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TITLE:

UNDERSTANDING RURAL POVERTY AND INVESTMENT AGRICUTURE:

AN ASSESSMENT OF INTEGRATED QUANTITATIVE AND QUALITATIVE RESEARCH IN AGRICULTURAL INSTITUTIONS

BY

BUNDI STEPHEN OUKO

BED 13736/61/DF

SUPERVISED BY:

REV. ERICH KASIRYE

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APRIL 2009

DECLARATION

I, BUNDI STEPHEN OUKO-BED 13736/61/DF

do declare that the information given in this research report is made by myself and has never been presented by any other person, for the award of the degree of Bachelor of Education

Signature:................ *Hammdi* ....

Date:................ 13/8/09 ....

APPROVAL

This is to certify that BUNDI STEPHEN OUKO-BED 13736/61/DF

has successfully completed her / his research report and now is ready for submission with my approval.

Signed: ....

REV. ERICH KASIRYE

KIU SUPERVISOR

DATE.......13/8/2009...........................

DEDICATION

To my beloved wife, Dorcas Nyanchama Ouko and children, Sharon Ouko, Nicky Ouko and Hardlays Ouko.

ACKNOWLEDGEMENT

I would like to thank the good Lord for giving me strength and courage to compile this research report because without Him I would not be able to accomplish anything.

Special thanks go to my supervisor, Rev. Erich Kasirye who was a good mentor and advisor during the compilation of this work. My appreciation go out to all my collegues of Nyamauro Primary School.

Lastly and most importantly, to my family members and especially my mother, Pacifich Nyakambi Bundi who brought me into this life.

May the Good Lord reward you abundantly.

ABSTRACT

The wide range of poverty analysis conducted in Kenya in the last ten years is mainly based on the nationwide surveys conducted by the CBS within the framework of the welfare monitoring surveys (1992, 1994 and 1997). Further work was undertaken to 'explain' poverty through participatory poverty assessments (1994, 1996 and 2001), and social policy studies conducted in selected districts by the GTZ-SPAS project. The government has in the recent past made attempts to improve on poverty analysis through the use of poverty maps so as to inform the design, implementation and evaluation of poverty eradication programs at the grassroots level.

The purpose of this study is to document how the poverty reports and maps have influenced national and sectoral policy decisions and allocations of resources in favor of the poor, and whether the poverty data is adequate or presented in formats useful to the design and programming of anti-poverty programs. The study is based on a small sample of institutions, Government departments and research institutes, and is therefore illustrative rather than comprehensive.

Some of the independent poverty studies emphasize the need to guard against geographic determinism in explaining patterns of persistent poverty, the importance of assets as a measure of poverty, and the role of assets in economic resilience of households against shocks. The studies also underscore the importance of micro-level studies to supplement national poverty statistics, and the thin dividing line between quantitative and qualitative approaches to poverty analysis. Some of the concerns relating to definition and measurement of poverty include whether to include socioeconomic indicators (e.g. nutrition, shelter, clothing, food) and accounting for own production (as failure to do so could overstate poverty).

There has been rapid growth in prominence of qualitative techniques of poverty appraisal. The application of both techniques separately often yields quite different results. However, in Kenya, there have been attempts at combining both approaches e.g. the WMS and the PPAs. More recently, the poverty maps prepared on the basis of quantitative information have been used in the selection of areas for detailed qualitative analysis.

Some of the reasons why development interventions had not succeeded in reducing poverty include poor prioritization (which leads to waste), lack of flexibility in the government budgetary procedures, lack of legal framework for stakeholders' participation in planning and implementation, incomplete decentralization that does not empower the beneficiary communities, and people do not identify with the projects because the planning process is not participatory. In addition, Government and donors have in the past provided solutions to community problems without community participation. A common comment was that bottom-up planning would not succeed under the current system of devolving power to the government structures at district and lower levels of the provincial administration.

The poverty maps are widely interpreted as part of Government's overall efforts on equality and socioeconomic agenda. The poverty maps were described as useful in identification of the poor, cuts down the costs of identification of the poor in project selection, will reduce misdirection of resources, and help people at the grassroots to understand and evaluate their situation and take remedial actions. Such targeting is likely to reduce the scope for corruption in allocation of funds, as there will be fairly objective basis for making allocation of funds at the local level. The poverty maps provide an in-depth analysis of specific hotspots of poverty chaos, and thus streamline stakeholder collaboration in selection of projects.

There was general agreement that poor people should be encouraged to participate in governance, human rights issues and policy formulation. Pro-poor policies should include access to social amenities by the poor (e.g. water, health and education), while giving due attention to inequality between sexes, regions, and income classes. They suggested that there should be a right mix in policy to address both inequality and growth, as poverty is not equally shared.

It was recommended that future poverty maps should include livelihoods (e.g. land use patterns), soils, financial institutions, roads, markets, social infrastructure (schools, hospitals), and the relationship between poverty and the ecosystem (e.g. forests and vegetation cover). The maps should also indicate the sources of income in particular areas. Some of the potential uses of poverty maps were cited as education policy (distances to school, enrolment, relationship between enrolment and poverty, test scores by poverty incidence) and relationship between rainfall variability and poverty as most people in the rural areas depend on rain-fed agriculture. However, some of the causes of poverty were cited as lack of credit facilities, poor marketing system, mismanagement of resources, political interference in resource allocations, quality and availability of agricultural extension services, and cultural practices, all of which are difficult to include in the maps.

Some of the emerging issues included the need for CBS to undertake an assessment of its data archival system, transfer data for previous surveys to modern storage media, prepare documentation of the data structures, and allow structured permission to the raw data by individual researchers and research institutions.

There has been singular lack of creativity in the types of analysis conducted by government and research institutes, probably due to constraints in release of raw data and poor coordination of CBS and potential users in survey design. For example, the analysis conducted has been inadequate on gender analysis; does not normally include measures of concentration (e.g. the Gini coefficient); the land size does not have an implicit measure of agricultural potential; has not been complemented by macroeconomic analysis (e.g. to derive relationship between trade and poverty, and effect of reforms on factor markets); largely excludes property rights (ownership of and access to productive assets); the traditional bivariate presentation of analytical tables does not give sufficient information on relationship between variables; and the analysis is inadequate for understanding risk and vulnerability.

There are also concerns that the current poverty estimates based on the 1997 WMS are already eight years old; the computation of the poverty line has not been subjected to wide debate; and the focus of the surveys has been on the expenditure side and little on the income side. The basis for the calibration of the poverty line needs thorough debate, including the expenditure basket, and whether a universal poverty line is valid given the spatial and seasonal variation in prices and expenditure patterns. The lack of adequate information on sources of incomes limits the usefulness of poverty analysis for policy, as poverty alleviation is essentially growth and distribution of incomes.

Recently, some development agencies have started pooling resources to fund specific sectors. This pooling of resources by donors is commonly known as the sector wide approach (SWAP). It aims to increase coordination amongst donors so that they can make systematic improvements, increase government ownership, and support rather than fragment government systems. In the absence of cooperation, there is a tendency to over-fund idiosyncratic rather than consensus expenditures. The poverty maps may assist the Government and development partners to coordinate their development approaches both at the sector and regional level.

A common comment from the people interviewed was on demand-side competences, as publications and dissemination workshops are only part of the process in making the data available and useful. Potential users also require more assistance to make the best use of the new data. A significant, but unspoken, concern in user competences is the ability of personnel in governmental and non-governmental institutions to appreciate and utilize the technical information derived from quantitative poverty analysis.

There has been an increase in funding through the constituencies. The communities do not fully understand the funding windows available at the constituency level, and their possible influence in the allocation and utilization of such funds. It is not enough to prepare poverty maps, target resources on the basis of the maps, and assume that it will suffice to eradicate poverty.

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ABBREVIATIONS/ACRONYMS

AAK	ACTIONAID-Kenya
ADB/ADF	African Development Bank/Fund
AERC	African Economic Research Consortium
AIDS	Acquired Immune Deficiency Syndrome
AMREF	African Medical and Research Foundation
ASAL	Arid and Semi Arid Lands
CBO	Community Based Organization
CBS	Central Bureau of Statistics
CCA	(United Nations) Common Country Assessment
CDF	Constituency Development Funds
CFAA	Country Financial Accountability Assessment
CiReCa	(Kenya) Citizen Report Card
COMESA	Common Market for Eastern and Southern Africa
CPP	Core Poverty Programmes
DANIDA	Danish International Development Agency
DfID	(British) Department for International Development
DI	(AAK's) Development Initiative
DPARs	(PEC's) District Poverty Assessment Reports
EAC	East African Community
ECD	Early Childhood Development
ERS	Economic Recovery Strategy for Wealth and Employment Creation 2003-2007
EU	European Union
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
GIS	Geographical Information System
GJLOS	Governance, Justice, Law and Order Sector (Reform Programme)
GoK	Government of Kenya
GTZ	Deutsche Gesellschaft fur Technische Zusammenarbeit (German Technical Cooperation)
HIV	Human Immuno-deficiency Virus
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
ILRI	International Livestock Research Institute
IMF	International Monetary Fund
IPAR	Institute of Policy Analysis and Research
I-PRSP	Interim Poverty Reduction Strategy Paper
IPU	Inter-Parliamentary Union
IRS	Integrated Rural Surveys
KACC	Kenya Anti-Corruption Commission
KCPE	Kenya Certificate of Primary Education
KCSE	Kenya Certificate of Secondary Education
KDHS	Kenya Demographic and Health Survey
KePIM	The Kenya Participatory Impact Monitoring
KIHBS	Kenya Integrated Household Budget Survey, 2004/05
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KSh	Kenya Shilling
LASDAP	Local Authority Service Delivery Action Plans
LATF	Local Authority Transfer Fund
MDGs	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
MOJCA	Ministry of Justice and Constitutional Affairs
MP	Member of Parliament
MPND	Ministry of Planning and National Development
MTEF	Medium-Term Expenditure Framework
NARC	National Rainbow Coalition
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
NHDR	(Kenya) National Human Development Report
NPEP	National Poverty Eradication Plan 1999-2015

O&M	Operations and Maintenance (expenditures)
OOP	Office of the President
PAMFORK	Participatory Methodologies Forum in Kenya
PEC	Poverty Eradication Commission
PEM	Public Expenditure Management
PER	Public Expenditure Review
PPA	Participatory Poverty Assessment
PRSP	Poverty Reduction Strategy Paper
SID	Society for International Development
SIDA	Swedish International Development Agency
SPSS	Statistical Package for the Social Sciences
SWAPs	Sector-Wide Approaches
TLU	Tropical Livestock Unit
UNDP	United Nations Development Programme
UNDAF	United Nations Development Assistance Framework (for Kenya)
UNICEF	United Nations Children's Fund
UPA	Urban and Peri-urban Agriculture
WMS	Welfare Monitoring Surveys

POVERTY ANALYSIS IN KENYA: TEN YEARS ON

A: INTRODUCTION

OVERVIEW

The wide range of research and poverty analysis conducted in Kenya in the last ten years is mainly based on the nationwide surveys conducted by the CBS within the framework of the welfare monitoring surveys (1992, 1994 and 1997). Further work was undertaken to 'explain' poverty through participatory poverty assessments (1994, 1996 and 2001), and social policy studies conducted in selected districts by the GTZ-SPAS project in the Ministry of Planning and National Development. The Kenya Participatory Impact Monitoring (KePIM) has been carried out in 16 districts to trace the implementation and impact of poverty programmes like education, agricultural extension, and credit. To a certain extent, the views of the poor and community leaders collected during the preparation of the Poverty Reduction Strategy Paper (PRSP) represent community-based planning that covers the people's views of causes of poverty and strategies to alleviate it.

The government has in the recent past made attempts to improve on poverty analysis through the use of a recently developed technique, so as to help target development assistance to the needy. The small-area poverty mapping technique helps to disaggregate the poverty information down to location level[1], by combining census data with welfare-based sample survey data. Poverty maps can inform the design, implementation and evaluation of poverty eradication programs at the grassroots level. The poverty maps also provide poverty assessment at constituency level (see Economic Survey 2004), and can therefore be used by members of parliament to target the constituency development funds and offer ammunition to the poor to hold their elected representatives accountable[2].

ISSUES OF CONCERN

Currently, there is no documentation of how the poverty reports and maps influence national and sectoral policy decisions, and allocations of resources in favor of the poor. There is also no documentation of how the information has been used by the non-governmental sector (donor agencies and the civil society), and whether the poverty data is adequate or presented in formats useful to the design and programming of antipoverty programs.

The users of the poverty reports and maps may have specific needs that are not adequately catered for due to inadequate consultations between producers and users of poverty statistics and qualitative poverty assessments. The poverty information and its mode of presentation may therefore need to be harmonized with the specific needs of users within government and among development partners. For example, are potential users satisfied with the welfare contents of the survey questionnaires?

The purpose of the study is to provide indicative answers to the following questions:
- To what extent is poverty at the center of development debate? This includes projects individually or jointly funded/implemented by government and donor organizations/non-governmental organizations.

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[1] Kenya has a hierarchically nested administrative organization, from nation, province, district, division, location, to sub-location. The nested administrative organization of government is normally referred to as provincial administration. Within the administrative setup, local authorities are a dual administrative structure parallel to the central government.
[2] A constituency is a political zone or area that is represented in Parliament by an elected representative known as a Member of Parliament (MP). There are a total of 210 such areas in Kenya.

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- What is understood by targeting in practice? What is the importance of targeting relative to other considerations?
- What are the opportunity costs of targeting in terms of design, implementation and costs of programs?
- How adequate are the poverty reports (quantitative and participatory poverty assessments) and maps in improving pro-poor policy targeting? What are the specific needs of the institutions that would require improved poverty targeting/design of interventions?
- In the case of research institutes, what studies have used the abovementioned poverty reports and maps?
- What type of government, donor, and NGO/civil society efforts are required to bring maximum results in terms of pro-poor targeting (e.g. shift in spending patterns), and what are the extra efforts required in terms of information to make such change?
- What specific changes need to be put in place to enable/facilitate better use of the poverty reports and maps?
- In what ways can poverty maps and reports be used to contextualize good governance, gender and rights of the poor? How can this issue also help in maximizing the impact of expenditures on poverty reduction?

WHAT GUIDES DONOR SUPPORT?

The decisions on whether to provide budget support in a given situation and the amount of such support normally rest on a number of issues and considerations. These include policy conditionality, earmarking, and fiduciary risk (the risk that aid funds are not properly accounted for or used for the intended purposes, and that the expenditure may not represent value for money). If donor funds are earmarked, the donor agrees with the partner government that the partner government may use the funds only for a particular sector (e.g. health), a particular locality (e.g. a poor region) or for expenses in support of a sub-set of activities (e.g. primary health care). Earmarking affects only the total allocation of funds to the earmarked sector (or locality or activities) if the partner government does not fully offset the earmarked funds by shifting its own domestic funds to alternative uses.

The checklist of issues for general and sector budget support includes the macroeconomic framework and macroeconomic policies, the national poverty reduction strategy and the government budget, good governance, and public sector implementation capacity. This study includes both the specific donor projects and the conditions donors apply to budget support and basket funding. This is because an explicit condition in donor programs for government resources to be pro-poor means that such donor support affects both the quality of government expenditures and of the donor resources. In such a case, the overall usefulness of donor funding may lie more in the conditions tied to their program aid rather than the poverty-focus of project aid. The report will therefore include the poverty-focus in the conditions of (national and sector-wide) budget support provided by donors.

Among non-governmental organizations and selected donor agencies, there are also area-based projects that directly target the very poor areas and the vulnerable segments of the population. The targeting include income generating activities of the poor and assisting the very poor to move from relief to development. Other aspects of targeting are social investments (e.g. in health and education) due to known pathways between education and health and other aspects of development. Examples include the link between child health and mother's education.

