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What happened to the PRSP in Kenya? The role of politics

THEME SECTION

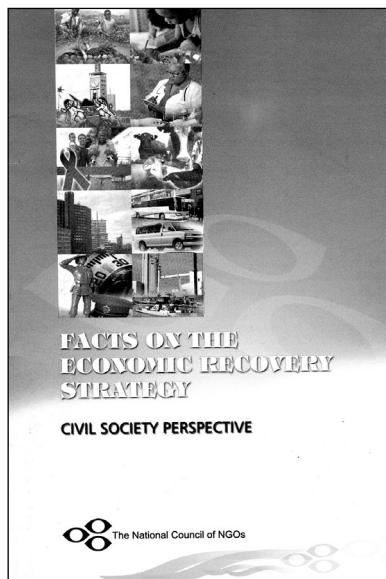
by HUDSON SHIVERENJE

Introduction

Politics play a major role in the creation and persistence of poverty in Kenya. It requires high-level political will, commitment and action to reduce the current rate of 57% of Kenyans living below the poverty line. This article situates experiences on implementing poverty reduction strategies within the Kenyan socio-political context. It highlights various forces at play and underscores the challenges and opportunities involved. Finally, the article makes recommendations on institutionalising participation in the implementation, monitoring and evaluation of national poverty reduction strategies.

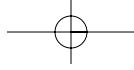
Background

Preparation of the Poverty Reduction Strategy Paper (PRSP) in Kenya was not linked to conditions of enhanced Heavily Indebted Poor Country (HIPC) debt relief. Instead it was a condition for access to new concessional lending from the International Monetary Fund (IMF) and the World Bank. Kenya's interim PRSP was endorsed in November 2000 and the process of preparing a full PRSP began thereafter. The consultation process in preparation of the full PRSP in 2001 was positive in a number of ways. Notably, it opened space for civil society actors and communities to engage with the



government in pro-poor policy change. However, the very basis for preparing the PRSP was not made clear to civil society to enable them to monitor and evaluate its implementation effectively.

Events and uncertainty in the entire PRSP process illustrate the political intricacies that are involved in poverty reduction strategies. In 1997, the IMF suspended its loan disbursement agreed under the 1996 Enhanced Structural Adjustment Facility (ESAF) because of insufficient progress in the area of governance in Kenya. IMF/World Bank lending restarted under the Poverty Reduction and Growth Facility (PRGF), which was agreed in August 2000. However this did not last due to differences between the government and the International Financial Institutions (IFIs) regarding high-level corruption. The result was suspen-



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sion of IMF lending in December 2000. The prospects of the PRSP opening the closed taps remained uncertain in a number of ways, even after its completion.

Firstly, the document existed but was not taken to the IMF/World Bank for endorsement due to serious doubts about the whole national economic and political reforms in the country. Hence willingness to resume lending in 2002 was pegged more on the outcome of the general elections in 2002 rather than the poverty strategy itself. It was also not feasible to implement the strategy in a politically charged electioneering atmosphere. It was ironical that the truth was concealed from Kenyans by their own government for political reasons, who in turn could not monitor progress.

The Kenya African National Union (KANU) government under the leadership of President Moi was perceived to be inept and corrupt, thereby deliberately frustrating efforts to enhance good governance and promote sound economic management. KANU was subsequently removed from power by the ruling National Rainbow Coalition (NARC) in the December 2002 elections. NARC was elected on a reform platform that included pledges to eradicate corruption, revive an ailing economy and execute programmes to restore WB/IMF support. By early 2003, the IMF had indicated a willingness to resume lending as soon as actions that led to the suspension of previous programmes were fulfilled. These actions were core to NARC's pre-election pledges and included a strong political commitment to good governance, sound economic management and zero-tolerance to corruption. Other donors also indicated their willingness to support the new government which was perceived to embrace the reform agenda. Therefore updating the PRSP became a priority of the NARC government, as it would indicate that the government was on the right track. But for purposes of political expediency, the new government had to be seen to come up with something different even if only in terminology to signify a break with the past. Hence the development of the *Economic Recovery Strategy Paper* (ERSP), as the new poverty reduction blueprint. This came soon after elections when civil society was still mesmerised by the new political dispensa-

tion and had even become more or less part of the government. In this position it was difficult for them to read the political undertones in the scheme and blow the whistle as required of a watchdog.

Why ERSP?

The NARC government inherited both challenges and opportunities from the previous regime. Opportunities included an entrenched consultative culture coming out of the PRSP process and an impressive pre-election manifesto that had been used to garner an overwhelming majority in the 2002 general election. Challenges, on the other hand, included a stagnated economy with the resultant incidence of chronic poverty, declining social and economic infrastructure and an unfavourable international image. Against all these was an empowered citizenry that demanded accountability and transparency in management of public affairs by a popularly elected government. The ruling coalition was therefore faced with the daunting task of reconciling the two within the purview of volatile transition politics. The government therefore undertook to consolidate the PRSP and NARC manifesto into the *Economic Recovery Strategy for Wealth and Employment Creation*, commonly known as the *Economic Recovery Strategy Paper* (ERSP). The aim of the strategy is to enhance governance, accelerate economic recovery, reduce poverty and increase employment.

