KENYA

No funds to finance the MDGs

Although the policy mechanisms are in place to meet the Millennium Development Goals, at present Kenya must spend a disproportionate share of its revenues on debt servicing, leaving little behind for poverty alleviation, education and health. Kenya calls on industrialized nations to meet their donor targets and listen to developing country's trade interests - two actions which would help provide funding for basic social services.

Kenya Social Watch Coalition (KSWC)[1]

In September 2000 the United Nations Millennium Declaration was adopted along with its 8 Millennium Development Goals (MDGs) aimed at reducing poverty by half by 2015. These goals embody the aspiration for human betterment, expressed in a set of 18 numerical and time-bound targets and 48 indicators.

But with the burden of debt servicing and the deregulation of trade, investment and finance - all prominent features of globalization - the race by underdeveloped economies like Kenya's to meet these goals and targets is like running after the wind.

Losing the war against poverty

Kenya will widely miss the two targets that fall under MDG 1 - to reduce by half by 2015 both the number of people living on less than one dollar a day and those suffering from hunger, thanks to the diversion of resources from basic social services and employment creation to external debt servicing. As of June 2004, Kenya's total debt stock stood at KES 643.4 billion (USD 8.5 billion). Against the backdrop of the country's annual revenue of KES 237.4 billion (USD 3.1 billion) and gross domestic product (GDP) of KES 1 trillion (USD 13.3 billion), the country's debt stands at about 65% of GDP and is more than 300% of annual revenue. Domestic debt stock comprises KES 290.4 billion (USD 3.8 billion) of the total. The composition of Kenya's debt as at July 2004 was 57% multilateral, 35% bilateral and 8% commercial and export credit.

Debt servicing has exerted inordinate strain on the Government's capacity to invest in such basic social services (BSS) as health, education, water and sanitation and affordable housing infrastructure. Between 1997 and 2001, the country spent KES 490 billion (USD 34 billion) on debt repayments. This amounts to 52% of the total government revenue for the period, which amounted to KES 936 billion (USD 12.4 billion).

Debt servicing has devalued Kenya's export earnings to the extent that its farmers basically produce and export in order to service the loans. Over the period 1997-2001, the ratio of external debt servicing to exports averaged 16%. This means that for every USD 10 of exports, nearly USD 2 goes to repay the debt or to export credit agencies.[2]

In 2003, the total export of goods and non-factor services[3] was KES 183.2 billion (USD 2.4 billion).[4] The amount spent on debt servicing that year was more than USD 500 million. Kenya is a country where 7 million out of 30 million people subsist on less than one dollar a day.[5] If what was spent on debt servicing was invested in poverty eradication programmes, poverty could be eliminated in the country. In 2001-2002, the Government spent KES 80 billion (USD 1 billion) servicing the debt. In the same year it allocated only KES 16 billion (USD 212 million) to health and only KES 57 billion (USD 755 million) to education.

Health policy

The targets for MDGs 4, 5 and 6[6] require policy interventions and resource allocation. In 1994, the Government developed a Kenya Health Policy Framework Paper to "promote and improve the health status of all Kenyans through deliberate restructuring of the health sector in order to make all health services more effective, accessible and affordable by 2010". The Framework sets the following six strategic imperatives for improving equitable access to health and healthcare:

- equitable allocation of government resources to reduce disparities in health status
- improving the cost-effectiveness and efficiency of resource allocation and utilization
- population growth management
- enhancing the Government's regulatory role in all aspects of health care provision
- creating an enabling environment for increased private sector and community involvement in health service provision and financing
- increasing and diversifying per capita financial flows to the health sector.

A five-year National Health Sector Strategic Plan for the period of 1999 to 2004 was also developed by the Ministry of Health with the goal of providing "essential packages, which are acceptable, affordable, accessible to all Kenyans at all levels while creating an enabling environment for other stakeholders to contribute to reduction of the burden of disease and unmet needs." The Strategic Plan has the following goals and targets:

- 90% immunization coverage with all vaccines from the current 63% coverage in 85% of the districts
- 30% reduction in malnutrition among children under 5 years of age
- reduce malaria morbidity and mortality rates by 30%
- reduce the prevalence of HIV/AIDS by 10% and STD prevalence by 50%
- increase reproductive health/family planning services from 60% to 75% coverage
- reduce under 5 morbidity attributable to measles, pneumonia, diarrhoea, malaria and malnutrition from 70% to 40%
- increase the provision of safe water and improve sanitation in rural areas by 30%.