STUDY METHODOLOGY

The study selected a sample of individuals/institutions/Government departments/research institutes from the full list of those who received copies of the poverty maps for Kenya. The institutions were selected to provide information that would assist in better survey design that meets their specific needs,

and a mode of presentation ⠂ ⠂e final outputs that is more compatible to their needs. The selected respondents were asked to p⠂ ⠂le any material (e.g. country strategy papers, sector policy papers, relevant project documents, research reports) conducted by them (or with their support), and any internal assessments conducted. However, the response was rather poor, and the study is therefore largely based on publicly available documents. The cases cited in the report are therefore illustrative rather than comprehensive. The focus of the study is the broad scope of the poverty reports in relation to design of policy and development projects/programs, rather than a detailed narrative of the contents of the poverty reports.

OUTLINE OF THE REPORT

The report begins with an analysis of the major outputs from the quantitative and qualitative poverty assessments conducted by the Government in the last decade, together with any independent analysis by non-governmental organizations and individuals that used the official databases. The third section presents analysis of poverty in Kenya by research institutions and a brief statement of the value-addition of their contributions. The fourth section covers the PRSP and the emergence of the governance agenda, including Government initiatives in statistical capacity building and realignment of public expenditures in favor of the poor. The fifth section covers the use of poverty reports and maps by donor agencies and civil society organizations. The sixth section covers the responses by Government, development partners and civil society organizations on how they have used poverty reports and maps in the design of their own programs. The seventh section illustrates the data limitations by analyzing the data needs in gender, intra-household distribution of burden and reward, nutrition, and the impact of trade on poverty. The eighth section covers the new frontier of poverty analysis, namely chronic poverty and fractal poverty traps, in an attempt to provide a basis for assessment of the adequacy of the poverty reports and maps. The report focuses on the wide array of policies and programs on poverty alleviation, the extent to which the available data serves the stated purposes, and gaps that can be filled by new surveys and analytical methodologies.

F: USES OF POVERTY INFORMATION: SOME ILLUSTRATIONS

THE CIVIL SOCIETY: EXAMPLE OF ACTIONAID

Prior to the preparation of AAK's Country Strategy Paper (1998-2001), a number of papers were commissioned, one of which was the Review of Poverty in Kenya (Ayako and Katumanga, 1997). The Review of Poverty in Kenya was based on key secondary sources, including reports of analyses of the 1981/82 Rural Household Budget Survey, the first and second WMS, and the first and second PPA.

The national context of the Country Strategy Paper (CSP) included the findings on poverty and inequality, principally that Kenya is endowed, yet inequitable. The CSP made a significant shift to empowerment and capacity building work at the micro-level and more emphasis on meso- and macro-level work both in terms of institution building and research and advocacy. Subsequently, AAK phased out some of the development areas that formed the bulk of its program, especially in Eastern province. Secondly, the approach changed to empowerment of local communities by giving them the overall management of the development initiatives (DIs), with minimal AAK staff at the grassroots. The opening of the new DIs was preceded by preparation of regional strategy papers, and qualitative and quantitative baseline surveys in the areas selected for new DIs. Several community-based organizations were started to undertake development activities and fight for the rights of the poor. In 2001, AAK implemented the last year of its 1998-2001 CSP. As a result, during the year, AAK undertook a rigorous review of its activities and developed a new CSP (2002-2005).

According to the AAK's response for this study, poverty is at the core of the development debate in the organization. AAK believes that absolute poverty is a denial of basic human rights and should be eradicated. The approach is to work with poor and marginalized people to overcome the injustice and inequity that causes absolute poverty. In Action Aid, targeting is understood to mean the deliberate bias towards certain groups in society that suffer exclusion and marginalization e.g. the poorest of the poor, women and girls. Targeting is important because it provides a basis for priority setting in its poverty eradication programmes and performance measurement.

On the opportunity costs of targeting, AAK reported that the design and implementation of its programmes costs time in building ownership and consensus through participatory processes; makes less reliance on hardcore data as opposed to qualitative perceptions of the poor; and need skilled staff capacity (e.g. to ensure gender concerns in programming) and resources (for training, technical support and basic service delivery). The geographical focus of the programmes is usually restricted to 1-2 administrative locations, which means that the impact is not widespread. In addition, the programme design does not always address income levels, resource distribution and risk factors beyond AAK's control.

For a long time, AAK has depended on quantitative poverty assessments done by the CBS to inform decisions on geographical targeting for its programmes and to advocate for more pro-poor policy targeting based on the ever increasing numbers of poor people. The poverty reports are still at a broad level, and are restricted to two indicative measures: percentage population below poverty line and percentage contribution to national poverty. They poverty reports should be more detailed and comprehensive.

Type of government, donor, and NGO/civil society efforts required to bring maximum results in terms of pro-poor targeting:

Government	Donor	Civil Society
Commitment to protect, fulfill and respect basic human rights in policies and laws.	Provide financial resources for inclusive/participatory policy processes	Monitoring policy implementation and tracking public expenditure from a pro-poor focus.

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Government	Donor	Civil Society
Provide inclusive processes to inform policy formulation and implementation.	Harmonization of donor reports and accountability demands on government.	Civic education to empower citizens to make demands.
Generate information (e.g. poverty mapping) and make it accessible.	Support government and civil society efforts on monitoring and evaluation of public expenditure.	Strengthening collaboration with the government rather than ad hoc disjointed efforts.
Commit resources for specific anti-poverty programmes that have clearly identified objectives and indicators.	Ensure good governance criteria (such as respect for human rights, democratization processes and participation) to development assistance as opposed to macroeconomic policy lending criteria.	Institute self-monitoring mechanisms for impact assessment.

AAK recommended that policy processes need to be harmonized so that poverty reports and maps are mandatory reference materials. The budgeting process must also be reformed to ensure a detailed anti-poverty orientation in resource allocation proposals. The government's monitoring and evaluation framework must include public expenditure reviews and the reports made widely available. Poverty reports should also be gender-disaggregated in order to highlight any inequalities/inequities that need to be addressed.

AAK felt that there should be a clear linkage between poverty maps and national budgets such as an alignment of resources based on anti-poverty indices and access to basic social services. This indicates a government's commitment to responsive and accountable governance towards the poor. Wealth creation is an important component in eradicating poverty and the government needs to create a conducive environment for this. This means tackling obstacles that hamper business growth in the formal sector (e.g. it takes up to 68 days to register a business in Kenya) as well as the informal sector which employs the majority of Kenyans.

PORK BARREL SPENDING

The technocrats have the freedom to create their own national databases, and from these make policy choices for the people of Kenya. In the recent past, there has been an increase in the role of pork-barrel legislation, whose tangible benefits are targeted solely at a particular legislator's constituency. Critics of the United States Congress frequently bemoan "pork-barrel" spending, a common practice among members of Congress in which individual senators and representatives cater to their constituents by procuring federal funds for local projects. The critics argue that preoccupation with obtaining federal funds for local projects complicates deliberation on important legislation, allows members of Congress to influence voters with national revenue, and slows the legislative process.

The Constituency Development Fund Act, 2003 was enacted in late 2003 and came into effect on 15th April 2004 (Legal Notice 25/2004). The law requires that the Fund should not be less than 2.5% of all the Government ordinary revenue collected in every financial year. All disbursements are made through constituency bank accounts maintained for every constituency. Members of parliament and councilors are barred from being signatories to the constituency bank accounts

According to the Constituency Development Fund Act, 2003, Section 19, the budget ceiling for each constituency shall be three quarters of the total funds divided equally among all constituencies, and the remaining quarter on the basis of the constituency's poverty index (as proportion of national poverty index).

Beginning financial year 2003/04, the Ministry of Education, Science and Technology began administering bursaries for needy secondary school students through constituencies. Initially Shs 210 million was allocated to the 210 constituencies with each constituency receiving an allocation of Shs 1 million. The disbursement of the remaining Shs 506 million was calculated on the basis of the constituency's secondary school enrolment (as a proportion of national secondary students enrolment)

and the district's poverty index (as a ratio of the national poverty index). The administrators of the bursary fund at the constituency level were instructed to allocate 5% of each constituency's allocation to affirmative action for girl-child education. Unlike primary schools, catchments for secondary schools normally go beyond a constituency or district, but it was deemed expedient to use a simple formula in order to have a semblance of objectivity in the allocation criteria.

It is apparent that the Government is committed to using poverty indices and social indicators (e.g. population) to target the allocation of public funds for earmarked programs. This calls for higher social responsibility on the part of producers of data, with focus on quality, application of appropriate analytical methodologies, and timeliness in the release of information. The poverty focus would become meaningless if the figures were wrong or too old to reflect current realities. There are also controversies on the efficiency of allocation criteria, especially those that focus on poverty only without weighting by the respective constituency's population, given that there are no objective criteria in the creation of constituencies. There is also no evidence either way that the administrators at the grassroots use objective criteria in the allocation of funds to the ultimate beneficiary individuals (for secondary school bursaries), community-based organizations (for constituency AIDS coordination committees) and projects/activities (for constituency development fund).

DEPARTMENT OF RESEARCH DEVELOPMENT, MINISTRY OF EDUCATION

One of the core functions of the Department of Research Development (Ministry of Education, Science and Technology) is integration of research into national development. Transfer of innovative technologies and research findings to address the needs of the poor can only be made possible if information on the magnitude of poverty and the locations where the poor are concentrated is known. The poverty maps were useful in knowing where the poor are placed and the pockets of poverty that exist even in areas occupied by the rich.

The Department formulated a research proposal "Strengthening Food Security in Nairobi through Improved Food Supply and Distribution Systems." The department has been liaising with other stakeholders like the City Council, the Ministry of Agriculture and NGOs to formulate the project. The project is to be funded by FAO. The Department was able to evaluate the levels of poverty at location levels and suggest programmes that would be implemented to eradicate poverty in these places. For example, the slum areas indicate higher levels of poverty and will be targeted to come up with programmes to eradicate poverty, enhance food security and generate incomes for the poor. The relationship between population and poverty maps is quite useful in decision-making process to implement the pro-poor programmes in the country.

The department is working with Nairobi forum groups including NGOs that focus on the poor especially in the agricultural and livestock sector. The target groups are those living in the informal settlements in the urban and peri-urban areas. In the programme, governance issues are taken to include the government's ability to tackle poverty in the areas identified, and tackling the gender disparities. The Department also used the reports and maps to prepare its strategic plans and other departmental documents which required focus on the poor.

One of the main program components is urban and peri-urban agriculture (UPA). The proposal notes that UPA in Kenya has been practiced informally, without appropriate policy, legislation and institutional framework (Onyatta and Omoto, 2004). Currently, the only live animals allowed within the Council boundaries are geckos, probably because they eat mosquitoes and other household insects (Mukui, 2002). City of Nairobi (General Nuisance) By-Laws 1961 (Legal Notice 275/1961) prohibits keeping within the city a game animal or reptile other than a lizard, or any ass, mule, ox, bull or cow, goat, sheep, or pig, except with the written permission of the town clerk. However, as Freeman (1991) observes, the actual enforcement of the by-laws is more liberal. The Council ignores private back-yard plots on enclosed residential ground and shambas of ground-hugging food crops on vacant land, provided no crops are planted that will exceed four feet in height at maturity (obviously excluding sugarcane, bananas, cassava, pigeon peas and maize).

THE EARLY CHILDHOOD DEVELOPMENT (ECD) PROJECT

The World Bank-supported early childhood development project was initiated in early 1996. The major project components were training, community mobilization and capacity building, health and nutrition, transition from preschool to primary school, strengthening programme management, monitoring and evaluation, and curriculum development. The target districts for the health and nutrition component were selected on the basis of the following criteria: child nutritional indictors, immunization coverage, micronutrient deficiencies (iodine, vitamin A and iron), and poverty. The child nutrition indicators and immunization coverage were from the KDHS; indicators of micronutrient deficiencies were from micronutrient surveys conducted in February 1994 by the Ministry of Health and UNICEF; and poverty incidence was from the 1992 WMS. In areas where official poverty reports showed low poverty incidence, the targeted project components deliberately included the known pockets of poverty e.g. plantation areas in Kiambu and slums in Nairobi. In the selected districts, high priority was accorded to administrative divisions with higher than average stunting rates and low immunization coverage.

G: SELECTED THEMATIC ISSUES AND THE DATA QUESTION

GENDER

Gender is usually defined as the social meanings given to the biological sex differences—the basis for basic division of labor within societies. Gender inequality often manifests itself in the form of macroeconomic policies that are not gender-neutral, and this has tremendous implications for women's employment, poverty, social burden and ultimate societal well-being. Were and Kiringai (2002) recognize that gender is not a homogenous group, as there are different socioeconomic groups within the same gender. For example, a trade policy that protects domestic industries through tariff barriers might increase employment for low skill urban women while discriminating against agriculture. Such a policy would be pro-urban women and anti-rural women.

Were and Kiringai (2002) analyze Kenya's policy framework and poverty indicators (including social indicators) from a gender perspective. The report argues that although gender imbalance is acknowledged in the PRSP, there is no detailed cognizance of gender dimensions of the proposed policies, or anticipation of gender implications of the outcomes in reference to the different poverty dimensions. This gap might have been occasioned by inadequate exposition of gender issues or lack of a comprehensive disaggregated database to start with.

The report argues for application of appropriate analytical tools to show expected outcomes as a result of addressing gender inequality. Computable general equilibrium models can provide a framework for quantitative and consistent analysis of economic policies on different groups. However, such a model would have to be calibrated on a gendered social accounting matrix.

Despite the data limitations, the study shows that there are gender gaps in virtually all the core dimensions of poverty—opportunities, capabilities, empowerment and security. This is worsened by widespread regional disparities. One of the emerging issues is that interventions have to be designed that would increase women's efficiency and labor productivity e.g. labor and energy saving technologies, appropriate production technologies in agriculture, and time burden for women (rural access roads, clean water, sanitation). In addition, successful gender mainstreaming would have to build on citizen participation in the design of macroeconomic policies, wider understanding of the importance of national budgets and the budgetary process, capacity within government on gender-based budgets, and women's participation in the budgetary process. In 2000, the Inter-Parliamentary Union (IPU) organized a seminar in Kenya on Parliament and the Budgetary Process, Including from a Gender Perspective (IPU, 2000).

As noted in the Kenya's National Report for the Special Session of the UN General Assembly on Follow Up to the World Summit for Children (2000), "poverty has presented a major constraint in the discharge of parental responsibility". However, the poverty statistics are inappropriate vehicles for understanding intra-household distribution of resources such as food. For example, the coping strategies (fallback mechanisms) to deal with short-term insufficiency of food do not affect all household members equally (Maxwell, 1996) e.g. maternal buffering (the practice of a mother deliberately limiting her own intake in order to ensure that children – usually recently-weaned toddlers – get enough to eat). Haddad (1996) provides a framework for the analysis of the potential for sex and age biases in nutrition and food intake, and the consequences of pro-male culture for nutrition.

According to a report titled Double Standards: Women's Property Rights Violations In Kenya (Human Rights Watch, 2003), women's rights to property are unequal to those of men in Kenya. Their rights to own, inherit, manage, and dispose of property are under constant attack from customs, laws, and individual. Married women can seldom stop their husbands from selling family property. A woman's access to property usually hinges on her relationship to a man. When the relationship ends, the woman stands a good chance of losing her home, land, livestock, household goods, money, vehicles, and other

property. The deadly HIV/AIDS epidemic magnifies the devastation of women's property violations in Kenya. Widows who are coerced into the customary practices of "wife inheritance" (whereby a widow is "inherited" by a male relative of her deceased husband, often becoming a junior wife) and ritual "cleansing" (which usually involve unprotected sex with a man to "cleanse" a widow of her dead husband's "evil spirits") run a clear risk of contracting and spreading HIV.

The traditional tabulation of data by gender is not sufficient in the formulation of gender policies. At the analytical level, there is need to separate female-headed households into those where there is a male head who does not reside in the household on a regular basis and "other" female headed households (single, separated and divorced) as proposed in Mukui (1994a).

