society partners points to the failure of development programming and related analysis which does not take into account issues of poverty and vulnerability across the life course, and especially in older age. For this reason we argue that MDG achievement is contingent upon development analysis and pro-poor investment that explores, supports and targets the assets, as well as vulnerabilities, of all poor people, including the old, in the developing world. HelpAge International and its partners also espouse a rights based approach, as we know from evidence gathered that any policy that doesn't take into account the rights, views, needs and contributions of people of all ages and gender will fail a substantial part of citizens in any developing country. It will also compromise its overall aim of poverty reduction within the human rights framework.

Kenya and the MDGs

The prospect of Kenya meeting the MDGs is a challenge. Poverty and HIV/AIDS continues to affect increasing numbers. HIV/AIDS is claiming a large proportion of people aged 14–49 who are the most productive age group, further casting doubts on the MDGs being met as the workforce is diminished.

In relation to whether the DFID Country Assistance Plan identifies accurately the challenges which Kenya faces, and outlines appropriate strategies to help Kenya make faster progress towards MDGs, we have to point out that the failure to recognise older people and the households which they head up as key targets for poverty reduction makes planning incomplete. The Kenyan government has recognised the importance of the ageing and poverty relationship[6] and support from DFID to help the government integrate a response to the older poor in their poverty programmes would be very timely.

The Evidence on Poverty and Old Age in Kenya

In Kenya and many countries in Africa, older people who have suffered a lifetime of poverty enter old age with few resources and very often in poor health[7]. Kenya has over 1.2 million people over 60, representing 4%[8] of the population. Through programme implementation experience and research, there is evidence that older people are among the poorest groups in Kenya. A recent study undertaken for the World Bank by K Subbarao which analyses the living conditions and poverty levels of older persons in relation to other vulnerable groups in 15 African countries, including Kenya, indicates that the poverty gap[9] is 15.9% for older households with older people in and 21% for those households with older persons and younger dependants. Furthermore, using sickness as a non income dimension of poverty, the same study reveals that older Kenyans present a 25.7% average of sickness as compared to younger age group levels of 15%, yet this population is least well served by health services. Such findings correspond with HAI's evidence that the poverty, rights and needs of older people are neither met not taken into account by development investment realting to poverty reduction.

The rights of older people to independence, participation, care, self-fulfilment and dignity (as stated in the 1991 UN Principles for Older Persons) are not being met in Kenya. Changes to the family structure due to—for example—migration, the impact of HIV/AIDS, economic decline, and fail of government programmes to reach older people have resulted in further marginalisation of older people. Older women are particularly affected, because of a lifetime of discrimination, limited access to pensions and the fact that they are less likely to remarry if they are abandoned or widowed.

HAI is working in the district of Machakos, one of the most densely populated areas. Contrary to government aggregate figures, life expectancy is 68.1 years. There is a 29% malnourishment rate of children under five years of age and 63% of its population is considered among the absolute poor of the 46 ranked districts in the country.

A HAI policy monitoring project, supported by DFID, in this area is supporting older citizens to monitor policy issues of key importance to them. The major concerns are:

- Health/HIV/AIDS—Most of the older persons in the area care for orphans and lack affordable and accessible health facilities. The grandparents take care of between two and eight orphans.
- Poverty—Despite the area being an agricultural area, the level of production of food is low due to lack of farm inputs like fertilizer, seeds, agricultural equipments and pesticides.

[6] See *"Ageing and Poverty in Kenya"*, intersectoral government report for the UN regional workshop on ageing and poverty, Tanzania, October 2003.

[7] HAI, *"The Ageing and Development Report—Poverty, Independence and the world's older people"*, 1999.

[8] 1999 National Population and Housing Census.

[9] The poverty gap ratio that measures the average distance of the group or household type from the poverty threshold expenditure level.

— Housing—Most of the older persons in the area have mud walled, iron roofed houses except for some who are in temporary structures.
— Lack of participation—Older persons in the project area cited ignorance and lack of awareness of their rights and of policy processes, as a factor that has greatly contributed to their situation.

The majority of older people in Kenya are rural farmers, with no means of sustenance in old age. Pensions are only accessible to 6.6% of the total population of older people who have worked in the formal sector. In a country where there is no universal pension, the majority of older people who have not contributed to any form of pension find themselves in extreme poverty at a time when their health due to life long hardship and age is compromised and they have lost their means of income.

A study[10] carried out on the structure of employment and income-generating opportunities for older persons in Machakos and Nairobi revealed a higher rate of malnutrition in the rural areas of Machakos (BMI < 18.5 KG/M^2) compared to the urban community in Kibera (36.1% and 18.5% respectively). In Nairobi, more men (32.6%) than women (12.8%) were underweight. In Machakos the prevalence of malnutrition among older men was 32.3% compared to that among older women which was 24.7%.

Poverty needs assessments carried out in Ukwala and Alego divisions as part of the Poverty Reduction consultations defined poverty as lack of essential basic requirements such as shelter, food, medical services and education, access to good clean potable water, insecurity, lack of education and information (ignorance), lack of infrastructure, environmental degradation, public health problems and lack of health services. Poverty was perceived as "a state of helplessness and powerlessness." Those critically affected by poverty were identified as older parents (who have to care for PLWHAS and orphans), widows and widowers, orphans and children from poor families. The community reiterated that poverty manifests itself in the inability to get food, high levels of school dropouts, lack of proper shelter, insecurity, inability to afford proper health care, inability to afford farm inputs and implements and unemployment, degraded environment due to poor coping mechanisms such as charcoal burning, brick making and tree cutting.

In addition, older people and their communities felt that there is an overall neglect of the division by the government as demonstrated by poor service delivery, over taxation by local authorities. Older people talked about the abuse they face in the hands of health care workers who see them as waste of resources. A study carried out on Elder Abuse in Primary Health Care Services in Kenya in 2001[11], found out that negative attitudes of health care workers, and lack of awareness about the rights of older people are the main causes of denial of health care services to older people. Older Citizens Monitoring Project being currently implemented in Kenya, with DFID support, highlighted the lack of drugs, lack of respect, distance to health care services, discrimination, cost of medication, lack of health education and poor hospital facilities as older people's main concerns.

Lack of data on older people has a compounded effect on the planning for services that target older persons. In this sense, HAI welcomes DFID recognition of the need to increase the quality and quantity of data available and seek to ensure that the interest of poorest Kenyans are fully taken into account (CAP, Part II: UK Assistance Plans, E2). In this sense, it is important that DFID recognises the need for data disaggregated by age and gender. Data available is not sufficiently disaggregated thereby obscuring older people's poverty and hampering well-targeted development assistance. It is also important that gender bias and inequality in later life is acknowledged and acted on, as this discrimination has a cumulative effect on older women and men and must be addressed by poverty reduction strategies. The absence of safety nets in older age argues for special social protection measures to support the households of older persons and to address the feminisation of poverty in particular among older women.

Key Recommendations

— That DFID support the integration of old age concerns into the poverty reduction strategy of the government, and ensure that responses to old age are incorporated into the measurement of the Millennium Development Goals. HAI is working with UNDP to deliver policy and programme guidelines to support this process. The Madrid International Plan of Action on Ageing[12] reiterates Member States' commitment to reduce poverty by half by 2015 and stipulates that older persons must be included in policies and programmes to reach the poverty reduction target. The Africa Union Plan of Action on Ageing, and the constitutional review of Kenya, recommends that older persons be taken into account in poverty planning and rights based development. A recent workshop on ageing and poverty in Tanzania supported by the United Nations (department of Economic and Social Affairs), HAI and the government of Tanzania recommended that "Governments need to ensure that policy responses to the older poor are explicitly integrated into future poverty and development processes, including MDG programmes. Strengthening national

[10] Study on the structure of employment and income-generating opportunities for older persons in Machakos and Nairobi by Jane Omalla Nyakecho et al (2000).

[11] Elder Abuse in Primary Health Care Services in Kenya in 2001 (HAI).

[12] Adopted by 159 member states, including Kenya and the UK, at the Second World Assembly on Ageing, Madrid, April 8–12, 2002.

capacity and awareness of the rights and priority needs of the older poor is needed. Mechanisms to advance this include responses to ageing in national poverty monitoring systems as well as the development of age sensitive monitoring under MDG and PRSP programmes[13]."

— That DFID support the poverty focus of the ERS by supporting the collection and analysis of old age poverty data, in particular in rural areas and slum areas, and in multigenerational households.

— That DFID support the collection and analysis of household data disaggregated by age and household type, and include findings in DFID analysis and work with the government on poverty monitoring.

MDG 6: Combat HIV/AIDS, Malaria and Other Diseases

UK Assistance Plan, under Key objective iii: Effective Multi-sectorial Response to HIV/AIDS fails to spell out DFID strategy in relation to OVC and carers

The section on effective multi-sectoral response to HIV/AIDS does not recognise the role of older people in care and support programmes. Furthermore, the plan does not address the intergenerational linkages between older people and orphans in care and support programmes, yet researches have confirmed that co-existence.

The data available on HIV/AIDS deaths and rates of infection in the developing world indicate that older people are now primary carers and supporters of younger family members, both those dying of the disease and orphans of the middle cohort who are currently dying in ever increasing numbers. Older people who are already poor face the loss of economic support from their adult children, little social security and pension support (only South Africa has universal pension coverage in the countries where the epidemic is most serious) and unexpected social, psychological and economic burdens due to the caring role they assume. Older people are also contracting the virus in increasing numbers although research is limited on the cases of HIV/AIDS in the over 50s. There are few national, local and community based programmes that target the needs of older people as they shoulder the new roles the pandemic is occasioning and little general awareness in the community at large, including the donor community, about the issues at stake.

A recent study carried out in Ahero and Asumbi (Homa Bay and Nyando districts) as part of a one year project Supporting the needs of Older Men and Women Affected by HIV/AIDS in Kenya (HAI 2003) revealed that older people shoulder a heavy burden of caring for PLWHAS and orphans. Older people care for an average of seven orphans, most of whom are below the age of 15. Of the 179 older men and women who attended the consultation meetings, 75% of them had lost at least four sons and daughters through HIV/AIDS.

There is an absence of targeted programmes to support older carers and there is limited recognition or support of the pivotal role older people play in responding to the AIDS pandemic. The cumulative economic costs of caring are not cushioned by programmes aimed at older carers, and there are few education programmes targeting older people, and still fewer counselling services that can be easily accessed by older people.

Key Recommendations

— The growing role of older woman and men as primary carers in households affected by HIV/AIDS argues for the increase of quantitative and qualitative research on the impact of AIDS/HIV on older people. Such evidence is necessary to develop effective programmes to support older people as primary carers of people with AIDS/HIV and their orphans and determine the risks to older persons of contracting and HIV/AIDS.

— DFID should give attention to rights based, social development and income generation programmes that support and target older people's active participation at community and household level. Development programmes, credit, education and training schemes that are currently open to other age groups should be made inclusive of older people.

— In line with the key recommendations of the recent HelpAge International/HIV/AIDS Alliance policy report; "Forgotten Families" support should be given to older carers for direct and indirect school costs of orphans and housing costs of older people with young dependants.

— Priority needs to be given to targeted gender sensitive economic and social support to vulnerable older carers, including counselling, education, condom supply and support for parenting responsibilities. Priority should be given to programmes that use older people as educators.

— Support information gathering and governmental/NGO and community level awareness raising of the risk of HIV infection to older persons and the silent crisis faced by the many thousands of older persons who are living with the virus.

[13] See recommendation 1, report of the Regional workshop on ageing and poverty, The implications for national poverty policies and achieving the MDGs in Eastern and Central Africa, United Nations, 2004.