These two documents provide the necessary policy and operational instruments to pursue the goals of reducing the under-five mortality rate by two-thirds, halting the spread of HIV/AIDS, and reversing the incidence of malaria and other major diseases by 2015.

The Government developed the Kenya National HIV/AIDS Strategic Plan 2000-2005 whose goal is to stop the epidemic and reduce its impact by reducing the prevalence of HIV among persons aged 15-24 years by 20%-30% by 2005, increasing access to care and support for people infected and affected by HIV/AIDS, and strengthening response capacity and coordination at all levels.

In spite of the work mentioned above, the reduction in child mortality witnessed during the

1 Edward Oyugi of Social Development Network (SODNET), Oduor Ong'wen of Southern and Eastern African Trade Information and Negotiations Initiative (SEATINI) Kenya, Lumunba Odenda of Kenya Land Alliance, Njuki Githethwa, Kenyan Debt Relief Network (KENDREN), Wahu Kaara of MDG campaign KENDREN, Andiwo Obondo of DARAJA, Alloys Opiyo of Undugu Society of Kenya.

2 Cancel the Debt for the Child Campaign (CADEC). *Lift the Yoke, Cancel Kenya's Debt*, Nairobi, The Chambers of Justice, 2003.

3 The Organisation for Economic Co-operation and Development defines non-factor services as transportation, travel, communications, construction, insurance, financial, computer and information services, royalties and license fees, other business services, personal, cultural and recreational services, and government services.

4 Government of Kenya (Ministry of Planning and National Development). *Economic Survey 2004*, Government Printer, Nairobi, 2004.

5 UNDP. "Human Development Report 2004. Cultural liberty in today's diverse world", 2004, www.hdr.undp.org/reports/global/2004/

6 "Reduce by two thirds, between 1990 and 2015, the under-five mortality rate", "Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio", and "Have halted by 2015 and begun to reverse the spread of HIV/AIDS" and "Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases", respectively.

period of 1960-1990 is being reversed. From more than 190 deaths per 1,000 live births in the 1960s, the under-five mortality decreased to less than 100 by the 1990s but then rose again to 123 per 1,000 live births by 2003.[7] The substantial reduction in the 1960-1990 period was attributed to government policies to control malaria, tuberculosis, measles, cholera and other highly transmissible diseases as well as the free healthcare policy.

With the introduction of structural adjustment programmes (SAPs) the Government has reduced its investment in the control measures for transmissible diseases and introduced user fees. The number of people living below the poverty line has continued to swell - from below 40% during the 1980s to 57% in 2003. Today at least 12 children out of every 100 live births do not reach their fifth birthday.[8]

Recently, the Government proposed a National Social Health Insurance Scheme that would guarantee every citizen access to public health services and medical treatment. However, partly due to the intervention of the International Monetary Fund (IMF) and big business lobbying, President Emilio Mwai Kibaki declined to make the scheme into law.

Education policy

While in the pre-adjustment decade (1972-1982) primary school enrolment grew at a rate of 8.2%, it slowed down to only 2.7% during the first adjustment decade (1982-1992) and then declined by 6.3% in the next decade (1992-2002). Secondary school enrolment witnessed the same trend with enrolment growing at 9.1% during 1972-1982 only to decline to 3.2% during 1982-1992. The decline was also reflected in enrolment in teacher training colleges where there had been a steady rise from 8,683 trainees in 1972 to 21,011 in 1990 followed by a decline to 19,154 in 1992, a move that the Government itself attributes to SAPs. This no doubt works against the goal of ensuring that boys and girls are able to complete the full course of primary schooling by 2015, and eliminating gender disparity in primary and secondary schools, preferably by 2005, and no later than 2015.

In 1998 the Ministry of Education, Science and Technology (MEST) published the Master Plan on Education and Training (MPET) 1997-2010. The Plan nationalizes the resolutions of the World Conference on Education for All held in Jomtien, Thailand in 1990 and the World Conference on Education for All held in Dakar in 2000 as well as the Education for All (EFA) Framework for Action in Sub Saharan Africa from 1999.

MPET's aim is to halt and reverse the decline in school enrolment and retention rates and increase participation regardless of gender, region, household income level or disability. It emphasizes quality of education and lays out policy guidelines and strategies to enhance access and participation, and the quality, relevance and management of education system. The two key strategies of the MPET are: to develop education and training programmes that rationally fit into the micro fiscal policy with clear accountability and sustainability norms; and to develop new approaches to improve the central coordination of professional and budgetary functions, streamlining administrative and management infrastructure, and decentralizing responsibility to institutions and local communities.