Secondly, poverty statistics do not provide reasons for the gender differences or outcomes especially in cases where the two genders appear at par. An example is the assumption that the near-gender parity in primary school enrolment and retention has resolved the gender bias in education. The relatively low access of girls to postsecondary wage employment and tertiary education institutions is largely determined by performance at the end of primary and secondary school cycles (Mukui, 2003a). Girls do better than boys in English and Swahili at the end of the primary school cycle, but boys do better in all the other subjects. At the end of the secondary school cycle, girls normally perform better than boys in languages (English and Kiswahili), while boys consistently perform better than girls in all science and technology-based subjects (mathematics, biology, physics, chemistry, agriculture) and other arts-based subjects (history and government, and geography). The implication is that more boys than girls achieve grades that can earn them a place in post-secondary training institutions. There are other household-based factors that may explain the fate of women after secondary school, but the foundation for what girls become in their adult life appear to lay in their choice of subjects and performance at the end of the secondary school cycle.

UNITARY VERSUS COLLECTIVE MODELS OF THE HOUSEHOLD

Most development objectives focus on the welfare of individuals e.g. prevalence of poverty, literacy, morbidity and mortality, and unemployment. However, policy analysis and the empirical basis of policy analysis focus on household behavior, and neglect intra-household dynamics e.g. distribution of tasks and rewards (Alderman, 1995). The unitary model implies that the overriding concern should be the amount of income the household receives, not the identity of the individual within the household who is the target of the public program. The collective model of household behavior focuses on the individuality of household members and the bargaining process within the household. In practice, the identity of the household member controlling income matters, "in sickness and in health".

For example, women income is likely to be associated with favorable child health and nutrition outcomes, certain crops are not gender-neutral (which has implications for design and targeting of agricultural extension services), and men may spend more of their income on "sin" consumption (e.g. alcohol, cigarettes, and even "female companionship"). As Alderman et al (1995) notes, domestic violence refutes justification for the unitary household model, and such violence may underlie a dictatorial version of a unitary household model. At the level of measurement, assuming equality within the household may understate poverty by a significant margin. This also points to the need to derive locally valid indicators of adult equivalence scales, as they are influenced by intra-household sharing of rewards unrelated with age and gender profile of the household. There is also need to complement poverty statistics with qualitative surveys, since intra-household dynamics are more easily captured using participatory research methodologies.

NUTRITION

Following the completion of the poverty profiles based on the 1992 WMS, UNICEF commissioned a study on Kenya's capacity to monitor children's goals (Mukui, 1994b), which underscored the need to

have an anthropometry module in the 1994 WMS. The report also recommended that the analysis of the nutrition module include inter-relationship between various household socio-economic characteristics and child nutrition. The results of the nutrition survey module were released as a separate report of the fifth nutrition survey, while summaries also appeared in the 1995 Economic Survey and the basic report of the 1994 WMS. In addition to the child nutrition survey, there has been several rounds of the KDHS and the MICS, which have presented child nutrition outcomes by region and household socioeconomic characteristics.

However, the link between nutrition and poverty has not been thoroughly explored, and nutrition has only received passive mention in the country's policy framework, despite the fact that there is no linear relationship between incomes and nutrition (Mukui, 2003b). The income-diet linkage is expressed in terms of three principal relationships: the percentage of the income allocated to food, the proportion of food energy derived from various commodity groupings, and the shifts in the relative importance of specific commodities within these groupings.

Students of food economics normally describe the relationship between incomes and nutrition via Engel's law (the percentage of income allocated to food), and the less known Bennett's law (the percentage of calories supplied by the starchy staples). Christian Lorenz Ernst Engel, the originator of what was later canonized as Engel's law, observed that the smaller the family income, the greater will be the proportion of it spent on food. The basis for the empirical validity of Engel's law is straightforward. Unlike nonfood goods and services, there is an upper limit to ingestion of food energy due to the limited capacity of the human stomach. However, the Engel's law may not manifest itself strongly at the lowest end of the income spectrum. The abjectly poor – the people near starvation – will use an increase in income first to enlarge food intake, which implies that there is a minimum threshold income below which the Engel's law may fail.

The diets of the poor have a number of things in common. First is the high proportion of the calories and a fair share of the protein from foods composed principally of starch. The starchy staples are the cereals and the starchy fruits, roots and tubers. A second characteristic of the poor people's diet is that the protein will tend to be more vegetable than animal in origin. Bennett's law, named after M.K. Bennett, is based on the percentage of total calories supplied by the starchy staples. It states that the richer one becomes, the smaller becomes one's dependence on energy supplied by the cheap starchy staples (Bennett and Peirce, 1961; cited in Poleman, 1981).

In addition to the decline in the caloric contribution of the starch staples, the principal dietary modifications associated with a rise in income are: (a) the replacement of proteins of vegetable origin by those derived from animal products, (b) a steep rise in intake of separated fats (e.g. oils, butter, margarine) and of un-separated animal fats through increased consumption of meat, fish and dairy products; and a reduction in the un-separated vegetable fats contained in the starch staples, and (c) increase in consumption of sugar and sugar-sweetened foods.

After Bennett, the increased incidence of cardiovascular disease has been linked to higher intakes of fat and sugar. In the context of measurement of poverty, Bennett's law ensures that as income rises, rich households consume calories that are more expensive. Distribution of welfare using caloric intake will concomitantly appear more egalitarian than that derived using money-metric food expenditures.

Food poverty is generally described as set within utility space, where utility is measured in terms of calorie intake. However, the minimum non-food expenditure can be assumed to be the basic needs that ensures than an individual does not need to take more than the required minimum calorie allowance. For example, an individual who does not have the minimum clothing and shelter would require a higher minimum calorie intake, while food energy can be more effectively increased by raising food-to-energy conversion through reduction in gut parasites (i.e. medical care). For this reason, it is normally prudent to analyze access to basic health services, water and sanitation, basic education and shelter as part of basic ingredients to proper food habits, food preparation and absorption.

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TRADE AND POVERTY

The continuum of approaches linking trade and poverty ranges from econometric analysis of household expenditure data (the traditional domain of poverty specialists, sometimes labeled the "bottom-up" approach) and computable general equilibrium models based on national accounts data (what might be called the "top-down" approach). The recent trade/poverty studies have shown that factor markets are perhaps the most important linkage between trade and poverty, since households tend to be much more specialized in income than they are in consumption (Reimer, 2002). The general conclusion of Reimer's survey is that any analysis of trade and poverty needs to be informed by both the bottom-up and top-down approaches, and micro-macro studies sequentially link these two types of analyses, such that general equilibrium mechanisms are included along with detailed household survey information.

Hertel et al (2003) uses national household surveys from developing countries, focusing on earnings as households tend to be highly specialized in their earnings patterns compared with expenditure patterns. The analysis classifies households by income sources, namely, agriculture-specialized households, self-employed non-agriculture specialized households, households specialized in wage labor, and those relying on transfer payments for 95% or more of their income. The majority of the poor have specialized earnings patterns and are likely to be disproportionately affected by trade liberalization, but the majority of the non-poor are diversified, and are therefore less vulnerable to sector-specific commodity price changes. In addition, the poor are over-represented among the agriculture-specialized households. Kenya is not among countries that have conducted studies on the impact of macroeconomic policies on poverty at the household level, principally because the official poverty statistics are normally presented as two-way classification tables. A part of the problem could be the limited access to official survey data by researchers who intend to conduct detailed analysis.

H: DYNAMICS OF POVERTY

RISK AND VULNERABILITY

Poverty analysis typically focuses on the levels and distribution of welfare in a specific context and provides a profile of the characteristics of the poor. It is less disposed toward informing about the underlying processes that contributed to the observed levels of poverty or to clarify the reasons for poverty persistence. The dynamics of poverty are largely explained by risk and vulnerability, and these factors should therefore complement the traditional poverty analysis (Hoogeveen et al, 2004).

The terms 'vulnerability' or 'vulnerable groups' are commonly used, but often with different meanings by different practitioners. In particular, Hoogeveen et al (2004) makes a distinction between risk-related 'vulnerability' to poverty and 'vulnerable' groups whose chronic poverty requires specific attention. Exposure to risk may be seen as one of the many dimensions of poverty. Poor households are typically more exposed to risk and least protected from it. Perhaps even more important is how risk exposure causes poverty or increases the depth of poverty. In an attempt to avoid risk exposure, households may take costly preventive measures, which in turn, contribute to poverty. The decision not to invest in a high risk but high return activity not only means foregone income but also a higher likelihood that a household is poor. If security concerns force parents to take children out of school, this disenfranchises the children from their right to basic education. And, if credit and insurance markets are poorly developed, exposure to risks may induce households to hold portfolios of assets that, while possibly well suited to buffering consumption, are not necessarily the most productive.

Vulnerability is often used to mean 'weakness' or 'defenselessness', and typically used to describe groups that are weak and liable to serious hardship. Risk can be natural (floods) or the result of human activity (conflict). Risks can affect individuals in an unrelated manner (idiosyncratic), they can be correlated among individuals (covariate), across time (repeated) or with other risks (bunched). Risks differ by their frequency and welfare impact (for example catastrophic or non-catastrophic). With major risks and focal groups identified, one aim of risk and vulnerability analysis is to identify the most appropriate mix of risk management strategies (prevention, mitigation and coping) and arrangements (informal, market-based and publicly provided or mandated). A different strand of work on vulnerability takes, instead of risk, particular groups as object of analysis such the elderly, orphans, internally displaced populations, landless laborers, etc.

Vulnerable groups are often numerically small, and typical household surveys lack a sufficient number of observations to present reliable estimates of poverty amongst the vulnerable. This hinders prioritization amongst vulnerable groups and hampers the policy dialogue. Census information has been underutilized but can often be accessed and used to elicit differences in educational attainment, housing conditions or access to clean water between the population at large and a particular vulnerable group. For countries for which poverty maps are available, estimates of poverty incidence can be derived for vulnerable groups as well. Expanding the analysis of vulnerable groups at regional, instead of national, levels helps in focusing the attention of policy-makers on severe pockets of poverty that are marginal within the borders of a given country, but are substantial at regional level.

There are various areas in which we need a deeper understanding of the relation between vulnerability, risk and poverty (Hoogeveen et al, 2004). The first is the link between risk and long-term poverty. The second issue is whether it is possible to design and implement a headline vulnerability indicator, expressing the extent to which an individual, group or society is exposed to a socially unacceptable level of well-being in the future. Thirdly, a more in-depth assessment of risk and vulnerability requires adequate data. This includes considering how existing risk and shock modules can be improved, whether panel data can be collected more readily, and how to better integrate qualitative and quantitative analyses.

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The issues and recent progress in this respect include the relationship between risk and long-term poverty, and risk as cause of poverty. The degree to which temporary shocks have a permanent effect on household welfare remains poorly understood. Nonetheless the idea that short-lived negative shocks can propel some households onto permanently lower welfare trajectories remains persuasive. Related to this is the extent to which poverty is transmitted inter-generationally. If it is the case that transitory shocks have permanent consequences, and that these consequences are transmitted inter-generationally, then the case for policies to mitigate or prevent such events is further strengthened.

Few existing (cross-sectional) datasets have extensive information on issues related to risk, vulnerability and vulnerable groups. According to Hoogeveen et al (2004), one approach is to develop specialized risk or vulnerable group specific modules that can be easily integrated in surveys, thus enabling a more in-depth analysis of specific topics. Another direction for future work is the development of approaches that overcomes the limitations of cross-sectional data. An alternative to panel data could be achieved by carefully designing modules in cross-sectional surveys with recall questions that can be used to construct a household's history and its evolution along various welfare dimensions (e.g. the household's stream of income for the last few years, a farmers history of weather expectation). Another approach would be to construct a "panel" dataset by revisiting households who have already participated in a previous household survey.

CHRONIC POVERTY AND POVERTY TRAPS

Barrett and McPeak (2004) define chronic poverty as poverty that persists for years, if not lifetimes, while transitory poverty is plainly shorter-lived than chronic poverty. All else equal, a poor person would far rather experience transitory poverty rather than chronic poverty. In addition, poverty in wealthy countries of the North is normally transitory, while the median time in poverty in rural Bangladesh, Congo, Ethiopia, Kenya or Madagascar is one or more lifetimes due to low exit rates. Poverty that persists for such long periods of time gives particular salience to the concept of a poverty trap.

The second important refinement is the distinction of structural poverty from stochastic poverty. The structurally poor lack asset endowments sufficient to generate expected income or expenditures above the poverty line, although observed income may exceed the poverty line due to random shocks. The stochastically poor, by contrast, have observed income or expenditures below the poverty line even though their asset holdings suffice, in expectation, for them to be non-poor. This structural-stochastic distinction introduces the need for mapping income/expenditure measures to asset measures. Chronic and structural poverty raises the prospect of poverty traps. The pivotal feature of poverty traps is the existence of one or more critical wealth thresholds that people have a difficult time crossing from below. Above the threshold, asset growth takes people toward a high-productivity steady state where they are non-poor and, at most, only moderately vulnerable to poverty, while below the threshold, people sink toward a low-productivity poverty trap characterized by frequent, if not constant, spells of poverty.

Chronic poverty exists among "people who remain poor for much of their life course, and who may 'pass on' their poverty to subsequent generations" (Krishna et al, 2004). Two different sets of assistance programs are therefore required: to promote escape from poverty, and to prevent decline of households into poverty. Localized investigations need to be carried out and more precise knowledge generated about factors associated with escaping poverty and entering it, and these should cover different regions as a variety of agro-ecological and market conditions are associated with different regions and sub-regions.

Barrett and Swallow (2004) argue that "framing development assistance in terms of poverty reduction requires conceptual frameworks and analytical approaches that truly capture the nature and dimensions of poverty, that distinguish the proximal and distal causes and correlates of poverty, and that integrate across enterprises, sectors and social-spatial scales." Of special interest is the analytical focus on sustainable livelihoods framework that depicts the five types of capital that rural residents access (physical, social, natural, financial, and human), the policies and institutions that define options for using that capital, the livelihood strategies that people use to transform assets into income, service and product streams, and the way that income and product streams are translated into welfare outcomes.

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The authors propose that the livelihoods framework be further strengthened through more explicit conceptual and empirical attention to dynamic poverty traps, including how macro-level poverty traps interact with micro-level situation of households and individuals. Of particular significance for livelihood studies and rural development policies is better understanding of asset accumulation, livelihood ladders linked to those assets, transitions between livelihood strategies, and the strategies that farmers take to safeguard their assets against risks. The implications for rural development policies include agricultural extension that distinguish client groups on the basis of livelihood strategies and asset portfolios; adoption of agricultural technology that both focuses on expanding the yield frontier for non-poor farming households and "transition technologies" that naturally lead to accumulation and graduation to still-better technologies; rural financial markets (extending micro-finance encompassing both savings and credit products for the poor); and safety nets (e.g. food-for-work programs).

FRACTAL POVERTY TRAPS AND THE MICRO-MACRO CONVERGENCE

Barrett and Swallow (2003) offers an informal theory of fractal poverty traps that lead to chronic poverty at multiple scales of socio-spatial aggregation i.e. at individual, household, community, national and international scales. Most of the economics research on poverty is either at the very micro scale of individuals and households or at the macro scale of nation states and regions. The concept of poverty traps was advanced by development theorists in early and mid-20th century e.g. Paul Rosenstein-Rodan, Gunnar Myrdal and Nurkse. The theory of fractal poverty traps (drawing on the fractal geometric concept of self-similarity with independence of scale) emphasizes the existence of a basic pattern to poverty traps that repeats itself at all scales of aggregation, from the most micro-scale of individuals to macro-scale of nation states and multinational regions and through important intermediate, or "meso" scales. The theory therefore implies a need to broaden poverty analysis beyond the familiar micro-macro dichotomy prevalent in economics so as to take intermediate scales of aggregation seriously, and to address appropriate roles for sub-national scale institutions in poverty reduction strategies. The theory can be used to explain persistent differences in poverty between types of individuals within households, between families in communities, between communities in regions, and between regions in countries.

THE STAGES OF PROGRESS APPROACH

Aggregate head-counts can conceal a much more dynamic picture of poverty – one where there is a substantial flow of households into and out of poverty even as the net numbers remain stable or grow slightly at the national or regional levels. The net change in poverty over any period of time is a resultant of two separate trends: some previously poor people escape from poverty and some non-poor people become poor at the same time. Different reasons account for people escaping from poverty and people falling into poverty. So it is important to examine these two distinct trends separately.