The gains

Development partners are important to Kenya's development and Bretton Woods Institutions are considered world opinion-setters. It was therefore necessary to reach an agreement with them in order to attract foreign direct investments. Also, many bilateral donors require a country to have a programme with the IMF before they can extend certain types of financial support, such as budget support. Consequent to reaching an agreement with the IMF, the Kenyan government has also successfully negotiated bilateral assistance for various projects and programmes covering wide sectors of the economy. All these can be attributed to the political good will the new government continues to receive from the international community. Without effective monitoring and evaluation, this can easily camouflage many other ills by democratic governments, especially where citizen oversight structures are not institutionalised, as is the case in Kenya.

Secondly, as stated before, NARC assumed leadership when relations between Kenya and development partners were at their worst. Following extensive consultations, the government reached an agreement with the IMF on a Poverty

PRSP	ERSP
Is donor-inspired and therefore not fully owned by the government. Is produced from wider consultations and hence a high sense of ownership by locals.	Is government-inspired.
Is fully conscious of poverty dimensions in Kenya.	Is expert-produced and therefore lacks a great sense of ownership by the public
Has produced experiential non-traditional insights into poverty that were not there before.	Does not appreciate the poverty breadth in the country.
Adopts a holistic approach to poverty reduction.	Is devoid of social capital and does not appreciate the poverty situation in this country.
Is too wide and hence lacks targets.	Hinges the poverty agenda on economic growth and is private sector-oriented.
Is revolutionary.	Has specific targets for poverty reduction.
Focuses on equity and social justice.	Maintains the status quo.
	Focuses on economic growth.

Source: Wamuyu Gatheru, 'The ERS as a Poverty Reduction Strategy: what are the facts, where are the opportunities? A civil society perspective.' Paper presented at the NGO Council Forum on PRSP at Nairobi Safari Club, Nairobi, Kenya on 15th July 2004

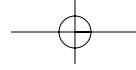
Reduction and Growth Facility (PRGF) in November 2003. This paved the way for the restoration of healthy relations with other donors. Building on the PRGF, the government held a successful Consultative Group (CG) meeting with development partners in Nairobi in November 2003. This was significant in that it was the first in over a decade, it took place within the first year of the NARC government in power, was attended by various Kenyan stakeholders and more importantly, the meeting generated pledges amounting to about US\$ 4.5 billion over a three-year term. In a radical departure from the past, the meeting took place in the country. The support was an affirmation of political reforms that were being undertaken by the government in a new political dispensation. NARC sought to gain political mileage out of the ERS rather than implement the PRSP, in which case credit would go to the former ruling party KANU, which was now in the official opposition.

The above notwithstanding, there have emerged ideological differences between the PRSP and the ERS, with far-reaching implications for poverty reduction in Kenya. These ideological differences were highlighted during the Open Forum on PRSP organised by the National Council of NGOs in Kenya (NGOs Council). The Forum brought together different civil society and government actors on PRSP who discussed the progress towards implementation and monitoring of PRSP,

out of which these ideological differences emerged. The table above gives a summary of this divergence.

During this Open Forum on PRSP, there was general agreement for CSO actors to monitor implementation of the PRSP in the context of specific sectors and/or thematic groups, such as gender, governance, HIV/AIDS, pastoralism, natural resource utilisation and management etc., based on the strengths and programmatic interest of each actor. The monitoring is to be done in relation to budgetary allocations and impact of the same on target groups.

Despite the interest of civil society in Kenya to participate in the process of monitoring PRSP implementation, it is difficult to match it with practical realities on the ground. This is because of lack of a systematic forum that brings them together to share the findings, develop a systematic framework and implement new lessons. In addition to this, financial support of the CSO monitoring framework is weak. Where it exists, it is not recognised. This means that monitoring of PRSP implementation in Kenya is disorganised or disjointed since there are no lead organisations with adequate financial resources to advance this goal. Among the CSOs, there are no financial commitments or budgets set aside to be used for monitoring PRSP implementation. The government does not provide any financial support to CSOs to participate in the process of monitoring PRSP implemen-



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tation. Information that can also be used for monitoring PRSP implementation is either hidden or inaccessible in government offices. Lack of participation in monitoring the implementation of PRSP excludes the poor, since it is only being done by the technocrats. This also means that it is difficult to measure the actual impact on the ground and thereby completely closes the spaces of participation that had been opened earlier.