— Support and develop gender sensitive and older people focused peer counselling and education programmes on coping mechanisms to live with HIV/AIDS.
— Prioritise awareness raising among medical professionals and health providers on issues faced by older people coping with AIDS, and the development of strategies with older people to improve services and older people's access to them.
— Support awareness raising programmes amongst younger community members on the economic and psycho-social impact of HIV/AIDS on older people.

February 2004

Memorandum submitted by the International Fund for Animal Welfare, East Africa

IFAW (International Fund for Animal Welfare) was established in 1969 and consists of legal and political experts, and internationally acclaimed scientists working from offices in 13 countries around the world. IFAW opened an office in Nairobi, Kenya, in 1999 to serve as IFAW's regional base for East Africa. Our purpose in East Africa is to contribute to the elimination of threats posed by the wildlife trade, protect and increase wildlife habitats, and provide emergency support for wildlife in disaster and crisis situations.

1. IFAW Work in Kenya

Over the last three years, our East Africa office has undertaken a number of initiatives in all three East African countries but has had particular involvement in supporting wildlife projects in Kenya including the rebuilding of national parks, relocating wildlife at risk, resolving human-wildlife conflict and funding anti-poaching patrols.

2. Achieving the Millennium Development Goals

We work in partnership with wildlife authorities, government agencies and other NGOs to forge solutions that are mutually beneficial for humans and animals in the region. From our work on the ground in Kenya we fully support the view of the Department for International Development (DFID) expressed in the Draft Kenya: Country Assistance Plan about the "potential in areas such as tourism and the export of high-value agricultural corps and products combine to make Kenya the natural driver of economic growth . . . in the region"[14].

It is our view that the importance of the contribution of wildlife to tourism and environmental sustainability means that without a recognised strategy from the Kenyan authorities and support for donor agencies, such as DFID, it will prove increasingly hard for Kenya to achieve environmental sustainability, the Millennium Goal 7.

In addition, it is IFAW's view that the value that wildlife related tourism provides to the Kenyan economy—it is the third biggest foreign exchange earner (after tea and coffee)—means that any strategy to achieve the first Millennium Development Goal of eradication of extreme poverty and hunger must take into account threats to wildlife. In short IFAW believes that Kenya needs to develop a wildlife policy which integrates conservation goals and development goals.

3. Wildlife Related Threats to Tourism

It is understandable that the Kenyan Government's priorities are the economy, education, health and unemployment. However there are a number of specific threats to wildlife related tourism which have the potential to hit the first and seventh MDG. These are:

— Human/wildlife conflict: Kenya's human population, about 33 million today, is growing rapidly and more than 50% of the population lives on less than US$1 per day. This is leading to increasing demand for land, with much agricultural use of land now firmly established along animals' migratory routes and right up to national park boundaries. As a result, wild animals are increasingly damaging crops, killing livestock (often because of the drastic fall in numbers of wild herbivores—predators' natural prey) and injuring or killing people. The animals may then be killed in revenge. This particularly affects species such as elephants and lions. Recent research has estimated that lion numbers in Africa have dropped from around 200,000 to 20,000 in just 20 years and that conflict with people is one of the major causes. The government pays a token

[14] P Draft Kenya: Country Assistance Plan, DFID, 12 January 2004.

compensation sum for the relatives of people killed by animals (less than £300), but the new government has promised compensation for crop and livestock damage too. (This system was abandoned in the late 1980s due to widespread abuse.) There is an urgent need for a clear government policy on land use (particularly in areas around the parks) to resolve issues of human-wildlife conflict. IFAW has been involved in discussions with the Kenyan Ministry of the Environment which has acknowledged this need and we are awaiting progress on this issue.

— The Kenya Wildlife Service (KWS): The KWS is responsible for the management of national parks and protection of wildlife, under the Ministry for the Environment. Its work is vital to wildlife conservation in Kenya. However, lack of good governance in the past has significantly weakened the institution and has eroded the ability of KWS to meet its mandate over the years. Problems with meeting accountability standards reduce the sector's ability to achieve conservation and environmental objectives. Without an effective KWS, there is a real threat to growth of tourism in the region and sustainable wildlife policies.

4. Decline in Numbers of Large Mammals

Numbers of most large mammals have declined dramatically over the past decade. One reason for this is a rapidly growing trade in the meat of wild animals ("bushmeat"). Unlike in Central Africa, Kenyans do not generally value bushmeat in itself, and the meat is usually passed off as beef or other farmed meat. The main driver is the lure of 100% profits as it is "free". The trade is now out of control, in part due to a controversial "cropping" system introduced 12 years ago as a pilot scheme to allow a few landowners to "harvest" a limited quota of wildlife on their land. Unfortunately, it lacked timelines for evaluation and the strict rules supposed to govern it were never applied because of limited enforcement capacity. There have also been allegations of corruption. There is a temporary moratorium on the system today that IFAW believes should be made permanent.

Illegal bushmeat hunting has particularly affected species that are often perceived to be less threatened, such as zebra, wildebeest, buffalo and giraffe. In Nairobi National Park, numbers of wildebeest have fallen from around 14,000 in 1996 to fewer than 20 today, largely due to hunting of animals when they migrate out of the park. In Tsavo East National Park an NGO de-snaring team removed more than 1,200 snares in just four days in September 2003. (Kenya Wildlife Service has no funds for de-snaring programmes.) The David Sheldrick Wildlife Trust estimates that 1,000 snares, with just a 5% success rate, will kill more than 18,000 animals in one year.

Urgent and concerted action is needed to stop illegal bushmeat hunting and trade. However, this problem is still not well recognised by either the government or the general public. Assessments of the status of wildlife in national parks tend to concentrate disproportionately on elephant populations, following the problems of the 1980s. Ironically, elephants are currently doing reasonably well. Meanwhile, other animal populations are plummeting. Anecdotal evidence suggests that large herbivores in Masai Mara Park have fallen by 30–60% in the past decade. This is clearly not environmentally sustainable.

There are also potential disease risks associated with an unregulated trade in bushmeat.

5. Summary and Recommendations

(i) IFAW is not in a position to comment on the likelihood of Kenya achieving the Millennium Development Goals. However, unless it is recognised that environmental sustainability can only be achieved by developing a plan for wildlife conservation, attempts to achieve goals 1 (eradication of poverty) and 7 (environmental sustainability) will be severely hampered.

(ii) The deep-rooted problems of "political and economic patronage"[15] identified by DFID's Country Action Plan are equally relevant in the wildlife sector of Kenya.

(iii) We agree with DFID's report that environmental sustainability (and specifically wildlife related tourism) needs to be addressed by the Kenyan Government through its Economic Recovery Strategy.

IFAW would be happy to provide further information or give oral evidence to the Committee if required.

March 2004

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[15] P Draft Kenya: Country Assistance Plan, DFID, 12 January 2004.

Memorandum submitted by International Institute for Environment and Development

"To what extent does DFID's Country Assistance Plan identify accurately the challenges which Kenya faces, and outline appropriate strategies to help Kenya make faster progress towards the MDGs?"

These comments refer specifically to tourism and biodiversity.

Tourism

One of the key objectives of the Kenya CAP is "To promote sustainable economic growth which benefits poor people". Given this objective, it is quite surprising that DFID fails to mention tourism as a significant potential source of pro-poor growth[16]—even though this is mentioned as a key element of the Kenyan Government's Economic Recovery Strategy.

Kenya is one of the most popular tourism destinations in Africa and tourism is a key foreign exchange earner for the country. In 1999 (latest available data) the tourism economy (the tourism industry plus linked economic activities) accounted for nearly 10% of Kenya's GDP and nearly 30% of its export earnings. However, the current national tourism policy does not recognise poverty reduction as a key objective, rather it is geared towards wildlife conservation, personnel training, marketing and promotion. The PRSP notes tourism as a promising sector for economic growth but does not pick up on its pro-poor potential that could make a huge contribution to achieving the MDGs.

Tourism's potential contribution to pro-poor growth rests on a number of factors (see DFID-funded research at www.propoortourism.org.uk for more detail):

- Tourism delivers consumers to the product rather than the other way round. This opens up huge opportunities for development of SMEs, local access to international consumers, markets for other goods and services (compatible with para E8 of the CAP).
- Tourism has considerable potential for linkage with other economic sectors—particularly agriculture and fisheries. Realising these linkages will increase the proportion of tourism revenue retained in the host country (para B10).
- Tourism provides opportunities for off-farm diversification.
- Tourism provides relatively labour-intensive opportunities.
- Tourism employs a relatively high proportion of women and can contribute to gender equality (para C6).
- Tourism products can be built on, and help to preserve, natural resources and culture. These are assets that some of the poor have, even though they may lack financial assets, and whose protection can serve as a safety net for some of the poorest (compatible with paras C6, E9).

The CAP notes that it will work with the government in a limited number of areas which have a high potential to impact on poverty (para E9). We suggest that tourism is one of these areas. In particular this would require efforts by DFID to support increased local participation in the industry. Although this has been a long stated goal of the government, policy on foreign investment and control has worked to the disadvantage of local entrepreneurs. Attempts to increase domestic investment have often been crippled by state interferences. Local ownership, even of low technology and low capital outlay enterprises such as curio and souvenir businesses once dominated by indigenous Kenyans, has now been overtaken by Asian entrepreneurs. Overall, a focus on pro-poor approaches to tourism development in Kenya could significantly contribute to MDGs 1, 3 and 7.

Biodiversity

The CAP also fails to highlight the importance of biodiversity—although again alluding to this rather vaguely under the umbrella of natural resources. Like much of sub-Saharan Africa, Kenya has a comparative advantage in its biodiversity resources and is also largely dependent upon them for its social and economic development. Biodiversity conservation can underpin the achievement of many of the MDGs:

- Income poverty (MDG 1): Wildlife can provide opportunities for jobs, small and micro enterprise, and payments for environmental services—eg through wildlife based tourism, wildlife trade, conservation services.
- Hunger (MDG 1): Biodiversity underpins food security, and FAO has emphasised that there are close causal linkages between reducing hunger and the sustainable management of natural resources and ecosystems. Numerous studies have noted the importance of wild food products, particularly to the poor, for whom securing access to such resources is important for sustaining their livelihoods.

[16] Although it could be argued that this is indirectly alluded to in DFID's focus on, *interalia,* natural resources given that Kenya's tourism industry is based on wildlife and coastal areas.

— Health (MDGs 4, 5 and 6): Biodiversity provides the base for health care provision world wide. The majority of the world's modern drugs have their origin in natural products. Many people rely on wild resources for traditional medicines—WHO estimate that up to 80% of the world population is dependent on these medicines. This is particularly true of the poorest people who can't afford modern drugs and/or don't have access to clinics and doctors.

— Water supply (MDG 7): It is urban as well as rural populations that are dependent on the goods and services that biodiversity provides. In addition to the direct benefits of food and other goods, conservation of areas such as water catchment forests and floodplains is vital to sustain delivery of ecosystem services that provide urban centres with services such as water supplies and flood control.

There are about 80 legal statutes relating to conservation and management of biodiversity resources in Kenya but most fail to reconcile and integrate conservation goals with human needs—focussing on protected areas, endangered species and other "existence value" priorities. Policies that do recognise the full value of biodiversity are often hampered by poor governance, political patronage and widespread corruption. DFID support to mechanisms that link biodiversity conservation with poverty reduction and improved livelihoods will be critical to realising the contribution of Kenya's comparative advantage in biodiversity to achieving the MDGs.