Community-based investigations based on locally shared meanings of poverty can be very helpful for identifying other important factors that matter critically in specific contexts. People who have lived together over reasonably long periods of time tend to know who among them has progressed and who has declined. And they also tend to know broadly what events were associated with different households' rise and decline. Eliciting this information carefully from community members - and complementing and verifying it with information gained independently from individual households - can go quite a long way toward reconstructing the sequence of events associated with mobility or stasis in each particular case. It does not yield the types of numerical estimates that statisticians more commonly utilize for their analyses. But measuring poverty more precisely (against some common global standard) and dealing with poverty more effectively (in some particular local setting) are not necessarily always the same objective.

The steps in a Stages-of-Progress inquiry into poverty and its causes are to (a) assemble a diverse and representative community group; (b) present clearly the objectives of the exercise; (c) define collectively what it means for a household to be regarded as poor; (d) treat households of today as the unit of analysis (and ask about household members' poverty status today and in the earlier period); (e) refer to a well-

known signifying event to demarcate the base period; (f) categorize households into remained poor, escaped poverty, became poor, and remained not poor; (g) ascertain reasons for change (or stability) for a random sample of households; and (h) follow up with household-level interviews to verify and go deeper into reasons for change (or stability) for this random sample of households.

Poverty is responsive to national, regional and also local-level factors, and focusing exclusively at the national level is helpful at best for identifying a subset of factors associated with poverty in any context. However, the Stages of Progress approach helps to uncover important reasons for escape and for decline that have hitherto been mostly ignored. Longitudinal studies tracking the poverty status of households over time are relatively expensive to undertake, and unless data are already available for the earlier period, one must wait a long period before their results come in. The pioneers of the Stages of Progress approach argue that it is important, therefore, to develop some other methodologies that enable us to identify reasons for escape and reasons for descent in particular geographic and community contexts. Disaggregating by trend (escape and descent), by reason (why escape and why descent), and by region and method will help us to uncover new facts about poverty and to triangulate and verify old facts.

According to Krishna et al (2004), the Stages of Progress methodology is a relatively fast, inexpensive, reliable and participatory approach that can be utilized by community residents and also by researchers and policy makers. Community residents can be empowered through training to apply this methodology by themselves, tracking poverty and identifying reasons for escape and reasons for descent. Linked with other research approaches, such as detailed household-level surveys, and addressing additional aspects, including intra-household differences, this method is a useful tool for future studies. It is indeed important to continue research of this kind to monitor Kenya's poverty dynamics over years to come, and to fine-tune the understanding of poverty inducing and poverty relieving factors within these differentiated and quite volatile contexts.

DYNAMICS OF POVERTY IN KENYA

An application of the Stages of Progress Methodology was conducted on 1,706 households located in 20 villages of two of Kenya's poorest districts, Vihiga and Siaya, located near Lake Victoria in western Kenya (10 villages in each district). The Stages of Progress methodology was piloted by the International Livestock Research Institute (ILRI) under the Pro-poor Livestock Policy Initiative with the support of FAO. The villages were chosen making use of new high-resolution poverty maps for Kenya, which show poverty incidence at the Location level. In order to compile a diverse group of villages, locations with higher versus lower incidence of poverty and concentrations of poor were identified, and one village was randomly selected from each identified location. The investigations were carried out during May-September 2003 (Krishna et al 2004; Kristjanson et al, 2004).

There was broad agreement across nearly all villages on the sequence of these stages. Households progress upward out of poverty by first acquiring food, then clothes, then basic shelter, then money to pay for their children's primary school costs, and then acquiring small animals, including chickens, sheep and goats. Once households have reached and crossed this particular stage, they are no longer regarded as poor within villages in this region.

The study showed that 19% managed successfully to escape from poverty in the last 25 years, and 19% fell into abiding poverty in the same period. No single reason is responsible in most cases for households' decline into poverty. Rather, a combination of reasons is responsible for plunging households into abiding poverty.

Poor health and health-related expenses constitute the most often stated reason for households' declining into poverty. Nearly 73% of households that have fallen into poverty mentioned sickness, poor health, and heavy healthcare expenses as a principal reason for their decline into abiding poverty. It is not just HIV-AIDS that is responsible for these households' decline into poverty. Poor health and high healthcare expenses had been ravaging these households' economies for long before AIDS emerged as a major scourge in Sub-Saharan Africa. AIDS is the crushing blow, however, that devastates households already

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weakened by long-term illnesses and ensuing poverty. In addition, death of the major earner on account of illness was mentioned as another principal reason for falling into poverty. The resulting dependence of survivors, including orphans, upon other households, thereby increasing the burden on these households, was a contributory factor for descent in another 32% of cases.

It appears that improving healthcare provision constitutes the single most important aspect for policy intervention. However, three other reasons combined with health to influence decline into poverty in these villages: (a) heavy expenses related to funerals, (b) large family size, and (c) small landholdings. Large family size and land subdivision are often closely related, and households seem to increasingly recognize these to be risk factors for deepening poverty, resulting in a growing acceptance of family planning within these communities. Making such services available to the relatively receptive populations in these villages should also be a priority.

Finally, two other factors were examined that are frequently mentioned by urban elites as causes for enduring poverty among the rural poor: drunkenness and laziness. These factors were not found to be very significant in these villages

Diversification of incomes by establishing links with the urban economy is critical for the majority of households who have escaped from poverty in these Kenyan villages. Some people have found jobs in the formal or informal sectors, while others have established themselves in some petty trade. It can be concluded that diversification of income sources accounts collectively for the vast majority of all cases of successful poverty escapes in Western Kenya. In order to diversify successfully, these household members must be able to overcome entry barriers defined by skills, contacts and capital access. Furthermore, while they may be successful in acquiring the required skills by themselves, capital and particularly contacts are not equally available to all poor households.

Households that have successfully made an entry into the urban economy, whether in the formal or the informal sector, have almost invariably possessed a privileged connection, an uncle or cousin or some other willing patron, who has taken the new entrant under their wing and provided assistance with establishing economic and social connections.

Access to opportunities in the city is not an option available equally to all able and willing household members. Instead, these households could benefit from improved harvest and yields. Making this option available to a larger number of poor households will require improving the rural infrastructure, expanding the accessibility of extension services, and reducing the costs incurred by small farmers. These approaches depend on prevailing national and international conditions, and subdivision as well as increasing landlessness might further limit the scope of this option.

This paper has demonstrated that there are active pathways both into and out of poverty. Identifying these pathways can help generate more precise knowledge about reasons for escape from and descent into poverty in specific contexts. Programs and projects can be developed that block pathways leading into poverty while reinforcing those that lead out of poverty. It is helpful to adopt the definition of poverty used by local residents as their strategies for breaking out of poverty are intimately related to how they define and understand this condition. Since different factors are associated with escaping poverty and falling into poverty, a more comprehensive policy for poverty reduction will need to take both sets of factors into account and deal with them differentially.

The study by Barrett and McPeak (2004) explores the issue of asset dynamics among a poor population using data from among 177 pastoralist households in six sites in the arid and semi-arid lands of northern Kenya. The primary nonhuman assets held by pastoralists are their herds of livestock. There is a strong positive relationship between herd size, measured in tropical livestock units (TLU)[4], and daily per capita income: bigger herds generate a greater flow of milk, the primary source of income (in kind) in the East

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[4] The TLU represents a standardized measure of metabolic live-weight in animals, enabling aggregation across species according to the formula, 1 TLU = 1 cattle = 0.7 camels = 10 goats = 11 sheep.

African rangelands. Asset risk is therefore central to a solid understanding of poverty dynamics in an environment such as northern Kenya, where frequent droughts, violent cattle raids and human disease epidemics confront pastoralists with extraordinarily great risk of asset loss. The study also looks at assets embodied in people (human capital) as represented by health status. The study emphasizes the crucial role of indirect efforts to induce endogenous asset accumulation by the poor through reduced exposure to downside asset risk in order to block pathways into poverty. The indirect efforts include functioning credit markets so that people can borrow to smooth consumption between periods and reduce the sale of productive assets to finance consumption.

Barrett et al (2000) identify four distinct rural livelihoods strategies offering markedly different returns distributions. The first two are full time farmers (depend exclusively on their own animal or crop production for income), and "farmer and farm worker" (combine own production on-farm with wage labor on others' farm). The other two strategies combine farm and non-farm earnings, differentiated by whether they undertake unskilled labor – whether in the farm or non-farm sectors. The "Farm and Skilled Non-farm" strategy does not include unskilled labor and tends to be associated with higher income households with relatively better educated or skilled adult members. The fourth "mixed" strategy combines on-farm agricultural production, unskilled on-farm or off-farm wage employment, and non-farm earnings from trades, commerce and skilled (often salaried) employment. These four livelihood diversification strategies do not offer similar returns. In comparative work across different African agro-ecologies, Barrett et al (2000) found that strategies including non-farm income stochastically dominate those based entirely on agriculture. A study by Barrett et al (2001) on Income Diversification, Poverty Traps and Policy Shocks in Côte d'Ivoire and Kenya showed that food-for-work transfers to households in Baringo District significantly reduced liquidity constraints, enabling project participants to pursue more lucrative livelihood strategies in non-farm activities and higher-return agricultural production patterns.

Barrett et al (2004) study on Welfare Dynamics in Rural Kenya and Madagascar shows that much period-on-period welfare change is stochastic and transitory, while long-term persistent poverty depends mainly on the stock and productivity of household assets. The currently poor emphasize the difficulty of asset accumulation and the central role of asset losses in explaining patterns of mobility. Serious human health shocks – permanent injury or illness and death – were the most frequently cited reasons for households falling into poverty. Ill health or death of economically active household members reduced their earnings, and in other cases children had to be pulled out of school for want of school fees due to the high costs of treating illness or funeral expenses.

One needs to guard against geographic determinism in explaining patterns of persistent poverty. Within sites, there exists significant short-term variation in incomes or other measures of well being, but over the longer term, there seems relatively little income mobility.

So what are the key policy implications of these findings? First, macroeconomic and sectoral reforms alone are likely to be insufficient to put poorer populations on sustainable growth trajectory. Less-favored areas and the poorest households need more direct intervention to build and protect assets and to improve the productivity of households' existing asset stocks, or to remove the barriers (e.g. access to credit, insurance and savings products) that exclude the poorest households and regions from accumulation processes.

Second, bifurcation (divergence) in accumulation and risk management patterns must originate in one or more exclusionary process that prevents poorer households from choosing more remunerative livelihood strategies. Some of this exclusion may be geographic (as certain production strategies are infeasible in particular areas due to soil and hydrological conditions), available infrastructure, access to markets, and demand for skilled labor. In other cases, the exclusion may result from household-level barriers to entry associated with limited access to credit or insurance, educational attainment or other critical assets.

Third, effective safety nets to protect the assets households accumulate can prevent inadvertent backsliding. Such safety nets need to be located strategically just above the critical asset thresholds at which expected income dynamics bifurcate. This calls for a somewhat broader conceptualization of safety nets than simply the nutrition-focused, food aid-based safety nets prevalent in policy discussions today. In

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most rural areas, health shocks largely unrelated to nutrition – e.g. HIV/AIDS, malaria, tuberculosis – are the most common reason households become and stay poor, underscoring the importance of preventive and curative health care quite apart from support for adequate access to food.

The study by Yamano and Jayne (2004) uses a two-year panel of 1,422 Kenyan households surveyed in 1997 and 2000 to measure how working-age adult mortality affects rural households' size and composition, crop production, asset levels, and off-farm income. The attrition rate between the two surveys was a low 5.2%. The authors also use adult mortality rates from available data on an HIV-negative sample to predict the proportion of deaths observed during 1997-2000 due to AIDS. The study makes some important findings. First, about half of the deceased working-age men are in the highest per capita income quartile in the 1997 survey while deceased working-age women were distributed more evenly through all income quartiles. Secondly, the prevalence of adult mortality is highest in areas where HIV/AIDS infections are known to be high. Third, an adult death negatively affects crop production, with grain crops being highly affected by female adult death and cash crops by male adult mortality. In addition, households seem to cope with working-age adult mortality by selling particular types of assets (mainly small animals); household off-farm income appears to suffer greatly; there was little indication that households are able to recover quickly from the effects of adult mortality; and the effects of mortality of male household head on crop production, assets and off-farm income was highest among the poor compared with non-poor ranked by asset levels.

A SYNTHESIS

One of the important theoretical and empirical developments in poverty analysis is the theory of fractal poverty traps that lead to chronic poverty at multiple scales of socio-spatial aggregation. The basic idea of poverty traps turns on the existence of multiple dynamic equilibria, as posited by Paul Rosenstein-Rodan, Gunnar Myrdal and other classic development theorists of the early and mid-20th century. This calls for the need to integrate findings from distinctly different scales of analysis. At a more general level, nature dictates that tropical countries be prone to myriad parasites (e.g. locusts) and tropical diseases e.g. bilharzia, malaria, river blindness, parasitic worms (e.g. roundworms and hookworm), leprosy, and cholera (Kamarck, 1976), and the prevalence of various tropical diseases within Kenya is not evenly distributed.

According to Barrett and Swallow (2003), the theory of fractal poverty traps has at least five major implications for finding pathways out of chronic poverty. First, it is possible that short-term transfers to individuals, households, communities, and nations caught in low-level equilibria can enable them to approach and cross crucial thresholds presently inaccessible to them. Second, governments and donors need to work for the creation and extension of transition strategies that are accessible to the chronically poor. Third, public agencies need to assess the possibilities for eliminating or moving thresholds through interventions at aggregate scales that make previously inaccessible strategies feasible at more disaggregated scales. Fourth, there is a critical need for effective safety nets to prevent people from falling unexpectedly into chronic poverty. Perhaps the most essential safety nets are those that protect human health and education, keeping children adequately nourished and in school and insuring that adult workers enjoy sufficient, balanced nutrient intake to maintain physical productivity during temporary downturns in order that transitory shocks do not have permanent adverse consequences. Finally, fractal poverty traps carry important implications for decentralization. Consequently, prioritization exercises must take place at multiple scales and there must be serious attempts to integrate these because many key factors behind persistent rural poverty are the result of a multi-scalar process involving policies at multiple scales of government and linkages among those scales.

Kenya is among the countries that have benefited from application of methodologies for studying the dynamics of poverty e.g. application of the Stages of Progress methodology (in Vihiga and Siaya districts) to study the factors that make people escape from poverty or fall into abiding poverty (Kristjanson et al, 2004). The study by Barrett and McPeak (2004) explores the issue of asset dynamics among a poor population in six sites in the arid and semi-arid lands of northern Kenya; while the study by Barrett et al (2000) identifies rural livelihoods strategies based on different incomes sources (full time farmers, farmer and farm worker, farm and skilled non-farm, and "mixed" strategy combining farmer, unskilled wage

employment, and non-farm earnings). Finally, the study by Yamano and Jayne (2004) measure how working-age adult mortality affects rural households' size and composition, crop production, asset levels, and off-farm income. The studies emphasize the need to guard against geographic determinism in explaining patterns of persistent poverty, the importance of assets as a measure of poverty, and the role of assets in economic resilience of households against shocks (e.g. working-age adult mortality). The studies also underscore the importance of micro-level studies to supplement national poverty statistics, and the thin dividing line between quantitative and qualitative approaches to poverty analysis.

national agenda, mainly through the PPAs, PRSP, and LASDAP. The PPAs have contributed to subsequent use of participatory approaches in drawing up the national agenda, while some of the personnel that participated in the PPA were later involved in preparation of the NPEP and PRSP, and routine operations of the PEC. In terms of parti ipatory community planning, there has been a deepening of community-based planning under the auspices of GTZ-SPAS project.