Consequent to the MPET, the MEST developed the *National Handbook on EFA - 2000 and Beyond*, which outlines a comprehensive early childhood development programme especially for vulnerable and disadvantaged children. It also focuses on improving the quality of education so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and life skills. The handbook also includes the following targets:

- ensure that all children, especially girls, in difficult circumstances and those belonging to ethnic minorities, have access to complete, free and compulsory primary education of good quality by 2015
- eliminate gender disparities in primary and secondary schools by 2015
- achieve a 50% improvement in all levels of adult literacy by 2015 and equitable access to basic and continuing education for adults, especially women.

Real spending in the social sector has declined steadily during the last 10 years and there has been a reduction in per capita investment. A study carried out by the Government on BSS in 1998 found that there had been a general decline in public expenditure on BSS. It declined to only 13% of public expenditure by 1995 from 20% in 1980. In the 2003-2004 fiscal year, the Government spent 0.4% on BSS. This was an improvement from the 0.3% spent in 2002-2003 and the 0.1% in the 2001-2002 fiscal year. With a combined spending of only 1.2% on housing, water and sanitation, the targets of MDG 7[9] will also be widely missed.

The 60:40 formula - solution or fantasy?

The implementation of the full Medium Term Expenditure Framework (MTEF) budget requires strict adherence to the poverty reduction priorities identified through the Poverty Reduction Strategy Paper consultation process. While this is the most sensible way of demonstrating commitment to poverty reduction, the reality is that commitments made before this process are still legally binding. The Government cannot, therefore, simply abandon these commitments for a new system without risking legal battles with contractors and service providers who are owed large sums of money. In order to reach a compromise, the "60:40" formula was introduced. It required that 60% of the budget be based on the historical/incremental considerations, while the remaining 40% be allocated according to poverty reduction priorities.

A preliminary analysis of the budget shows that the formula was never implemented. The 40% shift was not achieved. Instead only a disappointing 10% -15% was used for poverty reduction priorities since 2001.

The downfall of the formula came from the decision to designate funds according to historic spending whereby 86% of expenditure was made at the headquarters and only 14% was distributed to districts. This decision gave a substantial amount of resource allocation power to the headquarters, thereby making it impossible to apply the 60:40 formula to district poverty reduction priorities.

Partnership for development

MDG 8 expects developed country governments to forge partnerships for development that facilitates the achievement of the other seven MDGs. However these powerful countries and the global institutions they control, such as the international financial institutions, and the World Trade Organization (WTO), have made it impossible for poor countries to put autonomous development policies and institutions into place.

Despite promises for a development round of trade negotiations nothing has materialized to endear poor countries like Kenya to the multilateral trading system. Since the interests of developing countries appear to be at odds with the agenda of developed country governments and big business, the strategy of developed countries has been to ignore, sideline, oppose, postpone, blackmail or do anything they can to prevent developing countries from developing with the help of trade.

The past few years have been characterized by missed deadlines and broken promises. Matters of interest to poor countries - agricultural reform, assessment of the liberalization of services, access to essential drugs and Special and Differential Treatment - have been sidelined by the powerful countries. Instead, rich trading powers have been pursuing an agenda of trade liberalization, privatization and investment deregulation in poor countries by expanding existing WTO agreements such as the General Agreement on Trade in Services and creating new ones such as the Singapore issues.[10]

By attaining the 0.7% of GNP aid target, committing themselves to debt cancellation, reining in transnational corporations, committing themselves to a further reduction in greenhouse emissions and ceding and respecting Africa's policy space, industrialized countries can facilitate the achievement of the MDGs.

References

Abagi, O. *Status of Education in Kenya: Indicators for Planning and Policy Formulation*, Nairobi, IPAR, 1997.

Government of Kenya (Ministry of Planning and National Development) & United Nations. *Millennium Development Goals: Progress Report for Kenya 2003.*

Government of Kenya (Ministry of Planning and National Development). *Multiple Indicator Cluster Survey (MICS) 2000,* Nairobi, Government Printer, 2000.

National Aids Control Council. *Kenya National HIV/AIDS Strategic Plan, 2000-2005*, Nairobi, Government Printer, 2000.

United Nations Development Programme (UNDP). *Kenya Human development Report 2001: Addressing Social and Economic Disparities.*

7 UNICEF. *The State of the World's Children,* 2005, www.unicef.org/sowc05.

8 *Ibid.*

9 "Reduce by half the proportion of people without sustainable access to safe drinking water and achieve significant improvement in lives of at least 100 million slum dwellers, by 2020."

10 The Singapore issues are trade and investment, competition policy, transparency in government procurement and trade facilitation.