Government monitoring and evaluation initiatives

Kenya has a huge portfolio of uncompleted projects with a completion rate of less than 20%. This can be attributed to the lack of effective monitoring and evaluation systems and political patronage, among other factors. In a bid to address this gap, a number of efforts were put in place to institutionalise the monitoring and evaluation of poverty reduction strategies. These include:

- Establishment of a monitoring and evaluation (M&E) department in the Ministry of Planning and Economic Development. In addition a poverty analysis unit has been set up at the Central Bureau of Statistics (CBS). The two institutions are responsible for the coordination of a system-wide national M&E plan that is in the final stage of development. Establishment of departments in line ministries and special units is a political decision and citizens do not have a say in this.
- Formulation of a national system-wide and structured M&E plan to be implemented by all stakeholders is in progress. To realise this, the government has set up a steering committee to work out and advise on ways to roll out the plan. The challenge however remains to decentralise M&E to the local level at different tiers by various actors such as civil society, the private sector and communities. This cannot happen without the necessary political will.
- Undertaking poverty mapping showing pockets of poverty countrywide and subsequent realignment of strategy based on the poverty maps. This is important in facilitating isolation of core issues. It allows focus on what is relevant and gives priority to specific regions. However, political

considerations rather than poverty reduction take priority when it comes to resource allocation.

- The Public Expenditure Review (PER) provides the government with an internal mechanism to reveal both successes and weaknesses and to take action to improve the situation. The government initiated ministerial annual public expenditure reviews to enable it to identify gaps between budget policy objectives and execution. The knowledge gained will facilitate the shifting of resources to priority areas within and between ministries and sectors. An inherent weakness in the PER, however, is that it allows the government to investigate itself. This amounts to subjective evidence and subsequent judgment. An alternative on the other hand is for civil society to run its own parallel PER. However, this may not yield sufficient information for civil society due to bureaucratic red tape and hence the need to institutionalise a consultative and information sharing culture in the public sector to accelerate the monitoring and evaluation of poverty reduction. It has now emerged that if the poor are to enjoy the right to participate in poverty reduction strategies, they must know the relevant facts, i.e. the right to information. In a way the PER will remain a window-dressing exercise as long as Kenya does not provide for the development of adequate laws, policies, institutions, administrative procedures and practices, and mechanisms that guarantee citizens the right to access information on public expenditure vis à vis poverty reduction. The draft constitution legislating the right to information for citizens has been stalled due to power sharing differences between partners in the ruling coalition.

Although well intended, the above government-led initiatives are yet to yield the desired results. Poverty is on the increase but it is business as usual in the public sector. Whereas presentations by government officials paint a rosy picture, the reality on the ground remains grim. All this is in the bid to strike an intricate balance between effective poverty monitoring and political correctness. Weaknesses notwithstanding, there is a need for citizen oversight systems to counter political propaganda concerning the poverty reduction agenda.

Civil society monitoring and evaluation of ERSPs

The shift from PRSP to ERSP came as a surprise to most Kenyans, especially civil society. Massive investments had gone into the consultative process of the PRSP by all stakeholders, who were eagerly waiting for returns. It was therefore a demonstration of lack of accountability and political arrogance on the part of the government to wake up one

morning and shift the focus of the strategy without adequate consultation with all those involved. The ERSP was a political decision that the new administration expected the rest of the country to swallow hook, line and sinker. Although civil society tried to get involved by reviving the structures used in preparing the PRSP, the focus of the ERSP was economic growth and wealth creation, and not directly poverty reduction. Therefore developing effective monitoring systems within this context would more or less be like the proverbial 'putting new wine into old wine skins'. Many people were also sceptical of joining the ERSP bandwagon, having not seen the outcome of the PRSP and not even being aware of where the process was. A good number of civil society actors felt that to make progress, the ERSP needed to take into account at least two recommendations. Firstly there should be regular in-built feedback and information-sharing mechanisms to those involved on the progress made. Secondly was the need to cushion the process from political interference regardless of the political system in power. This would, for instance, entail security of tenure for technocrats in key line ministries spearheading the poverty reduction agenda.

Another challenge for civil society with respect to the ERSP was that the NARC government prepared the strategy during its hey-day period when it was the darling of most donors. It therefore did not make much difference whether civil society participated or not.

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Conclusion

The PRSP in Kenya has not been a sufficiently effective mechanism for the realisation of its objective of transforming the lives of the poor. This is because Kenya lacked a reasonable level of economic and political stability, wider government commitment and institutional capacity required to undertake the implementation, monitoring and evaluation of poverty reduction effectively. The government did not put in place the necessary legislative, administrative, financial and institutional mechanisms required to realise the desired objectives. For the PRSP to be effective, however, more than a voice in policy-making is required. It needs mechanisms that link policy implementation and outcomes to decisions and sanctions – and this is where politics come to play as shown in this Kenyan case. In Kenya, it is political dynamics and interests that determine decisions and actions (or lack of actions). This underlines the need for stronger governance and accountability systems and cultures. This might work best if built upon a strategic combination of civil society action and foreign donor support that is aimed at creating citizen monitoring structures. Without these, the apparent lack of government political will might continue to disallow the effective and unbiased monitoring and evaluation of poverty reduction – whether it be under the auspices of a PRSP or ERSP.