STUDIES CONDUCTED BY THE POVERTY ERADICATION COMMISSION

The implementation of the NPEP begun in July 1999 and was to be implemented in 5 phases over a period of 15 years. The first 18 months were set aside for preparatory work, which included setting up local poverty reduction priorities, establishing management structures and appropriate financing mechanisms. During the pilot phase, PEC applied dual targeting criteria which firstly made use of national poverty ranking in the selection of districts (those with the highest percentage of people below the poverty line), and secondly through empowering the district development institutions to identify the poor and projects of poor groups using participatory methods. The piloting of the NPEP approaches begun in 16 rural districts and 5 urban centres in June 2000. The PEC-supported projects were mainly in Coast province (Kilifi, Mombasa Municipality, Tana River), Eastern province (Makueni, Isiolo), Rift Valley province (Trans Mara, Keiyo, Nakuru Municipality, Baringo, Bureti), Central province (Murang'a, Thika), Nyanza province (Bondo, Suba, Kisumu Municipality, Gucha), Nairobi City, Western Province (Butere/Mumias, Bungoma, Busia), and North Eastern province (Wajir, Ijara, Garissa). In the last quarter of 2001, PEC carried out a qualitative assessment on the impact of its pilot projects on the livelihoods of the beneficiaries and on the appropriateness of institutional frameworks that had been used. The experiences and lessons learnt were discussed in two workshops in November 2001.

The PEC also commissioned studies on social and institutional mapping. A report by IPAR (2000), sought to identify development institutions and community-based organizations targeting poverty in five districts, namely, Isiolo, Kilifi, Makueni, Murang'a and the Mombasa urban poverty settlement area. The mapping exercise was an integral part of the planning, monitoring and evaluation process to help PEC and its partners assess the nature, conditions, and impacts of interventions on poverty reduction. The analysis was also to send signals to PEC on the partners to collaborate with, and others that might require capacity building and resources to be able to deliver interventions aimed at reducing poverty in their areas of operation. A companion social and institutional mapping was also conducted in Bungoma, Buret, Suba, Kisumu and Nairobi (Log Associates, 2000).

In March/April 2000, the Poverty Eradication Commission (PEC) requested districts to come up with District Poverty Assessment Reports (DPARs) in an effort to provide adequate data for the PRSP process and establish a link with the NPEP. The report states that "the urgency with which the I-PRSP and the MTEF were prepared meant that there was no time for local consultations. The consultations were postponed to a later date to be done during the preparations for a full PRSP…The District Poverty Assessment Reports therefore provide an opportunity for assessing the magnitude of any resulting gaps that could have come about due to lack of consultation with the local people. If poverty reduction priorities at local level as seen by national officials happen to be at variance with that of the locals, then it is unlikely that the poverty reduction outcomes envisaged in the PRSP would be achieved." The DPARs were produced by the central government structures at the local level, coordinated by the respective District Development Committees.

However, according to Awori and Atema (2001), "the PRSP process was introduced just after the Kenya Government had published its NPEP and established a Poverty Eradication Commission (PEC) under the OOP. The fact that the Ministry of Finance and Planning hosted stewardship of the PRSP was suspected by PEC. The PEC saw PRSP as a threat to its existence. This was reinforced by the fact that donor commitments to the PEC were withdrawn just before commencement of the PRSP process, and most donors favored supporting the PRSP since they viewed it largely as a process that was better mainstreamed than the NPEP. To a large extent, the latter was seen as treating poverty in pockets rather than mainstreaming poverty through the budget".

They add: "Despite this, the ___ ' argued strongly that the PRSP was a duplication of efforts since the Commission had already condu___ ! district surveys and developed community action plans in selected districts, which were awaiting fund___ for implementation. Throughout the PRSP consultations, PEC officials attempted to discredit the PRSP process by addressing several meetings in some districts, communicating messages that were clearly against the PRSP effort. Even without being made public, elements of a cold war existed between the PRSP and the PEC that, not surprisingly, no one wanted to resolve due to the political sensitivities it had gained. The result was that both processes continued and attempts to merge the two processes failed. PRSP managers spent a considerable amount of time in damage control created by the PEC".

THE KENYA PARTICIPATORY IMPACT MONITORING (KePIM)

During September-November 2001, the GTZ-supported Social Policy Advisory Services (SPAS) unit in the Ministry of Finance and Planning undertook a detailed participatory process in six districts (Mandera, Transmara, Vihiga, Gucha, Makueni and Kwale). The previous two PPAs were released as national reports, but separate reports for participating districts were not published. In contrast, the outputs from SPAS project consist of independent site reports (three per district), which are culled to produce a district report. The findings of the six district reports are further analyzed to produce a national report. The SPAS process has three advantages over the traditional PPAs. First, it picks the voices of the communities, rather than being merely a tool of collecting qualitative information from the communities. In this respect, it is a deeper process of understanding the poverty process at the local level. Secondly, it empowers the participating communities in finding solutions to their local problems, and produces issue-based actions that the communities can undertake independent of outside agents (including Government structures). Thirdly, the cascading process of moving from site to district to national report provides a clear picture of how the emerging issues were generated.

The second KePIM report examines the perspectives of the poor on credit and extension services in the six districts of Kisumu, Butere/Mumias, Bomet, Murang'a, Mwingi and Malindi. The study, which was carried out during October-December 2002, revealed that access to credit and extension services is limited. The majorities are excluded from the formal financial sector due to lack of collateral and bankable proposals, and thus mainly rely on merry-go-rounds. The provision of government-based extension services is fraught with delays due to reduced workforce of extension workers and lack of financial resources. Those who can afford seek such services from private extension providers, who in turn charge them exorbitantly. The study reinforces the findings of the first PPA conducted in 1994 that showed that only 3.7% of the responding households had access to the formal credit market (Narayan and Nyamwaya, 1995).

The third major exercise in the KePIM activities was the development of the Kenya Citizen Report Card (CiReCa). This was conceived as a means for amplifying citizen participation and engagement with service providers, as a tool through which ordinary people are given the opportunity to provide credible and collective feedback to service providers about their performance. The exercise asks the users of various services very simple questions about availability, accessibility and satisfaction of the services, thereby focusing attention on the point of view of the beneficiaries. The exercise was specifically carried out in a way that its results and findings can overlap with the report of the second round of data collection from KePIM. It was carried out at the same time, in the same six districts, and investigated the same issues (related to agricultural extension and access to credit). Despite the technical and methodological rigor in the KePIM surveys, the reports have not been widely used by Government departments in design and monitoring of development programmes.

GEOGRAPHICAL DIMENSIONS OF WELL-BEING

The quantitative poverty reports produced in Kenya have varied geographical and population coverage. The quantitative reports have emanated from sample surveys (rather than censuses), with some covering

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smallholder households, while others are national but normally omit the sparsely populated districts of North Eastern province and the North Rift. The sampling scheme used only allows disaggregation of data at district, province and nation. However, the CBS has taken advantage of recent methodological developments to produce poverty maps using the 1997 WMS and the 1999 Population and Housing Census to produce poverty estimates with spatial level ranging from national to sub-locations for the entire country except Northeastern province. These estimates were overlaid with the GIS database to produce poverty maps for all administrative levels.

The poverty mapping is a result of a broad collaborative research effort between the Central Bureau of Statistics, International Livestock Research Institute (ILRI), and the World Bank started in 2001 to produce high-resolution maps for Kenya, Uganda and Tanzania. The poverty maps are not a database building initiative, but rather focuses on the targeted dissemination and distribution of existing spatial data in appropriate standardized formats. The results show that there is considerable heterogeneity in poverty levels between districts in the same province, divisions in the same district, and locations in the same division. Although the maps do not show why particular areas are poorer than others, the information can be linked with other socioeconomic and geographic information to make it more useful in targeting the poor. Other socioeconomic and geographic information could include survey and administrative data on school facilities, school enrolment, immunization coverage, and water and sanitation. It is important to note that, below the district, the sample from which consumption data is drawn is rather small for accurate statistical conclusion. This underscores the need for eyeballing during project design so that resources are targeted to those most in need.

This new information can be of considerable use to Government line ministries/departments, donors, civil society organizations and the research community who are engaged in improving our understanding of the determinants of well-being, the design of policy instruments, targeting of resources, and the assessment of their impact. A forthcoming sequel to the first report on geographical well-being focuses on poverty and inequality at the constituency level (see Chapter 15 of Economic Survey 2004). It presents poverty and inequality estimates at the constituency level for the 210 constituencies. The poverty maps can therefore be used by members of parliament to target the constituency development funds, and offer ammunition to the poor to hold their elected representatives accountable.

GENERAL PATTERNS ARISING FROM OTHER SURVEYS AND CENSUSES

Population censuses have a secure place in the history of mankind, not least the history of Christianity. Caesar Augustus sent out a decree that all the world should be taxed (St. Luke 2:1-7). Consequently, he required that all persons report to the nearest enumerator – in that day the tax collector. One result of this was that Jesus was born in Bethlehem rather than Nazareth (Steel and Torrie, 1980). In Kenya, the analytical report of the 1979 census described the general geographical pattern in infant and child mortality as "one of low mortality in the center of the country and high mortality on the coast and in the west". This factor was later christened "mortality bowl" (Mukui, 2003a), and also apply to other indicators of welfare e.g. malaria morbidity and mortality, poverty levels, and child malnutrition. The population and housing censuses, the KDHS, child nutrition surveys, and the two rounds of the multiple indicator cluster survey have been a rich source of information on non-money poverty measures (e.g. nutrition, maternal child health, shelter, water and sanitation).

The superimposition of a histogram on the map of Kenya shows that most poverty and social indicators in each geographical region tend to move together (Mukui, 2003a). In particular, the geographical distribution of infant mortality rates and under-five mortality rates depicts a mortality bowl, with low mortality in the center of the country (Central, Nairobi, Rift Valley and Eastern provinces) and high mortality in the coast and in the west (Western and Nyanza provinces). Coincidentally, morbidity and mortality data on malaria shows a similar epidemiological bowl, although this does not necessarily imply that malaria is the main determinant of child mortality.

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C: ADDITIONAL ANALYSIS UNDERTAKEN BY RESEARCH INSTITUTIONS

THE KENYA INSTITUTE FOR PUBLIC POLICY RESEARCH AND ANALYSIS (KIPPRA)

The study by Manda, Kimenyi and Mwabu (2001) states that much of our empirical knowledge about the characteristics of the poor in Kenya is in the form of bivariate correlation e.g. rural-urban residence, male-female headed households, education of the household head, land holding size, access to health care, access to water and sanitation, etc. The report makes a distinction between a poverty indicator and a poverty determinant. For example, when education attainment is the reason why people are poor or non-poor, education becomes a determinant rather than an indicator of poverty. The report cites some determinants of poverty to include lack of good governance and weak democratic institutions, corruption, and more recently HIV/AIDS. The authors say that structural adjustment measures may also hurt the poor through short-term reduction in their purchasing power (e.g. decontrol of prices and removal of government subsidies), while in the long-term the chronically poor are unlikely to enjoy the expected benefits from the liberalization process because they operate outside the formal, organized economic sectors. The report reviews the performance of various anti-poverty measures undertaken in the past e.g. growth promotion (redistribution with growth), basic needs and rural development, land settlement schemes, district focus for rural development, the shift to the informal sector, specially targeted projects (e.g. geographical targeting of slum areas and arid lands), and consumption and production credit (mainly rural credit).

The report ends with a research agenda, which is important to the scope of this report. These include:
*   Research to identify and prioritize the needs of the poor at national and regional level, and to assess the likely responses of the poor to policy interventions;
*   Analysis why some of the anti-poverty programmes and projects failed at the implementation stage;
*   Research on the kind of growth that reduces poverty;
*   Empirical analysis on the impact of economic reforms on poverty, to reduce reliance on purely speculative approaches and highly inadequate short-term information;
*   Supplement cross-section data that concentrates on money-metric measures of poverty with longitudinal datasets to explain why some people fall into poverty and what others do to exit poverty. In the short-term, survey questions should include non-income data;
*   Comprehensive research on the socioeconomic impact of HIV/AIDS on firms, individuals, households and communities;
*   Research on the main causes of low enrolment and retention in education, including an analysis of the effect of cost-sharing on access to education;
*   Further research on the underlying factors that explain regional poverty profiles;
*   Investigate the impact of land ownership and access on poverty by using better data that distinguishes land by its agricultural potential;
*   The impact of credit (formal and informal) on poverty in Kenya;
*   The impact of remittances and other urban-to-rural transfers on poverty;
*   The impact of the informal sector and micro and small enterprises on poverty reduction in Kenya; and
*   Study the nexus between poverty, wage structure, labor force participation, unemployment rates; and how interventions in the labor market would affect poverty situation in the country. An understanding of how other factor markets operate, notably the small credits markets, is also very valuable in the battle against poverty.

Kimenyi (2002) starts from the premise that the majority of Kenyans live in rural areas, most of them are engaged in agriculture or agriculture-related activities, and most of the poor are in the rural areas. In his paper on role of agriculture in economic growth and poverty reduction, he cites studies that show that

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urban-led development does not have sufficient trickle-down to the rural areas, while rural development has huge salutary effects on overall development. The agricultural sector is viewed from the metaphor of the donkey. The donkey is important in transporting goods, but is rarely demanded as a dowry or used in exchange transactions; and the donkey is often mistreated and there are no specially processed feeds for the donkey. Likewise farmers are overworked and get little reward for the hard work they do. Farmers do not have a fallback strategy with regard to bad treatments they get from society, as free markets on their own do not serve farmers well. Some of the market failures include high transaction costs, which can be reduced though efficient market institutions and provision of supportive services to the agricultural sector.

Kimalu et al (2002), presents a situation analysis of poverty in Kenya. The report presents poverty statistics based on the three welfare-monitoring surveys. The report also presents social indicators by poverty groups, as well as presenting deficits in selected social indicators as dimensions of poverty. Such dimensions of poverty include health, education, water and sanitation, environmental health, gender, and governance issues (including the effects of insecurity and corruption on poverty and income distribution).

Household surveys involve large expenditures to collect and analyze data, and are therefore only undertaken occasionally. As a consequence, household surveys cannot be used to construct annual or frequent poverty indices and profiles required in evaluating the effectiveness of poverty reduction strategies. Mwabu et al (2002) presents a simple statistical method for predicting poverty rates on the basis of poverty rates computed from some reference household survey. The analysis is based on the data from the 1994 and 1997 WMS. The method is based on the idea that changes in poverty over time and space is determined mainly by changes in economic growth and distribution of income. As economic growth increases, poverty decreases; and as inequality worsens, poverty increases. The data on GDP growth rates was obtained from official sources, while indices of economic concentration change very slowly and can be assumed as valid for several years. The computed headcount poverty indices for 2000 were higher than for 1997 due to the decline in growth of GDP and the assumed increase in inequality during the period 1997-2000. The report helps to remind the readers that poverty is a creature of income and its distribution.

INSTITUTE OF POLICY ANALYSIS AND RESEARCH (IPAR)

The paper by Omiti and Obunde (2002) is an attempt towards linking agriculture, poverty and policy in Kenya. The paper traces the decline in the agricultural sector to have been accompanied by rising poverty levels. This could be due to the large share of agriculture in GDP, and the fact that agriculture has higher growth multipliers than the other sectors (provision of food and raw materials for manufacturing). The paper identifies the major links between agriculture, poverty and policy to include access to innovations, information, infrastructure, security, governance, legal and institutional frameworks, and access to financial services. Important policy directions addressed in the paper include functional infrastructure, sustainable extension delivery system, conducive legal and regulatory framework, policy and institutional framework, global concerns, and health-related issues. Interestingly, the paper identifies some of the critical issues that would influence the pace and direction of the sector development as decentralization and devolution of power, and enhancing and consolidation of popular participation in owning and operationalizing development initiatives, especially among the rural population.

The paper by Omiti et al (2002) sought to assess the effectiveness of the policies and capacity of institutions in poverty reduction programmes. The study revealed that there still exist weak linkages among organizations involved in poverty alleviation programmes. This is further complicated by duplication of efforts. In addition, the institutions lack requisite capacities as evidenced by quality of personnel, weak physical infrastructure, ineffective networking within their areas of operation, weak management structures, and imposing ideas on communities rather than deriving development strategies from them. The study therefore recommends effective and efficient coordination between state and non-state players to avoid duplication, and creating an enabling environment that allows non-state actors to influence poverty alleviation policies.