February 2004

Memorandum submitted by Wanjiku Kamau

This evidence is submitted by Wanjiku Kamau. Wanjiku lives in the UK and is policy analyst in the area of health and development. She works as a consultant for several international HIV/AIDS organisations. The evidence is not presented on behalf of any organisation but in a personal capacity.

TESTIMONY

I. I welcome the recent invitation to submit written evidence to the UK Parliament's Select Committee for International Development on this important issue. I am happy to support this written testimony with oral evidence if the Committee deems it as necessary.

II. This enquiry comes at a good time. It is difficult to exaggerate how critical the years covered by the CAP are likely to be for citizens of Kenya. After years of mis-rule the people of Kenya are looking to the new government to bring in a new style of democratic and accountable governance that will lead the country out of the previous path of economic decline and a marked deterioration in the quality of life of most citizens.[17]

III. The priorities and actions of development partners such as the UK government at this time is likely to be critical in determining whether the current government is able reverse current trends and attain the millennium development goals and other human development targets. It is therefore encouraging the UK government and its institutions are considering carefully how to best support Kenya at this time.

IV. This submission limits itself to commenting on the Millennium Development Goals related to health. Specifically it refers to the following three health goals:

— *Reduce under-five mortality by two-thirds of the 1990 level*

After many years of progress there is a worrying increase in the under-five mortality rate. Child mortality has increased from 97 in 1990 to over 125 deaths per 1,000 births in the year 2002. The trend is similarly discouraging for infant mortality which has increased from 63 deaths in 1990 to over 80 deaths per 1,000 live births in 2002.[18] Recent reports from GAVI also indicate worrying figures in the coverage of immunisation.

— *Reduce maternal mortality by three quarters of the 1990 level*

The trend on this important target is also depressing. The maternal mortality ratio for Kenya (modelled estimate) is 1,300 maternal deaths per 100,000 live births.[19] Perhaps more worrying is the fact that Kenya is experiencing a reduction in the percentage of births that are attended by skilled health workers. In 1990 it was estimated that 50% of births were supervised by a health worker that figure is now thought to be as low as 45% of births.

— *Halt and reverse the spread of AIDS, TB and Malaria*

The incidence of HIV/AIDS in Kenya is growing and the increase is particularly pronounced in the 15–24 year group. It is also worth noting that there is a significant gender imbalance in the spread of HIV in this age group. A recent study noted that for every six new infections in 15–24 year old group, five are in girls.

[17] After years of commendable economic growth (average of 6.6% in the 1980s), in the past decade Kenya's economy has been characterised by poor economic performance. For the five year period 1997–2001, the economy experienced consistent decline. In the year 2000 Kenya registered its worst performance since independence (-03% growth).

[18] World Development Indicators Database, Millennium Development Goals Kenya Country Profile.

[19] World Development Indicators Database, Millennium Development Goals Kenya Country Profile.

The number of children that have been orphaned by AIDS is also growing at a rate that is beyond what the government and communities can cope with. The incidence of tuberculosis is 485.5 cases per 100,000 people. Kenya continues to bear a very high burden of disease from these three diseases.[20]

V. The Context

— 56% of the Kenyan population classified as absolutely poor—existing on less than Kshs 80 (US$1) a day—poverty emerges as the most formidable challenge for Kenya today.

— There is a high level of out-of-pocket financing for health care ie many of the poorest households in Kenya have to pay for health services as there is now a system of cost-sharing. Moreover the severe constraints on financing healthcare have contributed to poor quality services and to inequitable access.

VI The Efforts of the Kenya Government

— The new government of Kenya has re-affirmed its commitment to mobilising national efforts towards the attainment of the MDGs by 2015.

— As the draft DFID CAP recognises, the government has published and is implementing an ambitious Economic Recovery Strategy (ERS) which sets out the priorities of the government and identifies the policy orientation in key sectors. The ERS has identified the HIV/AIDS epidemic as a major challenge and identified measures to ensure an effective multi-sectoral response to the HIV/AIDS epidemic.

In order to achieve the health MDGs the Government of Kenya (GOK) recognises that it needs to increase the access to health service for the poorest citizens.

After broad consultation the current government included, in their manifesto, a pledge to establish a comprehensive health insurance fund.[21] The proposed fund is the government's response to ensuring that the poorest sections of the population can have access to quality health services.

The Kenya government has published a sessional paper on the proposed fund and a draft bill will go through the parliament in the next parliamentary session.[22]

The proposed fund will form a central plank of the government's health strategy and its multi-sectoral response to the growing HIV/AIDS epidemic.

It is therefore difficult to understand how the DFID strategy is silent on the proposed fund as it represents the single most important health policy that the government will be taking forward in the years covered by the CAP.

The failure to take into account a key element of government policy is out of step with DFID's statement to support nationally drivern development. There is a global consensus that process of achieving the MDGs must be country-led and must be attained through nationally driven development strategies, policies and programmes. It would be unfortunate if DFID failed to take into account key policy priorities and to consider how its contribution through the CAP can best strengthen, support and improve existing policy and help realise the goals of Kenya's democratically elected government and its citizens.

It is my hope that the Committee will use the enquiry to seek clarification on whether DFID Kenya supports the principle of country-led development. It would appear that DFID have identified their own priorities in the health sector and are seeking to implement these outside of the existing policy framework put forward by the GOK.

March 2004

Letter from the Kenya National Chamber of Commerce and Industry to the Head of DFID Kenya, as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07

We are in receipt of the above cited draft country plan in which DFID has set out priority areas and how it intends to work with the Government of Kenya, civil society and the private sector to support the Economic Recovery Strategy for Wealth Creation and help Kenya reduce poverty.

[20] The definition of "very high" disease burden is as follows: For HIV/AIDS: if the country's ratio of adult HIV seroprevalence (as reported by UNAIDS, multiplied by 1,000) to Gross National Income per capita (Atlas method, as reported by the World Bank) exceeds five. For tuberculosis: if the country is included on the WHO list of 22 high burden countries, or on the WHO list of the 36 countries that account for 95% of all new tuberculosis cases attributable to HIV/AIDS. For malaria: if the country experiences more than one death due to malaria per 1,000 people per year.

[21] The proposed health insurance fund was endorsed by all political parties and is included in the manifesto of all registered political parties. In that sense it is clear that is has the support of the citizenry and broad support across the political spectrum. There is still need for policy dialogue and a need to build consensus on the precise kind of fund.

[22] Sessional Paper on National Social Health Insurance, the National Social Health Insurance Fund Bill (clauses) and the Manifesto of National Rainbow Coalition are provided as annexes to this document. Not printed.

Given that the Kenyan government has recognized that the Private Sector is the engine of growth and hold the premise for employment creation, it is our request that the above action plan entail the development of the capacities of the private sector Business and Trade Associations. Trade support organizations lack adequate human capacities, funding for the trade promotion services. The entire trade network in Kenya has no adequate funding at the institutional level, which hinders their effectiveness to provide services such as market information, and trade statistics. Trade Missions, exhibitions by exporters are not adequately supported in terms of information, finance and logistic support. If support is given we have no doubt that economic gains will be achieved.

DFID's support towards reducing the costs of doing business in Kenya and the strengthening of citizens' ability to call Government to account for its actions is timely and commendable.

As a Chamber we have continued to impress upon the Government to remove factors which continue to make the costs of production and doing business in Kenya prohibitive. We are particularly concerned that despite the well intended Local Government Reform Programme at the Ministry of Local Government and funded by DFID, which aims at improving the business environment, the involvement of the Stakeholders in the Local Authority Service Delivery Plan (LASDAP) is too low. This is partly due to the failure of the Local Authorities to consult with the Stakeholders.

On behalf of the stakeholders we propose that DFID considers supporting the strengthening of the Stakeholders participation in engaging Local Authorities, Government and in participation at Regional and Multilateral Trade Organisations such as WTO, ACP-EU, COMESA etc. To date, the small and medium enterprises in the rural and urban local authorities continue to be affected by the charges imposed by the Local Authorities, some of which are unnecessary.

Failure to involve the citizenry has resulted in undertakings of projects of least importance to the business community in certain local authorities and legal tussle between the business community and the local authorities.

On corruption, possible areas of intervention require the involvement of the private sector for the following reasons:

- The Private Sector is affected by the problem; it is not immune to it.
- The Private Sector is a party and conduit of corruption.
- The Private Sector can serve as a watchdog and only collective action can ensure real and lasting results.
- Limiting the intervention to Government agencies raises the feelings that corruption only exists in the public domain and that it is a problem of the Government.

The Government cannot on its own provide checks and balances. The private sector has a major role in acting as a watchdog, hence the need to involve the private sector business and trade associations in lobbying their membership.

In conclusion, we urge DFID to support the implementation of the National Export Strategy 2003–07 that has been developed by the Kenya Government (Ministry of Trade and Industry), The Private Sector, Trade Associations and International Trade Centre. The report has identified priority areas which, if implemented, will lead to enhanced trade development.

We look forward to participating in the implementation of the Country Plan and register our appreciation for continued support and assistance DFID continues to avail to our country.

February 2004

Memorandum submitted by Kenya Private Sector Alliance

(*Submission to DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07*)

I welcome the emphasis on ERS development and implementation, and on supporting ways to make the government more accountable in its performance. The plan is realistic regarding capacity constraints, in both public and private sectors. Support for non-state players is vital, and it is reassuring to see an ongoing commitment in this regard. It was also good to see the recurring theme of development partner harmonisation.

Problem: as of now, it is only a few ministers/ministries who "own" ERS. The work of the Ministry of Planning is by and large seen as separate from that of most politicians and civil servants. The same was true for PRSP. What we seem to be lacking is forceful leadership in support of ERS at the "chief executive" level.

Further, whereas it was fine merely to focus on a three-year economic recovery programme at the outset of the new government's life, there has to date been no attempt to place ERP in the context of a long-term economic vision. Generally, it seems Kenyans are not great ones for visions and strategies. There are people with great ability to conceptualise and to write wonderful (general) policy documents . . . including on

M&E. But implementation has been poor to non-existent, and this has earned such policy and strategy papers a bad name ("They're a waste of time."). Including and not least within government, the emphasis tends to be more on short-term tasks and crisis management!

As far as long term planning is concerned, it is only the Institute of Economic Affairs, through its Scenario Planning exercise and its Youth Vision programme; and the Marketing Society of Kenya, with their "Brand Kenya" initiative, that have at all engaged in this vitally needed activity. It is a very long time since the government itself indulged in anything beyond five years. (No one took even the writing of the last seven-year National Development Plan seriously.)

KEPSA is aware of the negative consequence of the absence of a long-term context for our planning, and wishes to work with other interested parties, including IEA, MSK (part of KEPSA), the government, KIPPRA etc, to derive a national economic vision, based on our national "SWOT". Poverty reduction is vital. But wealth creation is equally so, and this can only be stimulated in an optimal way in relation to our strengths and weaknesses, our opportunities and threats.

Can DFID (and/or other development partners) help? And how can it encourage government even to take the present ERS and its implementation more seriously?

This brings me to my next point: leadership and management. It is generally acknowledged that leadership skills and attitudes are both sadly lacking among many of our leaders, in all sectors and at all levels, from the cabinet to the community. Unless they are seriously improved, there is very little chance of seeing the implementation of ERS, Millennium Goals or anything else.

In my 27 years in Kenya (during three of which I was Chairman of the Kenya Institute of Management) it has never failed to amaze me that development partners consistently ignore this critical success factor regarding development in their programmes. When I have engaged their representatives on the subject (which I have been doing consistently and assertively!) they have always acknowledged the weakness, but informed me there was no "slot" for it. The same, with a few minor exceptions here and there, is true today.