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AFRICAN ECONOMIC RESEARCH CONSORTIUM

The main objective of the paper by Kabubo-Mariara and Kiriti (2002) was to analyze the impact of structural adjustment programmes on poverty and economic growth. The results indicate that there was a decrease in poverty between 1992 and 1994 as shown by all poverty measures, but poverty increased between 1994 and 1997. There was a remarkable improvement in macroeconomic policies between 1992 and 1994, while poverty declined, but a slight deterioration in macroeconomic policy between 1994 and 1997, which led to an increase in poverty. The results therefore support Demery and Squire (1996), whose findings indicate that an improvement in macro policy reduces poverty while deterioration in policy increases poverty. The study recommends that the institutional bottlenecks hindering economic reform should be addressed. Poverty alleviation policies should be pursued hand in hand with reforms so as to ensure equitable distribution of the long-term benefits of growth that may spring from economic reform, as well as special targeting of the poor who are found in the non-market sector and are therefore unlikely to benefit much from economic reform policies.

INSTITUTE FOR DEVELOPMENT STUDIES, UNIVERSITY OF NAIROBI

The paper by Nyangena (2001) surveys existing literature on poverty and deforestation and attempts to provide understanding to the links from a socioeconomic and ecological perspective. The destruction of forests is mainly due to the gathering of firewood, the conversion of forestland and woodland to pasture and cropland, and commercial logging. The paper outlines various hypotheses on the link between poverty and resource degradation. The first (popular notion) is that poverty causes environmental degradation. A second argument traces environmental degradation to greed, power and wealth. This can take the form of exemption from taxation of virtually all agricultural incomes (which might provide incentives for the acquisition of forestlands by the wealthy) and lack of internalization of environmental externalities e.g. pollution. Other theories trace environmental degradation to market failures and policies that send the wrong signals to the actors, and institutional failures (e.g. security of tenure in the conservation of a resource). The scenario becomes more complicated if the various conditions are working in tandem e.g. market and institutional failures, power and wealth, and poverty all working on the environment. In addition, environmental scarcity has a big role in promoting resource-based conflict, as has happened in Kenya in the last decade.

The ILO report on Investment for Poverty Reducing Employment in Kenya (2002) investigates the potential and challenges for investment-led poverty reducing employment focusing on public sector investment, industrial and agricultural policies, banking and finance, participation and good governance, and gender mainstreaming for employment creation and poverty eradication.

A SYNTHESIS

The list of research outputs by local research institutions was not exhaustive, and only serves to illustrate the range of value-addition to existing knowledge on poverty analysis and poverty alleviation programmes. Two studies (Kimalu et al, 2002; Ayako and Katumanga, 1997) are literature reviews on the poverty situation in Kenya based on official poverty reports, except that they include social indicators among the dimensions of poverty and make some policy recommendations on poverty alleviation programmes.

A few other studies use the existing poverty analysis to argue a case for policy bias in favor of particular sectors or activities that are deemed to have a lot of impact on poverty alleviation. Kimenyi (2002), for example, starts from the premise that the majority of Kenyans live in rural areas, and most of them are engaged in agriculture or agricultural-related activities. He cites studies that show that rural development has huge salutary effects on overall development, and presents the futility of ignoring the agricultural sector through the metaphor of the donkey.

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Similarly, Omiti and Obunde (2002) identify the major links between agriculture, poverty and policy to make important recommendations on improving the enabling environment for agriculture, and identify some of the critical issues to include decentralization and devolution of power. Another paper by Omiti et al (2002) sought to assess the effectiveness of the policies and capacity of institutions in poverty reduction programmes. The study therefore recommends effective and efficient coordination between state and non-state players to avoid duplication, and creating an enabling environment that allows non-state actors to influence poverty alleviation policies. The paper by Kabubo-Mariara and Kiriti (2002) showed that an improvement in macro policy reduces poverty while deterioration in policy increases poverty, and poverty alleviation policies should therefore be pursued hand in hand with economic reforms.

The study by Geda et al (2001) applied a binomial model on the 1994 WMS data to compute probabilities of being extremely poor, moderately poor and non-poor. The study found that poverty is concentrated in rural areas and in the agricultural sector in particular; educational attainment of the head of the household (primary education in particular) is of paramount importance in reducing extreme poverty in rural areas; female-headed households were more likely to be poor; polygamy seemed to worsen poverty in urban more than in rural areas; and the negative impact of ageing was found to be stronger in urban than rural areas. The study by Mwabu et al (2002) used the 1994 and 1997 WMS databases to extrapolate poverty indices for year 2000 using GDP growth rates and estimated indices of economic concentration, and hence helps to remind the readers that poverty is a creature of income and its distribution.

The study by Manda, Kimenyi and Mwabu (2001) states that much of our empirical knowledge about the characteristics of the poor in Kenya is in the form of bivariate correlation e.g. rural-urban residence, male-female headed households, education of the household head, land holding size, access to health care, access to water and sanitation, etc.

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D: POVERTY AND THE EMERGENCE OF THE GOVERNANCE AGENDA

THE POVERTY REDUCTION STRATEGY PAPER

The Interim PRSP was a product of a consultative process between the Government, development partners, private sector representatives, and civil society represented by various nongovernmental agencies. It was grounded on the National Poverty Eradication Plan (NPEP), which was prepared in 1999 for the period 1999-2015. The poverty analysis in the interim PRSP is based on the results of the 1994 and 1997 WMS, as well as the 1996 PPA. As noted in IMF (2000), the interim PRSP was a turning point in Kenya's view of themselves as "it acknowledges that one of the key problems leading to the increase in poverty is poor governance". Henceforth, there was increasing concern on fiduciary risk and its monitoring through various instruments, including the Country Financial Accountability Assessments (CFAA).

The Oxford Policy Management (2001) listed the governance issues to include property rights/rule of law, decentralization since the district focus for rural development strategy has not been effective, security, corporate culture in government, and constitutional reforms, including constitutional separation of powers to reduce rent-seeking and influence of the Executive, and promotion of private sector participation through consultation and associations/lobby groups.

Studies have identified clear linkages between high levels of corruption and low levels of international investment and economic growth. For example, Mullei et al (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, i.e. poverty. The authors note that 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.

A dissertation on corruption in Kenya (Szlapak, 2002) assesses the role of the State from the perspective of corruption in terms of two basic concepts: state capture (use of the State's power to manipulate the "rules of the game"); and the economic "space" within which corrupt administrators and politicians can operate at any given time (administrative corruption). The magnitude of corruption in Kenya is assessed in relation to such indicators as the poverty level and GDP per capita. In Kenya, tolerance, passivity, and occasionally direct endorsement of corrupt practices are longstanding, deeply-embedded, personalized behaviors for most of the population.

As shown in DfID (2002), the matrices for assessment of the governance sections of the PRSP focus almost exclusively on inputs and outputs. There are no detailed PRSP outcome and impact indicators. However, the Kenyan Government's Action Plan sets out broad targets under the heading of "The Overall Policy Framework". These include (a) constitutional and legislative reform commitments, (b) macroeconomic policy reform, (c) privatization, commercialization and contracting out of services (including bill on privatization to be tabled before parliament), (d) financial markets and policy reforms (including banking and insurance sector, pensions sector, establishment of the Retirements Benefits Authority and restructuring of the National Social Security Fund), and (e) institutional policy reforms (including redefining the roles of the government as a stakeholder and facilitator in the delivery of the development agenda, and local government reform program).

The PRSP provides conflicting indications as to the policy direction on local government reform (Hooper, 2001). On one hand, there are indications that elected local governments are seen as important development players. On the other, there is considerable emphasis on strengthening the role of the district administration. In the absence of a clear policy framework for decentralization, the impact of the

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local government reforms on services (e.g. introduction of the Local Authority Transfer Fund) to the rural poor is likely to be modest.

However, even within the central Government, the civil society organizations normally link with government structures or government personnel at the location level where the government structure does not have authority to commit state funds (Kopiyo and Mukui, 2001). Funds are only committed at the district level. The location development committees also have little influence on the decisions made at the district level. Reflecting the above duality, the study by Osodo (2002) on a national framework for participatory monitoring and evaluation and general participatory development presents the best-case scenario as "full decentralization as a precursor upon which elements from successful PM&E and general participatory development experiences would then be embedded".

Similar observations were made by World Bank (2002): that reforms to improve the sustainable delivery of local services must be developed within a wider discussion and agreement on the decentralization framework. In particular, the parallel service delivery system (the district, sector-based, local authority, and private/NGO sector systems) has led to the weakening of each system of service delivery and introduces significant inefficiencies. This leads to fewer resources being available to deliver adequate quality services to the poor at a reasonable price.

HOW "GREEN" IS THE PRSP?

Gichere (2001) expressed concern that issues on biodiversity, environmental goods and services have not been adequately addressed within the PRSP process. The main findings of the study include that: (a) the biodiversity, environmental goods and services sector contributes significantly to GDP, employment and export earnings, (b) there are costs related to the degradation and loss of biodiversity, environmental goods and services and that they should be accounted for adequately, (c) there is need to fully account for the total value of biodiversity, environmental goods and services, and (d) the funding for the sector is very low, and there is need to mobilize additional funding from both traditional and non-traditional sources.

The background report on the millennium development goals (Mukui, 2003a) focuses on two issues that are crucial to poverty reduction, namely, environmental sustainability and the regional distribution of poverty in the form of a "poverty bowl" (low at the center and high on the sides). The report notes that issues of biodiversity and environmental goods and services were not adequately addressed within the PRSP process, and hence the need for "greening" Kenya's PRSP. Failure to give biodiversity, environment and natural resources due recognition in the PRSP process may result in serious economic implications for poverty reduction. The poor, in their pursuit of survival, often overuse or misuse the environment, leading to more serious environmental degradation. It is however possible to put in place properly directed pro-poor natural resources conservation in a manner that ensures sustainability of livelihoods and ecosystem management.

REALIGNING PUBLIC EXPENDITURES FOR POVERTY REDUCTION

The 1997 public expenditure review (PER) provided an assessment of the likely contribution of the trends in public expenditure management to the stated objectives of high private sector-led growth and poverty reduction. The report concluded that "present trends in public expenditure management are fundamentally inconsistent with the objectives of achieving high and sustained growth of the economy and reducing the levels of poverty." The composition of public expenditure was inappropriate and inefficient and could not arrest the continuing erosion of the public sector asset base (e.g. the poor condition of the infrastructure). The report also decried the growth of informal fiscal instruments such as pending bills and excess issues (unplanned expenditures not related to natural disasters).

The Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 (ERS) identified four priority areas. Firstly, the Government aimed at maintaining government revenues at above 21% of GDP

to enable the bulk of government expenditures to be financed from tax revenues. The second pillar was strengthening the institutions of governance. The third pillar was the rehabilitation and expansion of physical infrastructure, mainly roads, railways, ports, telecommunications, energy, and airports. The fourth pillar is investment in the human capital of the poor, the most notable case being the implementation of compulsory and free primary school education beginning January 2003. The main background document for discussion at the donor consultative group meeting in November 2003 was titled Economic Growth and Measures to Reduce Poverty and Inequality.

The 2003 PER noted that many of the problems in the structure of public expenditure observed in the 1997 PER still persisted. These included relatively high share of wages and salaries and relatively low operations and maintenance (O&M) expenditures; relatively low development expenditure; high transfers to organizations outside the main civil service; and weak budget implementation which resulted in general under-spending of development budget and overspending on the recurrent budget (especially in ministries primarily engaged in administration rather than service delivery).

Poverty focus refers to equity concerns of public spending i.e. how the benefits of spending are distributed across poverty levels (Kenya, 2004 Public Expenditure Review). The Government adopted the medium-term expenditure framework (MTEF) process in FY2000/01 as a new approach in budget planning in response to problems in budget preparation and public expenditure management. Public Expenditure Management (PEM) refers to the processes and institutions for MTEF preparation, annual budgeting, budget execution and monitoring. The ERS listed five specific weaknesses in PEM: (i) significant variations between budgeted and actual expenditures, (ii) inadequate recording and tracking of donor funded programmes, (iii) administrative classification rather than an economic one, (iv) failure to comply with multi-year MTEF projections, and (v) poor budgetary control leading to pending bills.

The Government has been addressing weaknesses in the processes through which the budget is executed but problems still exist in cash planning, procurement, and commitment control. The weaknesses have been manifested in problems such as large stock of pending bills, stalled projects, weak commitment controls and wastage within the procurement system. Currently, there are inadequate regulations on virements/re-allocations.

The government has since the 2000/01 budget tried to improve the poverty focus of spending by identifying a set of programs that are ex-ante considered to benefit poor more than the non-poor. The government has identified a list of budget items as core poverty programs with a view to channel more resources to them and protect them from budget cuts during the year. These include programs that would directly create employment; provide access to basic education; increase agricultural productivity; ensure access to health services, especially curative health and family planning; reduce gender disparity; provide decent shelter, clean water and sanitation; rehabilitate criminals; programs aimed at disasters and emergencies management; and environmental protection.

Identification of programs benefiting the poor and protecting them through administrative measures can be effective in improving poverty focus of public spending. It can also be used as a vehicle for relating donor resources to specific program expenditures. The criteria for selecting core poverty programs and projects were revised in 2003/04 to make it more comprehensive and take into account new programs that were identified in the ERS. Specifically the new criteria sought to cover pro-poor programs that would increase incomes of the poor, improve their quality of life, security, and equality. Kenya is a highly heterogeneous country in terms of natural resource endowments; but also has artificial heterogeneity in terms of differentiated infrastructure, education and health. However, data on public expenditure in Kenya is disaggregated by sector/line ministry rather than regions (district), and it is therefore difficult to estimate the contribution of public spending to regional poverty differentials.

There has also been a shift in the composition of public spending in favor of education and health, and in the composition of expenditures within education and health. In education, the government introduced free primary education in January 2003. In health, a mismatch between policy and resource allocation has been a long-standing concern in health spending in Kenya. Concerns relate to high share of spending on curative services relative to government's stated policy priorities, and with the high and growing share of

spending consumed by the Kenyatta National and Moi Referral hospitals. However, the Government has stated its intention to increase the allocations for spending on lower-level service delivery facilities and staff, and on drugs; and to contain spending on the two central hospitals.

According to the 2004 Public Expenditure Review, Kenya has not put much effort to decompress the compensation structure in the public service. While Kenya compensates its top-most personnel far better than civil services in other countries with per capita GDPs that are more or less comparable to its own, its median salary lags behind countries like Tanzania and Uganda. The ratio of the top to minimum salary in Kenya is a staggering 118:1, while the top-to-median salary is 53:1.

THE NEW GOVERNANCE AGENDA

The ERS stresses that governance is key to poverty reduction. In addition, several positive reforms in anti-corruption have taken place e.g. the creation of the Ministry of Justice and Constitutional Affairs (MOJCA), a new department under the President's Office in charge of Governance and Ethics, the establishment of the Goldenberg Commission, the creation of KACC, The Public Officer Ethics Act, and the programming of legislation concerning public procurement and accountability in financial management. A strategy for Expanded Legal Sector Reform Programme has been developed. It is "expanded" because it recognizes that improving public safety, law and order and justice for Kenyans will involve reform across a wide range of institutions. This Expanded Programme therefore includes the "traditional" legal institutions (such as the judiciary and the office of Attorney General), and some additional institutions that have a role to play in the delivery of justice, the most significant of which are the Police and the Prisons Departments. It recognizes that the roles of all these institutions are linked, and that reform must include improved communication, cooperation, and coordination between them (Danida, 2004). There are also governance issues in all sectors, which includes institutional development and active involvement of beneficiaries in the design, implementation and monitoring of development projects and programs.

STATISTICAL CAPACITY BUILDING

The Central Bureau of Statistics (CBS) has finalized the preparation of a Strategic Plan, whose mission is to coordinate and supervise the national statistical system; produce and disseminate comprehensive, integrated, accurate and timely statistics required mainly to inform national development initiatives and processes; and develop and maintain a socioeconomic national database. One of the strategies includes enacting a new Statistics Act to provide for a semi-autonomous Statistics Bureau.

The strategic plan developed by CBS received a boost from the introduction of a new donor-lending program known as STATCAP (statistical capacity building) to support more efficient and effective statistical systems in developing countries. STATCAP is driven by the new demands for statistical data in the preparation of poverty reduction strategies, to monitor progress towards the MDGs, and by the new emphasis on implementation and results. It includes four main components: improving statistical policy and the regulatory and institutional framework, including issues such as independence and confidentiality, the adequacy of legislation and the dialogue with data users; supporting the development and maintenance of statistical infrastructure, including such aspects as business registers, sampling frames, classifications, database structures and geographic information systems; upgrading and developing statistical operations and procedures; and providing investments in physical infrastructure and equipment. The 2004/05 Kenya Integrated Household Budget Survey (KIHBS 2004/05) will contribute in measuring progress in the ERS and the Millennium Development Goals.

CBS in 2003 published poverty maps, which presented poverty estimates up to location (in rural areas) and sub-location (in urban areas) for the entire country except Northeastern province. A forthcoming accompanying volume will present poverty and inequality estimates at constituency level for the 210 constituencies. The targeted allocation of public expenditure in Kenya is increasing using a constituency as an area-based expenditure unit for "pork barrel" projects − bringing home the bacon. This has been

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achieved through pork-barrel legislation (the Constituency Development Fund), and allocation of public resources through members of parliament for their respective constituencies (e.g. secondary school bursaries, and funds for roads and HIV/AIDS awareness).

E: KENYA'S DEVELOPMENT PARTNERS IN RELATION TO THE POVERTY
AGENDA

UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP was one of the first UN bodies to launch a poverty eradication project in Kenya based on the findings of the first WMS and the first PPA. The pilot programme on participatory development was based in Isiolo, Narok and Suba districts. The programme document acknowledged that poverty in Kenya had persisted because of lack of capacity at community and national levels for participatory approaches and methodologies to development. Consequently, the programme focused on capacity building and institutional strengthening for participatory development; improved and sustained agricultural, livestock and fisheries production; rural micro-enterprise development for poverty reduction; development of education and training for poverty reduction; sustainable community health services; community-based environmental protection; and sustainable community-based infrastructure development. In Narok and Isiolo, pastoralism is common, while fishing is critical in Suba district. The programme was to mainstream gender concerns through special support to strengthening of women's organization and their integration in economic activities. The project envisaged that the districts would develop a critical mass of trained manpower from the top district leadership to community level able to articulate and formulate coherent and sustainable policies and strategies for the support of community-based activities using participatory approaches.

KENYA AND THE GLOBAL POLICY AGENDA

The first Kenya National Human Development Report (NHDR) published in 1999 was an attempt to domesticate the global human development report prepared annually by UNDP since 1990. The first NHDR made extensive use of the findings from the first (1992) and second (1994) WMS. Its major focus was gender and women's empowerment, and social services for human development (principally health and education). The report analyzed the role of economic, administrative, and systemic governance in human development, and thus assisted in creating awareness of the role of governance in poverty and other deficits in entitlements. The report also discussed social indicators e.g. school enrolment, infant and adult mortality rates, life expectancy, morbidity, child nutrition status, and water and sanitation. The report also looked at feminization of poverty through discriminatory laws and practices, unequal distribution of property rights, gender differentiated access to basic social services (education and health), low representation in gainful employment and public life, and violence against women.

The second NHDR (2001) had the theme, "Addressing Social and Economic Disparities", and focuses on the main determinants and dimensions of social and economic disparities in Kenya. The disparities include incomes, rural-urban divide, gender, regional, and inequalities in social development. The report made extensive use of existing gender-disaggregated data on demographic indicators (life expectancy), basic education (literacy), income disparities, and education to compute regional human and gender development indices. The main data sources were the 1994 and 1997 WMS, the 1998 Kenya Demographic and Health Survey (KDHS), and the 2000 Multiple Indicator Cluster Survey (MICS).

The third NHDR (2003), whose theme was "Participatory Governance for Human Development", recognizes that good governance is one of the main causes of lack of human development in Kenya. The report states, "corruption, inefficient management of public resources and reluctance or total failure to involve the poor in the development process are some of the manifestations of this problem, contributing also to social, economic and political underdevelopment in the country". The report argues that human development requires participatory governance that creates and strengthens institutions for effective participation in the development process.

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The main policy analysis used by the United Nations system in Kenya has heavily relied on the findings of the three welfare monitoring surveys, the 1999 Population and Housing Census, the series of the KDHS, and the 2000 MICS. These include the United Nations Common Country Assessments (1998; 2001), and the 2003 United Nations Development Assistance Framework for Kenya (UNDAF). The second United Nations Common Country Assessment (CCA) for Kenya issued in 2001 pointed to some alarming socioeconomic trends. The empirical basis of the CCA was the information collected in the nineties, including the poverty statistics produced by the three rounds of the welfare monitoring survey, the KDHS (1989, 1993, 1998), and secondary data (especially education statistics from the Ministry of Education).

The new United Nations Development Assistance Framework for Kenya was the culmination of consultations, which began with the CCA and the PRSP processes. The four areas of UNDAF cooperation are to (a) promote good governance and rights, (b) contribute to the reduction of the incidence of, and mitigation of, the psychosocial and economic impact of the HIV/AIDS epidemic, malaria and tuberculosis, (c) contribute to the strengthening of national and local systems for emergency preparedness, prevention, response and mitigation, and (d) contribute to sustainable livelihoods and environment.

Poverty statistics are juxtaposed with regional and gender-disaggregated social indicators to map inequalities in incomes and various dimensions of poverty (e.g. nutrition and child health, water and sanitation, and education). Currently, demographic and other social indicators are normally interpreted as reports on poverty, especially where such indicators are disaggregated by region and gender.

WORLD BANK

The World Bank country report for Kenya (2003) states that "increased poverty is the legacy from two decades of slow growth" and describes the nineties as "a decade of decline and lost opportunities". The decade was characterized by increased poverty, poor management of the economy, and good policy agenda that was not implemented. The report noted that reducing poverty will require reallocating public spending towards pro-poor programs, and eliminating obstacles to the full participation of women and other groups in the economy.

The study revisits Kenya's poverty lines and welfare measures. The official poverty measures based on the 1997 WMS are recomputed mainly because of changes in the food basket and to exclude rent from both rural and household expenditures. The revisions to both the poverty lines and the welfare measures suggest that the incidence of urban poverty is somewhat less than government estimates, but the poverty incidence in rural areas is broadly unchanged. The report also lauds the potential contribution of the recently released poverty maps, especially because they show considerable geographical variation in the distribution of poverty within each province and district, compared with the traditional poverty statistics that take the district as the lowest domain of spatial analysis.

The study analyzed the 1997 WMS data to conclude that households that are large, headed by females, headed by adults with low educational attainment, or deriving most income from agriculture are more likely to be poor than others. The report also notes that more work is required to understand the nature of the relationship between economic growth and inequality, and its implications for tax and spending policies. The social indicators have also worsened in the last two decades, with life expectancy (the overall indicator of well-being) being just marginally above what it was in 1960. The study concludes that Kenya's growth prospects will be enhanced if the burden of disease and high mortality is addressed, efforts made to encourage girls to attend and stay in school especially at secondary school level, and governance and economic policy addressed (e.g. reduction of the public sector wage bill, redirecting government spending towards capital investments and essential public services that reduce poverty, and legal sector reforms).

The World Bank country economic memorandum (2003) and memorandum on a country assistance strategy for Kenya (2004) note that there are some shortcomings in understanding poverty that needs to be addressed through expanding the information base through surveys and strengthening the analysis of

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the determinants of poverty. A related concern is the need to prioritize policy actions to accelerate growth and reduce poverty and provide a more precise definition of core pro-poor spending programs. The 2004 PER views the core poverty programs as a transitional measure. In the longer run, the objective of improving the poverty focus should be subsumed within the ERS objectives and an attempt be made to fully protect the funding for key priorities of the ERS. This would complete the move from Core Poverty Programs to *Core Priority Programs.*

COUNTRY ASSISTANCE STRATEGIES – SELECTED DONOR AGENCIES

The African Development Bank/Fund

The African Development Bank/Fund's Kenya country strategy paper, 2002-2004 uses background information in the PRSP, the ERS, the national poverty eradication plan, the 1997 WMS and the 2003 public expenditure review. The paper presents the evolution of poverty in Kenya based on official statistics, differentiating between money-metric measures and non-money metric measures (social indicators). The crosscutting themes included population dynamics (decline in total fertility rate, drop in life expectancy, the effect of HIV/AIDS), labor market and core labor standards (unemployment, need to harmonize Kenyan laws with ILO conventions), HIV/AIDS (orphans, loss of productive manpower), gender issues (poverty, legal and social regime that promotes gender inequality), environment (degradation, other environmental concerns), regional integration (East African Community, COMESA, NEPAD), and governance (poor governance, sleaze).

The previous ADB/ADF strategy in Kenya (1999-2001) was to assist the Government in pursuing its poverty alleviation strategy through development of selected sectors that would accelerate economic growth while improving the welfare of the poor. The specific sectors were agriculture, transport (rural feeder roads) and the social sector. Implementation of the program was adversely affected by the slow implementation of the broad reform agenda (e.g. approval of the Government Financial Management Bill, the Kenya National Audit Bill, the Public Procurement and Disposal Bill, and the Public Officer Ethics Bill), serious lapse in the public sector reform (e.g. downsizing of the civil service), inadequate commitment of the Government to take certain conditions, inadequate institutional capacity, and pervasive governance failures.

The Group's medium-term strategy would combine a policy-based operation to support the Government's macroeconomic and governance framework (e.g. fiscal reforms), increasing investment in infrastructure particularly roads and key productive sectors to lay the foundations for sustained economic growth, agriculture (mainly strengthening and integrating arid lands into the mainstream of economic activity), social sectors (rehabilitation and expansion of health services delivery with particular reference on the rural areas, education sector targeting specific regions and population groups), water and sanitation, and private sector development (including small and medium enterprises).

The EU Kenya-European Community Country Strategy Paper for the period 2003-2007

The EU Kenya-European Community Country Strategy Paper for the period 2003-2007 states that "poverty has increased in recent years: about 56% of Kenyans live below the poverty line, of which three-quarters live in the rural areas, but with the numbers of urban poor also rising. Most social indicators show a deteriorating trend". The objective of the Country Strategy Paper (CSP) is therefore to support the Government in its efforts to achieve higher and sustained economic growth and to reduce the high incidence of poverty.

The EU Community Development Trust Fund (CDTF)

The Community Development Trust Fund (CDTF) falls within the family of social funds, which normally finance small, participatory investment projects targeted to benefit the poor and the vulnerable in a society, depend on local groups to generate demand, and screen the resulting projects against a set of eligibility criteria (European Commission, 2003b). The first phase of the project put special emphasis on

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poverty reduction and capacity building with attention to geographical dimensions of poverty through specific budgetary allocation to areas considered as resource-poor (e.g. ASALs). The project separated the target districts into "poorer" and "less poor" based on poverty statistics from the third welfare monitoring survey. It further required that beneficiary communities in the "poorer" districts contribute a minimum of 25% of project costs and those in the "less poor" districts a minimum of 10%. The partitioning into less poor/poorer districts may have its drawbacks, as poor communities can be located in less poor districts. In addition, there are some districts that most people consider as poor but were ranked as less poor on the basis of the poverty statistics e.g. Turkana and Tana River. The program is therefore developing clearly defined poverty-oriented criteria for ranking and prioritizing project applications.

House of Commons discussions of Kenya's DfID's Country Assistance Plan 2004–07

The DfID country assistance plan (CAP) and the House of Commons discussions on CAP note that there are 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 can be found in all Kenya's provinces. There are also significant gender inequalities. In addition, there are large inequalities both between urban and rural areas, and within urban areas themselves. Despite rapid urbanization, 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 characterized by overcrowding, lack of infrastructure, and chronic insecurity and where they lack secure tenure.

The reports analyze the recent poverty statistics and conclude that "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.

The CAP is driven by the MDGs, but notes that 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. But economic growth on its own is not sufficient for poverty reduction.

The ERS proposes a transformation of the way government is run, so that the incentives facing individuals and organizations are changed in a manner that encourages ethical and development-focused behavior and increased efficiency. The reports note that Kenya's ERS is not sufficiently focused on poverty reduction. 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. To maximize the impact on poverty, it will be necessary for the Government to explicitly 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. The discussions therefore recommended an analysis of poverty and poverty trends in relation to the MDGs; and an outline of the Government's plans for poverty reduction and meeting the MDGs. In addition, the development strategies need to be locally owned if they are to succeed and to be sustainable.

One contribution argued that 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.

A main concern from the memoranda by various organizations was lack of sufficient attention on gender issues, other than gender equality as part of the MDGs (the provision of education for girls). The contributors mentioned the "feminization of poverty" where women make up the majority of rural

agricultural economics in Kenya, and are the unofficial nurses in the family (taking care of those who fall sick). The contributors felt that gender focus has been lost by a series of apparently gender-neutral interventions, hence the need to focus on both 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.

Other issues of concern in relation to poverty measurement and poverty alleviation strategies include (a) the role of biodiversity and environmental sustainability within the ERS, (b) ensuring that the poorest and most vulnerable are served by affordable and effective mechanisms for social protection, and (c) ensuring that implementation of the ERS drives policy-making, including the setting of budget allocations. It was also noted that older people who have suffered a lifetime of poverty enter old age with few resources and very often in poor health. An early priority to ensure that the interests of the poorest Kenyans are fully taken into account will be improving the quality of information about poverty in Kenya, through support to the Central Bureau of Statistics and other organizations, so that resources can be targeted on the areas of greatest need.

GENERAL OBSERVATIONS

Interviews with donor agencies, principally DANIDA AND SIDA, pointed that they seek explicit link between their support and poverty reduction. A further emphasis is on the need for Government ownership of the program due to its role in success and sustainability of the donor programs[3]. However, most donors are careful not to impose harsh conditions, as this normally undermines ownership and local credibility of the programs.

Some donor agencies reported that the current government has a relatively higher ownership of pro-poor agenda, and cited the big share of donor resources to government, which were previously channeled through civil society organizations.

There were, however, three major concerns. First, the wrangling in the ruling coalition is diverting attention from development to search for agreement on ground rules. Some respondents expected the lack of focus on development issues to reach a crescendo when the next general elections grow nearer. Second, poverty focus of government is supposed to find expression through budgetary priorities and budget execution, but budget priorities have not changed much (other than the free primary education program). It was observed that reduction in recurrent expenditure is a tough political choice with long-term political goodwill but high short-term political costs. Thirdly, the subvention of donor resources to Government (and consequent reduction to civil society) has weakened the civil society and probably undermined its capacity to hold the government accountable.

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[3] Implicit in this view is the assumption that community needs are in harmony with the activities the donor intends to support.

B: A SHORT JOURNEY THROUGH HISTORY

KENYA HAS A PLACE IN THE MARKET PLACE OF RESEARCH ON POVERTY

Kenya has a fairly developed statistical base on poverty and trends in the distribution of household incomes. The Urban Household Budget Survey 1968-69 formed the basis of analysis of urban household income distribution by the ILO Mission to Kenya (1972). The Central Bureau of Statistics also conducted a household budget survey in Nairobi in 1974, whose results were analyzed extensively and used as a proxy for urban income distribution in Kenya (see, for example, Vandemoortele, 1982, 1987; and Vandemoortele and der Hoeven, 1982).

The earliest estimates of poverty (see World Development Report 1989) were for 1976, arising from a series of surveys undertaken within the framework of the Integrated Rural Surveys 1 (1974/75), 2 (1976), 3 (1977) and 4 (1978). Data on urban household incomes was collected in 1974/75 (Nairobi Household Budget Survey, unpublished). The source of data on rural household incomes and consumption patterns was IRS-1, as the later IRS cycles did not collect data on income and consumption. The database spurred academic debate on the status of rural and urban household incomes and distribution of land in Kenya. The principal analysts of the 1974/75 IRS database (namely Greer and Thorbecke) pioneered a mode of analysis that had far-reaching theoretical advancements (Foster, Greer and Thorbecke, 1984), in addition to its application on poverty assessment of Kenya's smallholder sector (Greer and Thorbecke, 1983, 1986a, 1986b, 1986c).