Why? And what is DFID's position on this? (At least the British Council is active in leadership development.) I would be happy to discuss further.

Then, the development of leadership skills and attitudes should not wait till adulthood, till someone has reached a position of major responsibility. Indeed, by then it's probably too late. So to what extent are we worrying about preparing tomorrow's leaders to be able to perform better? Hardly at all. Our education system by and large continues to ignore the development of life skills as an essential component (despite the brilliant example shown by Starehe Boy's Centre and a few others). It also does a poor job matching the educational syllabus (not least at the tertiary level) to skills needs in the economy.

Is this an area where DFID feels it should and could engage? (I would again be pleased to discuss further, as I have been involved in this field here for over 20 years.)

I cannot end without making reference to the power of ICT to enable development. Kenya has, despite its considerable skills in this area, fallen sadly behind when it comes to ICT. This is because of an absence of focus, of coordination, of resources by government (as acknowledged in the ERS). Our ICT Board has lobbied consistently for a top-level ICT champion, a senior (PS level) one-stop shop for ICT in government, and a national ICT policy. Much of this seems about to happen at last. But will it convert into serious development-focused and implemented strategy?

The CAP does not refer explicitly to ICT in its support programme, although it is obvious that in some of the identified areas ICT will be a tool to help achieve the desired results. Clearly the government will need assistance in boosting its capacity (not least in terms of skills) as far as ICT is concerned. Is there a possibility of DFID assistance?

Mike Eldon
Governor, KEPSA and Chairman, KEPSA Private Sector ICT Board

February 2004

Memorandum submitted *(to DFID Kenya)* **by Maendeleo Ya Wanawake Organization**

I took note that the plan is now well refined. Your inclusion of "a comprehensive and effective response to HIV/AIDS with a particular emphasis" is very appropriate as we sometimes fail to take into account the impact on Social and Economic Development.

As I read the plan, I very much focused on its "Social and Economic impact", as this is what would make a difference in people's lives, particularly the poor. As I had stated previously, many fragmented projects could fail to achieve the total yield. £30 million is a lot of money, by any standards, but only if it is concentrated and not dispersed all over the place. Development with un-bridged gaps do not solve poor peoples problem in the long term.

I am also glad to note your emphasis on infrastructure. If our water systems were improved, the poor would change their lives. If our roads and transportations system were sound, the poor would pull themselves out of poverty. If the energy sector were improved and functional the poor would benefit. Without improving these basic infrastructures, the poor, rural informal sector "Jua Kali" agriculturalists, fishermen etc cannot transport, or sell their bananas.

Infrastructure development opened our hinterland once before. It would do twice as much today.

It is hard enough to address poverty, as it is but even harder if the poor are illiterate as well. This is one factor that has made it even harder to disseminate messages and educate the population on issues of HIV/AIDS pandemic.

As you address ie "the culture of political and economic patronage" as a cause of corruption, you should look at both sides of the coin. Why does it creep in even to the donor-funded projects?

I agree that financing of the ERS must depend heavily on Kenya's own resource—from revenues and natural resources—rather than donor-based dependency. Thus, the calls for the need to ensure accountability will therefore have to be a key theme running through all programmes.

D3: I agree that strict accountability is and should be expected from non-state actors as well.

E2: Civil Servants need to be constantly educated and to keep abreast with the ongoing Civic Education and I suspect that they have not bothered to follow the on-goings in this process. They need to be educated and updated.

Civic education should be introduced in schools and for the general public who missed out.

E7: This underscores my concern for access to water and I therefore take note of it with satisfaction. I have believed for the longest time that access to clean water is one of the most basic requirements for home healthy life and sanitation. It would automatically improve conditions of life.

On Work Plan Section: Government should take tough action against "corruption". Should not classify "grand" or otherwise.

Concentration of power and lack of checks and balances have been well addressed by the new constitution. However, non-state players must be enabled to educate people about the new constitution. Thus civic education should continue.

High quality of essential services must be encouraged.

Even as we promote "marketing bed nets," we should not lose track of also teaching people how to stop mosquitoes from reproducing, ie teach homestead cleanliness. Clearing of stagnant pools of water where mosquitoes breed.

Rose Arungu-Lende,
Executive Director

February 2004

Letter from the Ministry of Labour and Human Resource Development, Kenya, to the Head of DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07

I have studied the Draft Country Plan and have the following observations:

1. It takes cognisance of the Government's efforts in reviving the economy and empowering Kenyans for employment and job creation.

2. The entire Plan is hinged on the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) for 2003–07, its implementation as well as monitoring and evaluation; and identifies some major challenges that must be managed.

3. It is pro poor in objectives; and design.

4. It identifies a clear role for Development Partners and proposes strong harmonisation of donor assistance through the use of Sector Wide Approach to programmes (SWAPs).

5. The Plan addresses the key issue of delivery of assistance.

With regard to the development of the micro and small enterprise sector, the Paper correctly recognises the need for improving the business environment and competitiveness in Kenya. The paper pledges support for the implementation of the forthcoming Sessional Paper on the Development of Micro and Small Enterprises for Wealth for Poverty Reduction, as part of the private sector development strategy.

Catalytic (MSE) development areas needing immediate attention, as stated in Kenya's Interim Investment Program for the ERSWEC, include the following:

1. strengthening of financial institutions providing small business credit such as Kenya Industrial Estates;

2. developing the market for training small business entrepreneurs, preferably through demand incentive schemes;
3. strengthening vertical linkages within the industrial sector; and subcontracting arrangements; and
4. providing support in improving legal and regulatory investment climate.

Critical areas needing serious attention in the implementation of the Draft Sessional paper are:

1. effective co-ordination of the sector's development in order to minimise wastage and build synergy;
2. re-focusing the Department of Micro and Small Enterprise Development (DMSED) to effectively co-ordinate the various MSE policy interventions and programmes, and to provide more facilitative and effective leadership to the sub-sector; and
3. intensifying stakeholder participation in building consensus on programmes and projects, and on their implementation, funding and co-ordination mechanisms, through the introduction of SWAP in the MSE sector development.

I take this opportunity to express our appreciation for DFID's intervention through funding, technical advice and facilitation of the various activities in the process of developing the draft MSE Sessional Paper during 2003. We look forward to working together with you as we enter the implementation phase for the new MSE policy framework. MSE subsector needs to be assisted to play its role in the industrialisation process.

Deborah A Ongewe,
Permanent Secretary

February 2004

Letter from the Ministry of Water Resources Management and Development, Kenya, to the Head of DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07

The comments are mainly on water and sanitation issues and other cross-cutting matters in other sectors.

Paragraph B5: It is important to recognise that the sector is going through a reform process under the Water Act 2002. This reform will ensure better service delivery through semi-autonomous institutions and the Private Sector. The coverage and service levels in water and sanitation will also increase. This will have a positive contribution to hygiene and environmental sanitation. The Water Resources Management will equally be improved under the new institutional setup, with a view of increasing the water available per capita, water available for economic activities like irrigation, energy and livestock; pollution and silt load would be reduced through better environmental/catchment management, contributing to better aquatic life and ecosystem.

In this connection it is expected that DFID, like other stakeholders, will contribute directly and indirectly to the reform process; in general DFID would therefore contribute to the Millennium Development Goals.

Paragraph E7: This section gives a summary of DFID interventions which are consistent with the Water Policy and Strategies. In this regard, we wish to have the details of the volume of investments in the water and sanitation sector and what resources you will engage. We also would like you to appreciate the Government increased budgetary resources towards the sector. Close consultations and collaboration with the Ministry would be encouraged at all levels. Towards this, the Ministry is promoting an integrated approach to water issues across other sectors and players. Through availability of water for economic activities, potable water at domestic level, we shall contribute to poverty reduction through more earnings and savings brought about by improved health respectively.

Paragraph E16: We acknowledge your intention to seek higher funding levels. We look forward to more support and funding in the sector which have hitherto been a bit low.

February 2004

Letter from the Hon Paul K Muite, Member of Parliament for Kabete Constituency, Kenya, to the Head of DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07

One area which would go a long way in poverty eradication in my opinion is small scale loans of say up to KShs.50,000/= to grassroots women business initiatives by groups and individuals. I have in mind "mama bogas", fruit sellers and such other micro enterprises.

February 2004

Memorandum submitted by the Nairobi Stock Exchange Ltd

Kenya has the potential to meet the Millennium Development Goals (MDGs), but there are certain challenges (from a financial services sector perspective) which it needs to address, which are highlighted in the attached presentation *(not printed)*.

As participants in the "DFID—Kenya Umbrella Project—Improving the Enabling Environment for Private Sector", we believe the DFID Country Assistance Plan has identified accurately the challenges which Kenya faces, and outlined the appropriate strategies to help Kenya make faster progress towards the MDGs.

However, for maximum impact, the initiatives under the "DFID—Kenya Umbrella Project—Improving the Enabling Environment for Private Sector" need to move from the formation of the institutional structure of the Kenya Private Sector Alliance (KPSA) and the acceleration of efforts to achieve the following outcomes, as the NARC Government proceeds to begin a new parliamentary session:

- improved advocacy by and for the private sector resulting in greater awareness about the role of the Government of Kenya (GoK) and the justice system in supporting private sector growth;
- an improved regulatory environment with better enforcement of fewer, simpler but more rational regulations; and
- improved capacity by the GoK to respond to demands for reform in the business environment as appropriate, accelerated and pressure exerted on the authorities.

The Nairobi Stock Exchange Ltd also submitted a document entitled *How Kenya can achieve the Millennium Development Goals*. This has not been printed. A copy has been placed in the Library.

February 2004

Letter from The National Council of NGOs to the Head of DFID Kenya, as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07

In my opinion, the CAP presents a useful guide to DFID Kenya efforts in assisting Kenya's development. Many of the issues it espouses, such as alignment of the DFID Kenya policies to the Government of Kenya's strategy, are not only welcome but laudable as well. Nevertheless, there are a number of things that I thought I could bring to your attention from a civil society perspective.

1. Kenya remains not only one of the most unequal societies in the world (CAP, p 1) but one of the poorest as well. The combination of poverty and inequality (and inequity as well) present the key development challenge for the country. Any GOK strategy must therefore bear in mind these two imperatives and see the inequalities as inexorably tied with the poverty if it is to succeed in surmounting that challenge.

2. From where I sit, the culture of patronage (political, ethnic or otherwise) is alive and well in Kenya today. The only thing that has changed is the pronouncements against it and the hand that hands out the largesse. The case of the Minister for Trade and Industry promising to employ a member of the Sabaot community if their MP defected to the ruling coalition through his party is only a tip of the ice-berg. Appointments to key positions in government so far have a pattern that bespeaks patronage with a capital P. This is, by far, one of the greatest challenges to the war against corruption—the appearance of things going on as usual. From a DFID Kenya perspective, it would be good to nuance the existing optimism with the reality of patronage (which we think will persist as long as the bickering in NARC continues and the President's personal involvement in the fight against corruption is not evident in swift action against offenders). It would be good to design programmes with this in mind and figure out ways of mitigating the same, probably through better investment in the monitoring capacity of non-state actors.

3. Policy linkages with the ERS should be done as a matter of course (and there has been some effort already in that direction). However, a lot still remains to be done to ensure follow through—which is the reason for most policy failure in Kenya. The CAP's focus on strengthening systems should be decentralized to cover the LATF process and how policy from below links with the centre and vice versa.