In the 1980s, CBS undertook five major surveys on land assets, rural and urban household incomes and consumption patterns, and nutritional indicators. The surveys were the Rural Household Budget Survey 1981/82 covering 27 strata/32 districts; the Urban Household Budget Survey 1982/83; the Agricultural Production Survey 1986/87 which covered 24 districts mostly in high and medium potential areas; and two child nutrition surveys – urban (1983) and rural (1987).

The first National Welfare Monitoring Survey (WMS) was conducted during November/December 1992, and summary results were published in Economic Survey 1993. The other major output was the Kenya Poverty Profiles, 1982-92, which used the 1982 Rural Household Budget Survey data alongside the WMS data (Mukui, 1994a).

THE 1992 WELFARE MONITORING SURVEY

There was no basic report of the first welfare monitoring survey, other than a summary presented in capsule form as a special chapter in the Economic Survey 1993. The analytical report of the 1992 WMS (Mukui, 1994a) applied the summary measures of poverty developed by Foster, Greer, and Thorbecke (1984), commonly known as the FGT measure. A summary of the poverty profiles appeared in the 1994 Economic Survey, and the budget speech for fiscal year 1994/95 made reference to the poverty statistics, citing the role of location (rural), sector (subsistence farming), low education and large family size in the probability of being poor. The analytical report also presented a statistical routine that can be used in standard statistical packages e.g. SPSS to compute Gini coefficients (a measure of inequality that takes on extreme values of 1 to represent extreme inequality and zero to represent extreme equality).

The analytical report also computed poverty statistics for sub-classes of conjugal structures in Kenya. The standard definition of the "household" assumes (a) that the physical boundaries of the household define units of social and economic organization (thereby ignoring economic exchanges between households), and (b) that the household is a basic decision-making unit behaving according to the rule of household utility (thereby ignoring intra-household inequality in resource allocation based on age and gender). It is assumed that "head-of-household" and the primary breadwinner is a male. Frequently, woman-headed

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households are identified on : basis of the absence of a male spouse in the household. The analytical report broke down woman-l   d households into (a) de facto female household heads defined by the temporary but long-term ab   of a male spouse in the household; and (b) de jure female household heads identified by lack of ac   male/spouse in the household (e.g. single, separated, divorced). The de facto female household heads ar   inly rural women whose conjugal role was aptly described by Abbott (1974; 1976) as "full-time farmers and weekend wives". The analysis showed that "female-married" headed households had lower prevalence of poverty than "female-other" households (single, separated, divorced).

The analysis of the economic role of the man need to differentiate the male head of a household as a permanent resident, a sojourner normally working away from home, and the pure female-headed household where there is no man either at home or away. The economic role of the man in a household may be more important when he lives away from home (especially if working), the denial of emotional support and conjugal rights notwithstanding.

The poverty profiles also found that land holding size did not seem to be correlated with poverty, probably because the database did not indicate the agricultural potential. The ILO Mission to Kenya (1972) estimated high-potential land equivalents by assuming that 5 hectares of medium-potential land and 100 hectares of low-potential land are equivalent to 1 hectare of high-potential land. As the ILO report stated, "this is admittedly a crude weighting system". As Hazlewood observes, "the greatest regional inequalities are the work of nature" (1979). However, nature's contribution to regional inequality has been moderated by a long-term process of population arbitrage due to net migration to high rainfall and good soil fertility, from low rainfall and poor soil fertility. This leads to an entropic degradation of the high rainfall and good soil fertility holdings through continuous cultivation. However, there is still need to include the agro-ecological zone codes, or a summary measure of land potential, within the national sample frame maintained by the Central Bureau of Statistics.

The World Bank's poverty assessment (1995) used the poverty statistics in the analytical report, the preliminary findings of the first participatory poverty assessment report, and conducted further analysis on the relationship between household poverty and social indicators (e.g. access to education and health). The report pointed that sustainable progress towards poverty eradication required two mutually reinforcing elements: broad-based economic growth that makes use of the most abundant resource of the poor (their labor) and provision of basic social services to the poor. For example, in the health sector, the report recommended greater share of spending on preventive and promotive health; and within curative budget shift more resources towards heath centers away from district hospitals. In education, there was need for a targeted mechanism to reduce private costs to the poor – a system of bursaries for the poor, particularly female students, administered by communities and local authorities.

The World Bank report also stated that, in the longer-term, changing laws and customs to give women more legal rights regarding land ownership and access, and alimony in case of divorce, would be critical. The report also recommended targeted programs e.g. labor intensive minor roads program, expansion of informal credit schemes with bias towards women, water and sanitation in urban slums, and special programs for arid areas (basic needs specifically health and education services, infrastructure, rehabilitation of stock routes on a selective basis, etc).

The World Bank report showed that standardized gender diagnosis and strategy might not reflect the particular situation of women in Kenya. For example, enrollment for males and females was similar at primary school level, but fewer girls completed primary education. Kenya's Poverty Assessment stated that, while causes of poverty among the female-headed households were several, ownership and access to land appeared to be the critical factor. Gender analysis has shown that women who lack access to land also lack access to inputs such as credit (see also World Bank, 2000). The report also made recommendations to improve data collection and analysis under the welfare monitoring survey program e.g. quality control in data collection and data entry, development of user competences (demand side), conduct analytical studies on the impact of macroeconomic policies on welfare at the household level, and strengthen capacity to undertake meaningful participatory poverty assessments. As noted by Mukui (1994a), bad/missing data can disguise itself as starvation.

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A study of six African countries points to a positive association between reduction in the incidence of poverty and macroeconomic adjustment (Demery and Squire, 1996). The macroeconomic policies included fiscal, monetary and exchange rate policies, whose combined effect is to reduce the real exchange rate. The authors argue that a real exchange rate depreciation influences income distribution through three main channels. First, it raises the overall economic growth through export expansion. Second, it affects the structure of output, favoring producers of tradables (exportables and importables), especially in agriculture. Finally, it reduces rents previously derived from policy distortions, such as import quotas and exchange controls. In Kenya, the removal of distortions has also led to losses by powerful groups and weakened the political cartels that existed between politicians and some groups in the business community. Kenya was among the six countries in the sample, where the reference data was from the 1992 WMS.

THE 1994 WELFARE MONITORING SURVEY

The second welfare monitoring survey was conducted during June-September 1994. The basic report of the survey was released in May 1996, followed by poverty profiles in a special chapter of the Economic Survey 1997, and a presentation of poverty and social indicators in Economic Survey 1998. The poverty analysis was released in two reports, namely, "Incidence and Depth of Poverty" in 1997 and "Poverty and Social Indicators" in 1998.

The Economic Survey 1997 presented poverty statistics based on WMS-II and findings of the second participatory poverty assessment conducted in 1996. The PPA-II showed that the main problems identified were lack of water, famine and drought. Other related problems identified included unemployment, lack of land ownership, poor shelter and insecurity. The communities identified affordability and quality of services as essential in addressing poverty, mainly in reference to education, health, agricultural extension services, water and social services. The 1998 Economic Survey presented various household social and economic indicators by poverty groups e.g. total fertility rates by main occupation of mother, contraceptive use by poverty groups, total fertility by level of education of the mother, school enrolment rates by poverty groups, agriculture (land ownership, livestock ownership and income from crops) by poverty groups, amenities (water, sanitation, cooking fuel) by poverty groups, and child nutrition indicators by poverty groups and education of the household head.

A KIPPRA study by Geda et al (2001) applied a binomial model on the 1994 WMS data to compute probabilities of being extremely poor, moderately poor and non-poor, given the characteristics of the population. The study found that poverty is concentrated in rural areas, and in the agricultural sector in particular. Being employed in the agricultural sector accounts for a good part of the probability of being poor. Secondly, the educational attainment of the household head was found to be the most important factor that is associated with not being in poverty, and primary education in particular was found to be of paramount importance in reducing extreme poverty in rural areas. Thirdly, female-headed households were more likely to be poor. Polygamous marriage seemed to worsen poverty in urban more than in rural areas, which may indicate that labor input is more important in rural than urban areas. Finally, the negative impact of ageing was found to be stronger in urban than rural areas, which probably reflects the collapse of the extended kinship system in an urban setup. The study concluded that there was need to invest in the agricultural sector, and in education (especially primary education in rural areas). It also emphasized the need to invest in female education because of the known pathways between female education and other household characteristics (e.g. in adoption of agricultural production techniques, and child health and nutrition).

THE 1997 WELFARE MONITORING SURVEY

The findings of the third welfare monitoring survey conducted in 1997 were released in year 2000. The first volume of the report covered "Incidence and Depth of Poverty" and the second volume covered

"Poverty and Social Indicators". The social indicators tabulated against poverty included education (enrolment, literacy and expenditure on education), health (morbidity, health seeking behavior, prenatal and peri-natal care, and child immunization), agriculture (land holding and expenditure on agricultural inputs), employment, social amenities (cooking and lighting fuel, shelter and ownership of household assets), and water and sanitation (access to potable water and safe sanitation).

The majority of the poor are preoccupied with dealing with risks and uncertainty, and their inability to effectively deal with shocks often lies at the core of their poverty. Vulnerability is defined independently from the person's current poverty or welfare status. Vulnerability of a person is conceived as the prospect a person has now of being poor in the future, i.e. the prospect of becoming poor if currently not poor, or the prospect of continuing to be poor if currently poor.

Considerations of risk and vulnerability are key to understanding the dynamics of poverty. The study by Christiaensen and Subbarao (2004) conceives vulnerability as expected poverty and illustrates a methodology to empirically assess household vulnerability using the 1994 and 1997 Welfare Monitoring Surveys and rainfall data from secondary sources. The report highlights the gains that can be obtained from directly including information on the shocks together with historical information on their distribution in the analysis. Application of the methodology to data from rural Kenya shows that in 1994, rural households faced on average a 40% chance of becoming poor in the future. Households in arid areas that experience large rainfall volatility appear more vulnerable than those in non-arid areas, and malaria emerges as a key risk factor. Possession of cattle appears less effective in protecting consumption against shocks in comparison with sheep/goats, especially in arid zones. Households with access to non-farm employment consume more on average, and tend to face less fluctuation in their income, especially in the arid and semi-arid areas. Of the policy instruments simulated, interventions directed at reducing the incidence of malaria, promoting adult literacy, availability of electricity, and improving market accessibility (through provision of infrastructure e.g. roads) hold most promise to reduce vulnerability in rural Kenya both in non-arid and arid zones. Market accessibility promotes market integration, and substantially reduces transaction costs, thereby facilitating, for example, food and food aid flows (which stabilize and lower food prices), as well as temporary out-migration to urban centers in case of droughts.

PARTICIPATORY POVERTY ASSESSMENTS

The Government undertook the first Participatory Poverty Assessment (PPA) in the first half of 1994 to complement the statistical studies of poverty in Kenya. The purpose of the PPA was to understand poverty as seen by the poor, as a guide in the design of interventions to alleviate poverty. The PPA covered communities in seven poor rural districts (Busia, Bomet, Kisumu, Kitui, Kwale, Mandera and Nyamira) and Nairobi (the adjacent slums of Mathare Valley and Korogocho). The main factors seen as increasing poverty were inflation, social breakdown (e.g. emergence of female-headed households), cost-sharing strategy especially in education and health, and demographic pressure (land fragmentation, breakdown of homes, unemployment, large family sizes). The report shows the social dynamics that create and sustain mass poverty. For example, the feminization of poverty was attributed to lack of property rights (e.g. loss of property in case of divorce), discrimination at the household level in access to education, and the devastating effects of HIV/AIDS. The recommendations were mainly in the areas of access to social services by the poor (mainly education and health), fees payable by the poor for most services (including low-cost water supplies), credit for the poor, and slum upgrading (structures, water and sanitation, road networks, and solid waste management).

The second PPA was carried out during November-December 1996 and covered seven districts (Mombasa, Nakuru, Kisumu, Kajiado, Taita Taveta, Makueni and Nyeri). PPA-II differed from PPA-I in the composition of researchers. Unlike PPA-I where only a few Government personnel participated, PPA-II incorporated more government staff in order to enhance capacity building in the application of participatory methodologies to the study of poverty in Kenya.

One of the important findings of PPA-II was the sharp contrast between communities and district-level leaders and decision makers regarding the causes of poverty, poverty alleviation mechanisms and escape

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routes: "While communities point to a wide range of physical, economic, institutional factors, district-level decision-makers emphasize community characteristics as the major causes of poverty. District-level leaders think the services provided are leading to poverty reduction while communities think otherwise. Communities see credit and institutional support as paths to poverty reduction while the decision-makers see the removal of socio-cultural obstacles as critical to poverty reduction."

The concept of people's voice in the PPA process involved consultation and information sharing, and did not imply engagement with Government or any direct community influence on policy and decision-making processes. The PPAs complemented the welfare monitoring surveys, which collected information on money-metric measures of poverty and social indicators. The PPAs did not have an action program, and are therefore widely viewed as tools of information gathering, rather than tools of community empowerment or filter of community needs for district and national level planning. Some of the participatory poverty assessments used standard data collection tools, but the recommendations are not entirely based on rigorous analysis of the findings e.g. failing to propose measures to "seal" leaky buckets in an effort to forestall resource outflows from the community. However, the Government personnel involved in the PPA found their way in the Poverty Eradication Commission (PEC) and PRSP secretariat, and therefore used the experience gained to implement community-based programs and to draw community needs based on participatory tools.

The third PPA was conducted by the African Medical and Research Foundation (AMREF), Participatory Methodologies Forum in Kenya (PAMFORK) and the Ministry of Finance and Planning in January-February 2001. The study covered ten randomly selected districts, namely, Baringo, Busia, Homa Bay, Garissa, Kajiado, Kirinyaga, Kitui, Mombasa, Nairobi and Nyamira. PPA-III was conducted as a direct input into the PRSP, so that the poor could propose and prioritize suggestions for poverty reduction and thus offer policy recommendations that would have greatest impact in reducing poverty. The preparation of the district PRSPs involved district-level participation in all districts, and in-depth community participation in the ten districts. In the ten districts, the findings at community level and at district consultation forums were triangulated in the preparation of the district PRSP report.

The Poverty Reduction Strategy Paper (PRSP) provided Government personnel with a forum, or legitimacy, to talk to the communities on a national scale. The core Government team in charge of PRSP included personnel who had been involved in the first two PPAs, and had therefore sufficient acquaintance on training and practical application of participatory methodologies. The personnel trained in participatory methodologies were involved in community and district level consultations as principal facilitators.

The Government is also implementing the Local Authority Transfer Fund (LATF) through the implementation of Local Authority Service Delivery Action Plans (LASDAP). The LATF Act No. 8/1998 was enacted by Parliament in November 1998 and was brought into effect in June 1999. Five per cent of the national income tax is transferred to all local authorities on the basis of a simple and objective formula. In year 2002/03, the LATF allocation criteria were: a basic lump-sum of Shs 1.5 million to all local authorities amounting to 8.7% of the total; 60% allocated on the relative population of each local authority as per the 1999 population and housing census; and the remainder allocated on relative urban population (Ministry of Local Government, 2004). The allocated LATF monies are released based on the following conditions: 60% is released if council submits required budget and meets current statutory creditor obligations; and 40% is released based on submission of specified statements of accounts and LASDAP.

LASDAPs are prepared through a participatory process with beneficiary communities. The LASDAP process is a breakthrough in community planning as it has been translated into actual budgets and actionable plans. It also involves councilors who are elected representatives of the communities. Apart from a few districts, the types of investments funded through needs identified by the beneficiaries involve low capital outlays with low recurrent budget, and hence may be sustainable.

In summary, community participation through the normal Government planning structures is limited and disjointed. However, there have been attempts to include community consultation in preparation of the