4. Reducing the high public wage bill is at the heart of reduced indebtedness and higher development expenditure. Nevertheless, if we are not to wreck damage with this reform measure, adequate safety nets must be found for the retrenchees. Otherwise they will overload other government priorities, such as health and security, with the attendant roll-back effect on poverty reduction generally. There are some lessons to be learnt from the few attempts at Public Sector Reform recently and mistakes that we should avoid.

Otherwise, it is heartwarming to see that the DFID strategy is informed by a vision of "balanced forces" where GOK is getting support to fulfill its development challenges to its people while the people also retain sufficient capacity to monitor performance and channel demands either directly or through non state actors.

Francis Ang'ila Aywa
Chief Executive Officer

February 2004

Memorandum submitted by Oxfam

General Context

Despite the social and economic progress made after independence, the rich in Kenya have become steadily richer, while the poor are increasingly impoverished. Aid levels to Kenya declined dramatically in the 1990s. There is now a window of opportunity for donors to support the new government in Kenya and provide financing for achievement of the Millennium Development Goals.

Kenya's population is estimated to have reached 31 million in 2002, about 75% to 80% of whom live in the rural areas. Only about 18% of the land area is good agricultural land, and this supports 80% of the population. The remaining 20% of the population lives on land that is arid and semi-arid.

The country's resources have become increasingly concentrated in the hands of a few, with 10% of the population holding 48% of the wealth. The proportion of the population living below the national poverty line reached 56% in 1997, and this has remained the current national estimate but is projected to increase to 65.9% in 2015 if current trends continue. A number of factors contribute to these projected increases including low economic growth from 1994, and a rise in consumer prices. The impact of bad governance, inefficient uses of public resources, corruption, and structural adjustment programmes have also significantly contributed to Kenya's poor economic performance.

However, the current political and economic situation looks promising with a new government that has a vision to "work together with all Kenyans to bring about effective economic reforms and growth". The government has pledged to revitalise the country's economy by streamlining economic and financial management as well as harmonising mechanisms for implementation. Development partners have the opportunity to support these efforts, in particular by strengthening key institutions and establishing a rights-based approach to development.

The focus of Oxfam's programme in Kenya is on helping communities to achieve sustainable livelihoods and food security. Providing access to basic services including clean water and sanitation, and speaking up for the protection of rights (particularly for women and children) and for land tenure, Oxfam works with urban, agricultural and pastoral populations.

Kenya's Economic Growth

During the post independence era (from 1964 to 2000), Kenya's economy saw a growth in the 1960s (6.6% average growth over 1964–72). This has now declined (5.2% over 1974–79, 4% over 1980–89 and 2.4% over 1990–2000). This decline in economic performance has, since 1980, been matched by declining investment levels thus reducing the country's growth potential. This unsatisfactory performance was due to unfavourable macroeconomic policies, the slow pace of structural reform, and governance problems.

The lack of sustained economic recovery in the 1990s resulted in an overall decline in per capita income. Economic prospects in the late 1990s have been further aggravated by net outflows of external funding from the public sector and an increase in the government's recurrent costs (mainly wages and salaries), with the result that public investment has declined relative to overall investment. Today, a huge amount of investment is required by the private sector to enhance its ability to compete with other markets.

During the 1990s the manufacturing and agricultural sector registered a declining growth that has resulted in loss of jobs and increased poverty. In the first phase of import substitution and industrialisation many Kenyan businesses could not compete in the face of liberalisation and had to close down. Existing businesses are now facing competitive challenges both regionally and globally whilst working under WTO regulations. A key challenge of the fiscal strategy for the Poverty Reduction Strategy planning cycle is how to reverse these negative trends.

KENYA'S KEY SOCIO-ECONOMIC INDICATORS

Indicator	*Value*	*Year*
Population size (million)	28.7	1999
Population growth rate (%)	2.9	1999
Life expectancy at birth (yrs)	46.4	2003
GNP per capita (US$)	1.022	2000
Human Development Index (value)	0.489	2001
Human Development Index (rank)	146	2001
% of population below national poverty line	56	1997
Prevalence of HIV/AIDS in adult population aged 15–49 yrs (%)	10.1	2002
Population without access to drinking water supply (%)	55	2000

Indicator	*Value*	*Year*
Percentage of underweight under five children	32.5	1999
Adult literacy rate (%)	83	2003
Net enrolment rate in primary education (%)	73.3	2000
Ratio of girls to boys in primary education (%)	74.8	2000
Under five mortality rate (per 1,000 live births)	100	1999
Maternal mortality rate (per 1,000 live births)	590	1998

WHAT ARE THE PROSPECTS OF KENYA MEETING THE MILLENNIUM DEVELOPMENT GOALS?

A window of opportunity exists for DFID to support the Kenyan government in implementing policies to meet the Millennium Development Goals. The Kenyan government has demonstrated its commitment to reducing the unacceptably high levels of poverty. Further capacity building by donors including DFID would assist the government in efficiently implementing the following initiatives:

- The National Poverty Eradication Plan (NPEP), which seeks to strengthen the capabilities of the poor and vulnerable groups.
- The Poverty Reduction Strategy Plan from 2001, a consultative process aimed at reducing poverty and which links the national budgeting process through the Medium Term Expenditure Framework.
- The participatory review of the National Food Policy, that the Kenyan government is conducting to address causes of food insecurity at household levels.
- The school feeding programme targeting the arid and semi-arid areas has supplemented dietary needs and improved children's participation and performance in schools.
- The Government has now launched the Economic Recovery Strategy (ERS) for Employment Creation and Poverty Reduction 2003–07 to focus attention on specific, deliverable poverty reduction targets.

The Economic Recovery Strategy (ERS) for Employment Creation and Poverty Reduction integrates a number of areas including the Poverty Reduction Strategy Plan (PRSP) consultation report, plans for development and the National Rainbow Coalition Manifesto. This strategy for economic recovery is expected to provide both a national vision and overall goals for Kenya's economic and social transformation in the medium term.

From the outset Oxfam GB was involved in consultation for the Poverty Reduction Strategy Paper. Oxfam's long history of working with pastoralist communities since the 1980s following two major droughts, provided a strong basis to provide support for pastoralist organisations who wished to contribute to the policy dialogue with the Kenyan government.

Support from Oxfam for groups to engage in consultation with the government, including through the PRSP process, led to the formation of two networks—the Pastoralist Steering Committee and latterly the Kenya Pastoral Forum—which have sought to raise pastoralist issues at a national level directly to government.

Following the failure of the Interim Poverty Reduction Strategy Plan (I-PRSP) to adequately address pastoralist issues, the Pastoralist Strategy Group (PSG) was also formed which integrated involvement from a range of stakeholders including government and civil society. This group has worked throughout the formulation of the full PRSP. The group's secretariat, which has been funded by Oxfam GB and Action Aid, has worked closely with the Government of Kenya's Government Arid Lands Resources Management Project.

Together with the Poverty Reduction Strategy Plan, the National Development Plan and district plans that are already strongly poverty-oriented, the Economic Recovery Strategy process promises to deliver substantial improvement to Kenya's poorest people over the coming years, through employment creation and poverty reduction. The Economic Recovery Strategy proposes a transformation of the way government is run, so that the incentives facing individuals and organisations are changed in a manner that encourages ethical and development-focused behaviour and increased efficiency.

Some key elements are already in place to encourage such a change. These include the Medium Term Expenditure Framework process, Poverty Reduction Strategy Plan consultations and sector working groups. In addition, the protection given to priority expenditures on core poverty programmes (ring-fenced within the national budget), give a clear-cut direction of the government's future agenda. These arrangements give new incentives to government, NGOs and other development partners, demonstrating that proposals for public and other funding have a clear poverty rationale.

The Extent to which DFID's Country Assistance Plan Identifies the Challenges that Kenya Faces

The Country Assistance Plan captures the increase in national poverty levels in the country from 48% in 1990 to 56% in 2001. The DFID paper also has a good analysis of the causes of poverty, governance and poor targeting of resources to the productive sectors of the economy particularly in agriculture and investment in the private sector.

The Country Assistance Plan captures the favourable changes that are current to Kenya including the new and responsive government. We note that DFID is prepared to support the government in its implementation of the Economic Recovery Strategy through budgetary support, and welcome the flexible approach identified which includes working with other development players including civil society organisations and the private sector.

DFID recognises the need to work towards a vision under which government, donors and other stakeholders share a single strategy for the implementation of the Economic Recovery Strategy. Oxfam shares this view that a shared vision will greatly assist the efficient implementing of policies to improve the country's economy.

Challenges which Kenya Faces in Meeting the Millennium Development Goals

1. *Eradicate Extreme Poverty and Hunger (Goal 1)*

The high incidence of poverty has greatly undermined the government's ability to address the pressing needs in such critical sectors as health care and nutrition, and basic education. Low productivity in the key sectors of agriculture, trade and industry serve to entrench poverty and increase malnutrition rates. Only increased economic growth with equity can lift the country out of this vicious circle of poverty.

The magnitude of the HIV/AIDS epidemic is a major social and economic challenge in Kenya. Its effect on the economy and the entire society needs deeper analysis for effective measures to be undertaken. The effects of the epidemic in all sectors of production both in rural and urban areas pose a great challenge to the realisation of the Economic Recovery Strategy.

Governance, corruption and inefficient use of public resources still remain barriers to the achievement of the national targets on poverty reduction. Bad governance and corruption has contributed highly to the current poverty levels in Kenya. This is manifested in a lack of transparency and accountability in the management of the resources meant to benefit the wider public. Government funds have been diverted from the intended recipients (individuals and specific projects). The government system for service delivery has lacked transparency and basic services have not been provided for many poor people.

Inequality is a key development challenge and the Economic Recovery Strategy needs to address this issue. NGOs and other actors should help monitor progress to address inequality by holding the government and policy makers to account.

Food insecurity, especially in regions that are prone to drought and starvation, continues to pose a challenge for poverty reduction. A comprehensive Food Policy, that not only addresses short-term interventions during emergencies, but also builds links between low levels of agricultural production and food storage systems, is needed to cushion the country during lean seasons.

Recommendation 1: Donors including DFID should support NGO and other civil society's efforts to ensure measures to address inequality are both included in the design and implemented in the execution of the Economic Recovery Strategy.

Recommendation 2: The Kenyan Government needs to implement a food security policy that addresses the root causes of poverty, not simply a policy limited to short term responses in emergencies. DFID could support them in this effort.

2. *Achieving Universal Primary Education (Goal 2)*

Education is the best tool to address poverty. Despite the declaration and implementation of the Free Primary Education For All initiative in Kenya, more progress is required to meet this aim. Of paramount importance are policies to ensure access and retention of pupils, and to improve the quality of education for all groups in a country where over 50% of the population is below 15 years old.

Regional disparities regarding education are glaringly obvious given the lifestyles of different groups and communities in Kenya. Pastoralists and people living in informal urban settlements face continued problems of poor access, quality and retention in schools, which the Free Primary Education initiative is meant to solve. Many schools in both pastoralist areas and informal settlements are under-staffed, and the majority of the teachers are untrained.

Oxfam works with partner organisations in urban informal settlements addressing child rights issues. The Oxfam education programme focuses on the rehabilitation of street children and other destitute urban slum children through non-formal education programmes, vocational training and linkages to formal schools. Support to non-formal education initiatives in urban settlements acts as a focal point around which the urban poor are mobilised and organised to analyse their own situation and come up with appropriate solutions.

It is apparent that the formal education system in Kenya cannot reach all children. Oxfam has supported the Education civil society group Elimu Yetu that has engaged with the Poverty Reduction Strategy Plan process. More support is needed to assist marginalised communities to lobby the government to ensure they access education on the same footing as other communities in the rest of the country.

Recommendation 3: The Kenyan education policy, and donor support of Kenya's education programmes such as DFID, must include measures to widen access to education to cover non-formal education needs. In this regard a commitment to Non-Formal Education should be reflected in a revised Education Act.

Recommendation 4: Relevant Kenyan Government ministries, and donors supporting their programmes such as DFID, must provide sufficient financial resources for non-formal education to improve access, levels of teaching and curriculum standards.

Recommendation 5: DFID and other donors should support efforts such as the Education Fast Track Initiative to ensure Primary education is free and fully funded for all children in Kenya under Kenya's Education policy framework.

3. *Ensure Environmental Sustainability (Goal 7)*

Ensuring environmental sustainability is a major challenge in Kenya. Wanton destruction of forests for timber and cultivation has reduced the Kenyan forest reserves to a mere 1% of the total forest cover.

The natural resource base—land and other natural resources—have been destroyed. Compounded by constant changes in climatic conditions, the major challenge is to rehabilitate and restore the environment and especially the agricultural sector to its productive state for economic recovery. Inadequacy of land policies has adversely affected agricultural production. The Poverty Reduction Strategy Plan consultations revealed that many Kenyans are landless or squatters and lack security of tenure, a situation that has led to conflicts. Therefore effective land use and planning policy need to be in place to address this.

The degradation of Kenya's forest eco-systems considerably undermines long-term economic growth prospects and socio-political stability. Loss of soil fertility and degradation of water resources, directly attributable to this degradation has threatened the sustainability of agricultural development. The main challenge here is restoration of the environmental condition to a level where it can support production levels if the economy will be revived.

Official government statistics recognise that the highest incidence of poverty in Kenya is in the Arid and Semi Arid (ASAL) districts, where the poor account for nearly 80% of district populations. They are physically isolated, have inferior access to basic goods, services and infrastructure and rely on an uncertain natural resource base.

The nomadic communities of pastoralists are among the poorest and most vulnerable groups in Kenya, living on the arid and semi arid lands. The 3.5 million pastoralists are both politically and economically marginalised. Key development indicators—for example, in health and education—are below those of other population groups. Current modes of service delivery are largely inappropriate to the priorities and needs of pastoral populations. Oxfam's programme works to support pastoralist communities through a development process to improve their socio-economic situation.

There is no specific government policy on pastoral development. While covering many relevant issues, development policies in Kenya do not focus on pastoralism *per se* as a livelihood. There are a number of shortcomings in current policies. Pastoralism is not understood or perceptions of it are negative from Government departments. Current institutions have been ineffective in managing increased incidence of drought and conflict affecting pastoral communities. There is a lack of clear future vision: about where pastoralism is heading in Kenya and what different line ministries and NGOs should be working.

Building on its strong work in supporting local partners for participatory local approaches and its national level advocacy experience, Oxfam GB has developed an integrated Kenya Pastoral Development Programme.

Recommendation 6: DFID should support the Kenyan Government to develop and implement a national policy on pastoral development to address the socio-economic situation that face pastoral communities.

Kenya is faced with serious recurrent droughts reducing most of the arid and semi arid areas into deserts. Soil erosion is high in most areas of Kenya. The deterioration in the water supply situation has been a result of poor management of water supply schemes, and the rampant destruction of water catchment areas. Water catchment areas are drying up and once large rivers are now almost mere streams.

Water facilities need to be improved to reduce land degradation on arid and semi arid lands occupy which make about 80% of Kenyan land.

Recommendation 7: A clear environmental strategy should be adopted by the Kenyan Government, and supported by donors including DFID, which addresses priority issues including forestation in all areas, spring protection, and wetland conservation, and facilitates the construction of appropriate water facilities.

Governance: A Key Challenge that DFID Faces in Meeting the Millennium Development Goals in Kenya (Goal 1)

In addition to the challenges outlined in the section covering achievement of the Millennium Development Goals above, we would suggest the key challenge to DFID and other development players is to support the Kenyan Government in developing clear implementation strategies for the policies already announced. Donors should also press for the necessary policy changes to allow smooth implementation of the Economic Recovery Strategy. At present, policies within some sectors in government are preventing progress, constraining participation of all stakeholders in the development process.

While DFID has a lot of confidence in the current government there are concerns about the ongoing internal political wrangles within the ruling party, which could prove a major challenge to achievement of its development targets. It is clear at the moment that ongoing differences among the ruling party leadership may make the government lose its focus and direction in realising the achievements of the planned development strategy.

The government system for service delivery has lacked transparency and basic services have not been provided for many poor people. However, the new government is determined to root out corruption and strengthen the governance system.

The Anti-Corruption Bill, which was published and discussed by Parliament, is being enacted. The Kenyan judiciary is being restructured and corrupt judges have been dismissed. Measures have been taken to increase the independence of the Controller and Auditor-General (C&AG) office. To strengthen financial management and ensure transparency an Integrated Financial Management System has been developed which includes the posts of Finance Officers.

The Kenyan Government is committed to developing a new constitution, which will look seriously into matters of power sharing to reduce excessive powers vested on a few individuals might choose to mismanage the affairs of the government.

DFID would like to see a participatory process in reducing poverty. While that is the right direction, the Kenyan Government on the other hand does not seem to be clear about how to ensure communities' participation in the implementation and monitoring of the Economic Recovery Strategy plan.

Recommendation 8: DFID should support the Kenyan Government in incorporating policies of accountability and financial transparency within the Economic Recovery Strategy.

Summary of Recommendations

1. Donors including DFID should support NGO and other civil society's efforts to ensure measures to address inequality are both included and implemented as part of the Economic Recovery Strategy.

2. The Kenyan Government needs to implement a food security policy that addresses the root causes of poverty, not simply a policy limited to short-term responses in emergencies. DFID could support them in this effort.

3. The Kenyan education policy, and donor support of Kenya's education programmes such as that of DFID, must include measures to widen access to education to cover non-formal education needs. In this regard a commitment to Non Formal Education should be reflected in a revised Education Act.

4. Relevant Kenyan Government ministries, and donors such as DFID, must provide sufficient financial resources for non-formal education to improve access, levels of teaching and curriculum standards.

5. DFID and other donors should support efforts such as the Education Fast Track Initiative to ensure Primary education is compulsory for all children in Kenya under Kenya's Education policy framework.

6. DFID should support the Kenyan Government to develop and implement a national policy on pastoral development to address the socio-economic situation that face pastoral communities.

7. A clear environmental strategy should be adopted by the Kenyan Government, and supported by donors including DFID, which addresses priority issues including forestation in all areas, spring protection, and wetland conservation, and facilitates the construction of appropriate water facilities.

8. DFID should support the Kenyan Government in incorporating policies of accountability and financial transparency within the Economic Recovery Strategy.

March 2004

Memorandum submitted by Raitt Orr & Associates Ltd (Information Consultants to the Government of Kenya, reporting to the Ministry of Foreign Affairs)

Introduction

This report provides written input as requested in the International Development Committee's notice of 4 February 2004 related to DFID's draft Kenya Country Assistance Plan.

Although many of the challenges that Kenya faces are identified in the draft Country Assistance Plan ("CAP") the underlying analysis and consequential strategic planning is faulty with the consequence that we believe the CAP as drafted would not make the contribution required towards accelerating progress in achieving the Millennium Development Goals ("MDGs"). In fact we believe that the strategy outlined would run the risk of institutionalising a donor aid recipient mentality and could further entrench corruption and inefficiency.

Academic Research

The field of corruption, foreign investment and economic growth has attracted a number of researchers, notably Wei Shang Jin in "How Taxing is Corruption on International Investors?" (Harvard University—1997) identified clear linkages between high levels of corruption and low levels of international investment and economic growth. Similarly Paolo Mauro in "Why Worry about Corruption?" (IMF—1997) showed strong correlation between corruption and poverty. In the Kenyan context Andrew Mullei (Governor of the Central Bank of Kenya) *et al* in "The Link between Corruption and Poverty—Lessons from Kenya" (ACEG—2000) have demonstrated that these linkages are strong in the case of Kenya with corruption driving decreased investment, growth and consequential increases in poverty. The research clearly demonstrates that the way forward to reducing poverty has to focus on its root causes in poor investment and economic performance, rather than immediately focus on the outcome, ie poverty. As Mullei *et al* discuss, corruption is pervasive and can be embedded through the social economic and political fabric of society, including public procurement, the tax and judicial systems and international aid.

It is in this context that the DFID Country programme for Kenya needs to be viewed. Activities focused directly on the results of poverty (except in emergency humanitarian situations) are unlikely to contribute to long-term poverty alleviation. The focus must be on the larger strategic issues that address how the conditions of poverty are arising.

Detailed Comments on Country Assistance Plan

i. *Economic Analysis*

The CAP correctly identifies that Kenya has the potential to be the regional engine for economic growth and further that the new NARC government's Economic Recovery Strategy ("ERS") sets out a plan to achieve macro-economic stability and rapid growth. The CAP also recognises that the most reliable method to alleviating extreme poverty is stable, sustained, balanced economic growth. In addition to generating addition wealth and income the growth will enable the government to institutionalise direct poverty and health improvement schemes and expenditures. The CAP identifies rising poverty being driven by a decline in economic performance, but does not systematically address the factors needed to improve economic performance.

The CAP correctly identifies that there are risks inherent in the ERS. Most notably these include:

1. funding the ERS;
2. ensuring strong linkages to policy making;
3. ensuring that the impact of HIV/AIDS pandemic is included; and
4. addressing the patronage culture and crony capitalism.

(The CAP also highlights a lack of poverty focus in the ERS, but this will only come from achieving the results of the ERS).

To generate economic growth will require significant rises in investment (both domestic and foreign), productivity and market access. The CAP fails to address these issues. A recent survey of major businesses in Kenya (2003 Eastern Africa Association members survey—widely regarded as the most authoritative business survey) identified the following key issues (in order of priority) as inhibiting business and investment

1. corruption;
2. poor infrastructure;
3. weak, corrupt and inefficient judiciary; and
4. high taxes.

The CAP identifies security as the major impediment to business. (This is a significant problem but as mentioned it is not in the top four issues raised by local businesses). The ERS does however address all four issues raised by the business community. The CAP should therefore be adjusted to strengthen this focus on the needs of creating a dynamic economic environment.

The benefits accruing to Kenya through preferential access to US markets under AGOA is mentioned in the CAP as a driver of investment and employment. However, the CAP does not address assisting Kenya in similar market access issues either in a unilateral or multilateral approach with the EU. This should be included.

Improved efficiency and productivity would arise from privatising state owned enterprises. This is mentioned in the CAP but providing support or assistance in this process is not apparently a focus or key strategy. In addition to the benefits of improved efficiency from privatisation there would also be a significant one-off advantage accruing in reduced government borrowing and increased receipts to fund the ERS.

Importantly the two main segments of the Kenyan economy (which also provide employment for over half the population)—tourism and agriculture—are barely mentioned. The CAP should address how to assist these segments to improve efficiency, growth and employment in these areas. (Internal market access for subsistence farmers is mentioned but though important this will not contribute to the needed sustainable economic growth.)

Overall the economic strategies in the CAP appear to be either addressed at small-scale individuals rather than the larger scale. As a result the CAP will not contribute to this objective and thus the biggest driving force for sustainable poverty alleviation is missed.

ii. *Service Delivery and Improvement*

There is considerable focus on activities to improve service delivery and accountability in the CAP. These are appropriate and relevant but need to be extended to ensure that the changes reach the poor. An example is where the CAP suggests limiting technical assistance to the Finance and Planning and National Development Ministries—which are already two of the most competent Ministries in Kenya and most removed from the population. The CAP does not appear to have noted the experience of the World Bank funded technocrat team under Richard Leakey in the late 1990s that again focused on these ministries to the exclusion of the operating and delivery ministries. Although the Leakey team suffered other obstructions and problems its small size and lack of critical mass meant that it was too small to achieve an impact. The process of change throughout the government must be institutionalised. The CAP should consider extending assistance to improve efficiency and service delivery to a much broader group of ministries to achieve the necessary critical mass in improving efficiency and service delivery.

The CAP identifies the problem of over-manning in the government service, but does not address the changes necessary to improve its skill base and efficiency.

iii. *Health/HIV/AIDS Response*

HIV/AIDS is rightly identified as one of the most debilitating factors in the country. The direction of the CAP support is concerning though. DFID's support in fighting HIV/AIDS is stated to be mainly channelled through the National Aids Control Council. Unfortunately this has been an organisation with a track record of poor governance and inefficiency. The CAP must address good governance issues in its conduits for funding.

The involvement of the private sector in fighting HIV/AIDS is vital. The private sector performance in Kenya is patchy. Many private sector businesses do have strong programmes have deliberately stayed away from involvement in the official sector for reasons mentioned above. The CAP should include evaluation of the private sector activities and appropriate involvement, and provide leadership to coordinate activities.

iv. *Other*

The statistical support of the CAP is weak. Many of the specific statistical sub-targets in achieving the MDGs are absent, with the result that progress cannot be effectively measured. In some cases this may be due to lack of good statistical data, although this is not true in all cases (eg the data on women MPs is readily available but left blank in the CAP). The CAP rightly targets improvement of the statistical base as a specific objective. This is essential. Assistance is this regard is vital.

In meeting the MDG on extreme poverty it is also essential to properly understand the real adjusted incomes of subsidence farmers and pastoralists in the non-monetary economy. In adjusted purchasing power parity terms (if such an adjustment could be made) there income levels would be significantly higher. Failure to adjust adequately income distribution in the non-monetary economy will radically distort and overstate the numbers in extreme poverty.

Can Kenya Meet the MDGs?

If the Government's ERS is successful the MDGs will be met. DFID and the larger international community have given their support to the ERS (the IMF and EU have both approved). The challenge is therefore to focus assistance and support to strengthen the ERSs weaknesses and provide maximum support for its strengths. The CAP should be addressed in this light.

The CAP appears in its details to focus on valid and worthwhile humanitarian and small-scale development activities. The danger of this is that the opportunity to support on the macro scale is lost and a climate of dependency for donor activity is fostered (especially at the levels of extreme poverty). At worst this can lead to an institutionalisation of donor assistance and provide a possible entrenching of corrupt practices.

March 2004

Memorandum submitted by Saferworld

Saferworld welcomes the opportunity to provide comments on the Kenya Country Assistance Plan. This submission focuses on the questions:

What are the main challenges which Kenya faces in meeting the MDGs?

To what extent does DFID's Country Assistance Plan identify accurately the challenges which Kenya faces, and outline appropriate strategies to help Kenya to make faster progress towards the MDGs?

Overview

Saferworld believes that issues of safety, security and access to justice in Kenya present a key challenge to meeting the MDGs. These issues are highlighted as critical in the Government of Kenya's Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC), yet they are not sufficiently addressed in the draft DFID Country Assistance Plan (CAP). Identifying appropriate strategies to increase safety, security and access to justice will help Kenya to make faster progress towards the MDGs.

Saferworld welcomes the recognition in the CAP that security issues are important to economic recovery. The CAP highlights how "a general lack of security reduces livelihood options and access to essential services, and deters tourists, and foreign and local investors alike—the latter cite this as a major deterrent to them investing" (CAP, B9). In addressing this lack of security in Kenya the CAP points to the importance of reforming and strengthening the security sector. Saferworld agrees with this assessment.

Saferworld therefore welcomes DFID's commitments to "support the Government's programme in the governance, justice, law and order sector" (CAP, E5) and to "develop and implement a comprehensive UK strategy to address insecurity, including support to effective conflict prevention measures" (CAP, E10).

However, to meet DFID's objectives of "improving poor people's access to high quality services, and . . . promoting sustainable economic growth that benefits poor people" (CAP, A5) in Kenya, Saferworld recommends a greater emphasis be placed on supporting issues of safety, security and access to justice, and that this feature as a separate objective in the CAP.

Safety, Security and Access to Justice

Insecurity was identified by many Kenyan communities in the country's Poverty Strategy Reduction Paper as being the principal source of their poverty. Kenya's Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC), covering the period 2003–07, sets out the Government of Kenya's strategy for development. The paper explicitly states that addressing issues of safety, security and the rule of law is the foundation on which economic recovery must be based. "In an effort to revive the economy and meet the expectations of Kenyans for better living conditions, the starting point is better governance, improved security in the country and restoration of the rule of law." (ERSWEC 2003–07, page 8). In particular it highlights: "The contribution of the efficient enforcement of law, the maintenance of public safety, and the guaranteeing of law and order to economic growth, and the improvement of quality of life cannot be over-emphasised." (ERSWEC 2003–07, page 9).

The emphasis placed on issues of safety and security by the Government of Kenya is not similarly reflected in the CAP. The importance of these issues as foundations for successful poverty eradication is recognised in DFID's Safety, Security and Access to Justice paper and in DFID's policy documents in recent years. Living in poverty can mean far more than living without shelter or sustenance. It often also means living in fear without adequate means of protection or redress. Access to justice, safety and the right to live without fear is important for poor people living in both the deprived urban and rural communities in Kenya. If high levels of crime can be reduced, social and economic development will improve, thus benefiting the Kenyan economy and the quality of life for a very large section of the population. Saferworld believes that the CAP should include a greater focus of support in three inter-connected areas: police reform (Community based Policing); small arms control; and conflict prevention.

Police Reform

The CAP states that DFID will "consider in-depth engagement on police reform if the Government asks us to become involved and confirms its commitment to implementing the difficult decisions that will be necessary for lasting improvements to occur" (CAP, E5). Saferworld believes that there is currently considerable commitment to police reform from the Office of the President, relevant Ministers and the Commissioner of Police, as evidenced by Kenya's Community based Policing Programme (CBPP). Keynote speeches by Ministers and the senior executive of the respective Police organisations stress the importance of improving policing and a collective commitment to a community based policing style. The advent of the new Kenyan Government presents significant opportunities for progress. The National Rainbow Coalition (NARC) manifesto states that "Our aim is to build an effective community policing service . . . Retrain our police force into a modern police service and make it truly 'Utumishi kwa wote' (service to all)." The appointment of a woman senior deputy commissioner to head a "new" Police reform programme is indicative of the overwhelming support and desire to improve safety and security.

At the heart of the police reform programme is the adoption by the Office of the President of the Community based Policing Programme (CBPP). The democratic government of Kenya is committed to reforming the police and seeking a democratic style of policing—that is, Community based Policing. Establishing a competent professional police service that commands the confidence of the entire population is a key challenge for the government and is a key issue in the Legal Sector Reform Programme and the Kenya ERSWEC.

The CBBP aims to prevent further conflict among certain communities, reduce the proliferation of small arms and to initiate a more inclusive and proactive approach to policing, equity and justice. The CBPP has involved considerable stakeholder consultation and participation and offers an obvious and well-developed point of entry into sector-wide reform. The CAP has the opportunity to access, and in turn, build on the established, sound foundations of the CBPP.

The role of the police as a catalyst in a multi-sectoral approach to poverty reduction is now well proven across the world. Effective policing arrangements delivered by the adoption of Community based Policing is critical to achieving a safe and secure Kenya and wider region. Maintaining the peace, protecting the community—particularly the poor and disadvantaged—preventing and reducing crime are all important to establishing stable communities and reducing the fear of crime. If the CAP does not prioritise security, safety and access to justice then it will have an adverse impact on its ability to deliver its other strategic intentions. CBPP offers an ideal vehicle through which to prioritise these issues.

The CAP states that donors have promised to harness their support for the Economic Recovery Strategy Paper and improve donor harmonisation. The Canadian Department of Foreign Affairs and International Trade and the European Commission have already committed to supporting the Kenyan CBPP and UNDP is working on broader issues of safety and security. DFID is regarded internationally as one of the leading donor agencies on safety, security and access to justice issues and its support in this area would greatly contribute towards the aim of greater donor harmonisation.

CBPP entails ongoing community engagement and consultation, which is in line with promoting a democratic style of policing. Civil society therefore becomes an active partner in public safety and security. The CAP mentions civil society only with regards to service delivery, but it needs to be recognised that they are also partners in developing, implementing, monitoring and evaluating policies and programmes, as is envisaged by the Cotonou Agreement.

Small Arms

One of the factors fuelling the insecurity noted in the CAP is the widespread proliferation of small arms. These small arms are used both in rural and urban settings in armed crime, and in pastoralist areas, where they are the main tool exacerbating and escalating armed cattle rustling. In pastoral areas the level of insecurity is one of the primary inhibiting factors that constrains development in poor communities and undermines other efforts at poverty eradication. Similarly, and as the CAP recognises, chronic insecurity seriously impedes the provision of pro-poor services in the vast slum areas in which the most disadvantaged and poor urban Kenyans reside. Much of this insecurity is fuelled and exacerbated by the easy availability of small arms which can turn domestic or property disputes into violent incidents and make crime much more violent. An increase in violence in turn seriously undermines prospects for social and economic development. This is the reality of the proliferation of small arms in Kenya.

The Government of Kenya has recognised the importance of tackling small arms related instability and has been active on the national and regional level in advancing effective responses. The Office of the President has mandated a national assessment of the small arms problem, which was recently completed, and a National Action Plan on Arms Management and Disarmament is currently being developed. These efforts are being co-ordinated through Kenya's National Focal Point on small arms—an inter-departmental committee which includes civil society representatives. The National Action Plan will cover a wide range of security and safety issues, including law enforcement capacity building, developing socio-economic alternatives to illegal firearm use and promoting public awareness of the dangers of firearms and the need for peaceful conflict resolution. As such, it links closely with ongoing efforts to reform and professionalise the police (Community based Policing Programme) and to prevent violent conflict.

DFID London has already committed to supporting the first six months of implementation of Kenya's National Action Plan on Arms Management and Disarmament. Saferworld believes that the CAP should explicitly recognise the serious destabilising impact of small arms proliferation in Kenya, its role in fuelling crime and insecurity and how consequently it is a key factor in undermining poverty reduction. Support to small arms control and reduction projects and the longer-term implementation of the forthcoming National Action Plan should feature prominently among the objectives of a broadened safety and security agenda within the CAP.

Conflict Prevention and Conflict Sensitivity

DFID policy documents on conflict in Africa persistently recognise the importance of identifying and analysing the risks and root causes of violent conflict. Although Kenya is not currently at risk of high levels of violent conflict, structural conditions such as social inequalities and weak public institutions can aggravate social tensions and lead to armed conflict. In addition, certain sectors seem to be particularly vulnerable. The reliance of the majority of poor people on agriculture for their livelihood, coupled with regular droughts and floods, creates a potentially explosive situation. Programmes dealing with agriculture and natural resource exploitation should therefore pay particular attention to analysing the risks of violent conflict resulting from decreasing resources and natural disasters. This is of paramount importance in pastoral areas, where resource competition and the presence of small arms have already led to numerous localised conflicts.

In the Kenyan context, it is therefore vital that the existing risks of violent conflict are recognised and programmes tailored to mitigate, rather than aggravate, these tensions. The CAP could include conflict analysis and conflict-sensitive programming in its priority on safety, security and access to justice, building on DFID's Strategic Conflict Assessment Framework. If this awareness feeds into all the envisaged engagements (including the provision of budgetary support and through collaboration with other donors and the Kenyan government), the CAP would be able to contribute to structural stability in Kenya. Such an approach is also consistent with the undertakings of the Cotonou Agreement on conflict prevention and ensuring civil society engagement in development planning. In addition, the CAP could explicitly support the work of the Conflict Prevention, Management and Resolution unit within the Office of the President, which has already undertaken much work in sensitising government officials (down to the level of district commissioners) to the links between development and conflict.

Summary

- If the CAP does not prioritise security, safety and access to justice then it will have an adverse impact on its ability to deliver the MDGs.
- Safety, security and access to justice are recognised priorities of the democratic Government of Kenya as evidenced by the prominence of these issues in the Economic Recovery Strategy for Wealth and Employment Creation. Effectively addressing these issues is the necessary foundation for poverty reduction. The CAP should have a much greater focus on safety, security and access to justice identifying it as a separate objective.
- A reformed, effective, "safety, security and access to justice programme" is deemed to be critical to the enduring social, political and economic transformation of developing democracies. Public participation and acceptance of a police service is the crucial element in determining/enabling the successful progression of donor country assistance plans.
- Police reform, through the established Community based Policing Programme, has broad, high-level government support and represents an ideal opportunity to promote sector wide reform.
- Small arms are a major contributory factor to the high levels of insecurity in Kenya. The Government has already taken concerted action with the development of a National Action Plan on small arms. The CAP should highlight the importance of small arms control and support further initiatives.
- Police reform (Community based Policing), small arms control and conflict prevention initiatives are already linked and offer a vehicle through which to promote further linkages across the safety, security and justice sector.
- To ensure that the risks to poverty eradication highlighted in the CAP—of crime and insecurity going unaddressed and terrorist activity having a lasting impact—are minimised, the CAP should place much greater emphasis on safety and security issues.

— Although not a country in conflict, an awareness of the structural and underlying risks of violent conflict in Kenya is necessary in order to ensure that programmes and policies do not aggravate these and thereby contribute to conflict. The CAP should therefore include a commitment to carry out conflict analysis as a basis for undertaking conflict-sensitive programmes in Kenya.

February 2004

Memorandum submitted by Save The Children UK, Kenya

(Submission to DFID Kenya as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07)

In general the Country Assistance Plan is a very comprehensive document and has highlighted the critical areas that Government of Kenya needs support in.

DFID's analysis of the challenges facing Kenya as a country and the emphasis it places on supporting the Economic Recovery Strategy for Wealth and Employment Creation (ERS) is commendable. The ERS is based on the concept of democracy and empowerment and seeks to provide the atmosphere for Kenyans to work to be productive and improve their standards of living. SC UK believes that the ERS in its present form does not fully address nor does it prioritise/highlight processes to bridge the inequalities in accessing means of production for many poor people in Kenya. Nor does it commit to effective pro-poor policies. We therefore welcome DFID's commitment to support government of Kenya further develop and implement the ERS, and see this as very good opportunity to shape the development of Kenya.

Critical areas that SC feels need to be incorporated into the CAP which will later influence and give depth to the ERS are:

1. The CAP should include a strong commitment for policies that address childhood and youth poverty within the broader poverty reduction efforts and the recognition of the critical role of childhood wellbeing in human development, and as a tool for breaking the intergenerational transmission of poverty. Children in Kenya represent a little over 50% of the total population. Of the 56% of the population living below the poverty line, children represent 8.6 million people. A policy that intends to eradicate poverty must address the social and economic factors affecting childhood poverty. This approach is further supported by the devastating impact of HIV/AIDS in all spheres of the economy and its special impact on children.

Globally, DFID is funding SC UK to undertake two major research programmes on childhood poverty, "Young Lives", which is monitoring 12,000 children over a period of 15 years in four countries; and the Childhood Poverty Research Policy Centre which is focusing on intergenerational poverty cycles and ways of breaking them. DFID will be in a position to share not only the lessons learnt from this study with government of Kenya, but will also be in a position to support government with the tools to make this effective. DFID can influence Government of Kenya through the Young Lives project to see childhood poverty as a critical policy area and to monitor and evaluate impact on children. This would also be in line with the current World Bank consultations on a children and youth strategy to fight poverty, reduce inequity and promote human development.

2. Another area that needs emphasis in the CAP and subsequently in the ERS is commitment to the Millennium Development Goals and strategies to progressively achieve them. To this end we would encourage DFID to continue to support government set up the comprehensive monitoring and evaluation framework for the ERS to incorporate benchmarks for assessing progress on the MDG and child poverty, and to support government implement and monitor ERS at district level as part of its support to good governance.

SC UK appreciates DFID's commitment to the fight against HIV/AIDS, and its commitment to support the development of a viable policy framework.

SC UK Kenya with financial support from DFID has undertaken a longitudinal research on the impact of HIV/AIDS on children in both rural and urban settings. Preliminary findings from our research shows that a family's income is decreased by 30–50%; and families increasingly depend on remittances (5–15%) to meet their basic requirements when one member of a household affected by HIV/AIDS falls sick. Families expenditure patterns change, spending more on health care (up to 300%), less on buying cheaper food, there is also a general reduction in the expenditure on other household items. The families drop out of the social groups and there is a restructuring of the responsibilities in the household, with a greater burden falling on children. We would therefore also encourage DFID to support the fight against HIV/AIDS from the grassroots, in helping government and NSA develop appropriate policies and guidelines for interventions at the household level.

In conclusion, SC UK endorses DFID's support to governance and public sector reforms. In supporting the Police Force, SC would encourage DFID to address areas of training on human/child rights and gender as part of the Police Force training curricula. Another possible area needing strengthening is the Department of Children's Services (DCS) under the Ministry of Home Affairs (MOHA) to effectively implement the Children Act, and identify appropriate interventions for children.

SC UK agrees that a re-worked ERS should be at the centre of DFID's support to Government of Kenya and that a SWAps would greatly enhance government's ability to meet its objectives. We also believe that the ERS/SWAps will contribute to growth of governance and democracy when effectively linked with the national budget and all sectors of the Kenyan economy.

February 2004

Letter from the United Nations Development Programme (UNDP) Kenya to the Head of DFID Kenya, as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07

The UNDP has reviewed the DFID Country Assistance Strategy and is of the view that it is well written and is comprehensive in its analysis of the situation and the challenges of development as they exist in the country. The sentiments are in sync with the Government initiatives to revive agriculture and tourism as having potential for economic growth and poverty reduction. The Government at a recent Kenya/donor co-ordination group meeting at the Treasury also expressed these sentiments. Also, proposals and strategies are in harmony with those contained in the GoK policy documents such as the ERS and PRSP.

We would also wish to recognise convergences between DFIDs areas of intervention and UNDP Country Programme Action Plan 2004–08. Some of these are the following:

DFID	*UNDP*
1. Capacity building support to the Ministry of Finance for proper co-ordination of policy and budgeting.	Support to the development of national external aid co-ordination policy and development of government/donor interactive website on external resource flows and their alignment with national priorities.
2. Initiatives to address concentration of power through capacity building of parliament and decentralisation.	Support to devolution, translation of the new Constitution into popular version, implementation of civic education programmes, and capacity building of parliament for oversight and legislative functions.
3. Support to public financial management, legal and anti-corruption reform and with other partners consider engagement on procurement.	Support to public sector reform and anti-corruption initiatives. More specifically, UNDP programme will support institutionalisation of Public expenditure review process, including putting in place a system for tracking and reporting on the use of public resources.
4. Support to CBS and non-state actors to improve poverty data and increase public information on poverty, the economy and service provison.	Capacity building at the CBS for monitoring poverty reduction initiatives and at the Cabinet Office to enable the monitoring of reforms.
5. Support to Governance, Justice, Law and Order SWAP.	Support to national plan of action for promotion and protection of human rights as an input into building national capacity for administration of justice.
6. Engagement with police reform.	Support to the establishment of gender friendly police units.

We would welcome an opportunity to discuss further on possible areas of collaboration within our two country programmes of co-operation.

February 2004

Letter from the World Wide Fund for Nature (WWF Eastern Africa Regional Programme Office) to the Head of DFID Kenya, as part of DFID Kenya's consultation on its Country Assistance Plan 2004–07

Thank you for contacting WWF Eastern Africa Programme Office to provide our comments on the Kenya Country Assistance Plan, 2004–07.

WWF-EARPO commends DFID Kenya for an open and transparent consultation process with different stakeholders.

The document recognises clearly that the environment matters greatly to people living in poverty. It affects their livelihoods and health and can increase their vulnerability to external shocks. This is well covered in the publication "*DFID A guide to Environmental Screening—2003*"[23]

The Plan also recognises that developing countries are already experiencing environmental degradation and exhaustion of environmental resources that are vital to long-term development.

However, there is limited recognition of the importance of environmental sustainability to achieving both poverty reduction and economic growth. This is a particular concern given the high dependency of the poor in Kenya on natural resources and that national economic growth will be based on growth in the agriculture and natural resource sectors. We would like to propose more emphasis on the following issues:

— Improving access to water and sanitation: we welcome the recognition that to achieve this there is a need to support improved water management and that this will be an area addressed through the PEAK programme. The Plan doesn't clarify what are the current challenges with regards to integrated water resources management (eg limited capacity in catchment management, illegal abstraction, poor land use management planning leading to erosion and siltation of rivers, etc).

— Economic growth based on agriculture and natural resources: we would like to suggest that investment in this area should look at ensuring that practices promote sustainable use of natural resources. The document already highlights that agricultural growth has been limited by the degradation of land resources and limited availability of water, perhaps this would suggest a need for a more integrated approach between the Ministries of Agriculture, Lands, Water and Environment in planning and policy development? However, the document only talks of supporting integrated policy development on land and agriculture. We would like to suggest broaden this to include other sectors. This could include sustainable use of natural resources and its contribution to poverty reduction at a localised level (eg WWF work on sustainable use of wood and fisheries management), and how this work has the potential to deliver wider benefits if some of the macro level challenges to scaling this up could be addressed.

We would suggest that the following issues be incorporated:

1. A specific objective in the plan could be to "Strengthen the focus on environment in the National Economic Recovery Strategy (ERS)".
2. Amongst the cross cutting actions planned (eg increase in accountability of the Government to its citizens) increasing the integration of environment conservation in different sectors should also be a focus.

Finally, we are encouraged that DFID will continue to support improved environmental governance through the PEAK programme. However, there are no clear mechanisms showing how this will be addressed during the implementation. WWF would be prepared to suggest some ideas on this.

Thank you again for giving WWF the opportunity to comment on this important document. We take this opportunity to offer WWF input during the implementation of the Plan.

February 2004

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[23] Livelihoods—poor people tend to be most dependent upon the environment and the direct use of natural resources. They are therefore the most severely affected when the environment is degraded or their access to natural resources is limited or denied.
Health—poor people suffer most when water, land and the air are polluted. Environmental risk factors are a major source of health problems in developing countries.
Vulnerability—the poor are often exposed to environmental hazards and environment-related conflict and are least capable of coping when they occur.
Source: *DFID A guide to Environmental Screening*—2003.

Printed in the United Kingdom by The Stationery Office Limited
5/2004 951661 19585

ISBN 0-215-01699-8

9 780215 016997

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and available from:

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