

UNITED NATIONS DEVELOPMENT PROGRAMME
 Programme of the Government of Kenya
 Programme Support Document

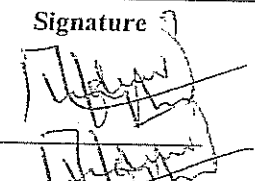
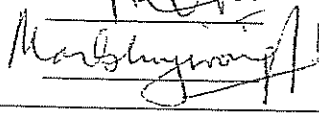
Programme Support Number: KEN/99/100/01/99
 Title: Good Governance for Poverty Eradication
 Executing Agency: Ministry of Finance and Planning
 Implementing Agencies: (see matrix I P. 34)
 Collaborating Institutions: UNCHS, UNDESA, UNIDO, UNIFEM, UNV, ILO, WB and AfDB.
 Estimated Start-date: 01 September 1999
 Estimated End-date: 31st December 2003

Funding Summary	
UNDP:	
TRAC (1+2)	\$ 3,533,000*
TRAC 3	\$
Others	\$ 300,000
Cost-sharing:	
Government	\$
Third Party	\$ 600,000
UNDP & Cost-sharing	\$ 4,433,000
Administrative and operational services SOF 03	\$
Parallel Financing	
African Development Bank	\$ 14,000,000
World Bank	\$ 6,000,000
European Union	
GTZ	
*The resources assigned on the cover page are for three years only (1999-2001). See P.38 for resource allocation for other years.	

Classification Information
 Sector and sub-sector: Public Admin. & Magt.
 AS Sector and sub-sector: Admin. and Magt.
 Primary Areas of Focus/sub-focus: Governance
 Primary Type of Interventions: Capacity Building
 Primary Target beneficiaries: Poor and Disadvantaged Groups and Communities
 Secondary Target Beneficiaries: Central and Local Government Institutions, Private Sector and Civil Society Organizations

Government Inputs (Local Currency)	
In Kind	Ksh
In Cash	Ksh

Description of the Programme Support:
 The PSD on good governance for poverty eradication will focus on laws, policies, strategies, mechanisms and processes by which the Government in collaboration with UNDP, other development partners and stakeholders can enhance the ability and capacity of Kenyans to improve governance for poverty eradication. This should result in increased access to social services to the poor and more equitable distribution of economic and social development opportunities and gains. Attention will be given to the cross-cutting concerns of gender, socio-economic impact of HIV/AIDS and disaster management. The Government together with private sector institutions and non-governmental actors will re-examine and modify the policies and legal provisions as well as the administrative and management procedures and systems currently in place in many of the governance institutions in order to promote poverty eradication. In partnership with other sub-programmes of the CCE, support will be provided to the sustainable livelihood approach as a strategy for poverty eradication in Kenya.

If of:	Signature	Date	Name/Title
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I. SUMMARY OF THE NATIONAL PROGRAMME

A. Analysis of the National Development Challenge

1 National Development Problem

Poverty in Kenya is a pervasive national problem. Currently over 45% of Kenyans are estimated to be below the poverty line. The incidence of poverty and its intensity varies across regions/districts and among women and men. Thus, poverty incidence in 1994 ranged from a low of 15% in Nyeri District in Central Province to a high of 84% in Marsabit District in Eastern Province. There are within district variations too with some divisions (e.g. East Kiini Division in Nyeri District) and communities having a much larger proportion of the population below the poverty lines. The incidence of poverty is more widespread in rural areas (about 47% in 1994) as compared to urban centres (29% in 1994). Also, women and children in both rural and urban areas are more vulnerable to poverty than men and the intensity of their poverty is more severe. In addition to the income (expenditure) dimension of poverty, limited (or lack of) access of the poor to essential social and economic services is of serious concern.

The causes of poverty are varied and complex. Inequality in ownership and access to assets, income earning opportunities, essential economic and social services and decision making is a major cause. The situation is aggravated by rapid population increase coupled with a deceleration in economic growth. Kenya has for a long time had one of the highest population growth rates in the world averaging about 3.4%p.a. In recent years, the rate of growth of GDP¹ has not kept pace with the population increase. This resulted in a decline in per capita income and a rise in unemployment. Further, the distribution of income has worsened over the years, with the poorest 20% of the population receiving only 1.5% of the income while the richest 20% retained 61% of the rural and 51% of the urban wealth; with the wealthiest 10% of the population garnering almost half the income. Rapid rural to urban migration has placed considerable strain on the limited urban capacities and services causing many of the poor to flock to slums and squatter settlements and to a life of economic and social deprivation.

Perhaps one of the major causes of inequality and poverty is the way public affairs and resources are managed, that is, the nature of governance. It is now widely recognised and accepted that good governance is a prerequisite to sustainable development, rapid economic growth and poverty eradication. Therefore, addressing governance issues should be an important component of poverty eradication. This is recognised in the National Poverty Eradication Plan,² which forms the framework for the Country Co-operation Framework (CCF) and its Programme Support Document (PSD).

Problems of governance in Kenya include incongruent laws and regulations, weak governance institutions at the national and local levels and corruption. The result of all this has been poor economic, administrative and political governance that has stifled economic growth and development, and leading further increase in levels of poverty.

Some symptoms of bad governance include failure to enforce and observe the rule of law, lack of transparency and accountability, inefficient collection and use of public revenue, poor implementation of projects and programmes, and lack of well established standards (both in the public and private sectors) against which performance can be evaluated.

Thus, poverty eradication is intricately tied to issues of governance in their economic, legal, administrative, systemic and political dimensions. The specific issues of governance for poverty eradication that require attention include the harmonisation and enforcement of laws, policies and regulations, (ii)

¹ For example, the GDP growth rate in 1997 was estimated to be 2.2% and it may be lower in 1998. The Government of Kenya, *National Poverty Eradication Plan, 1999-2003*, Nairobi, February 1999.

promotion of justice and human rights, (iii) enabling popular participation from the grassroots communities to the national level, (iv) encouraging wide consultation and communication between the state and the citizens over public policy in order to build consensus, eliminate corruption, enhance transparency and accountability, and institutionalise an integrity system, (v) strengthening governance institutions at national and local levels, and (vi) capacity development for civil society organisations including NGOs, community based organisations (CBOs).

Development Challenge to be Addressed

In the context of the CCF (1999-2003), eradication of poverty constitutes the major challenge to the government and the people of Kenya. Attempts must be made to reverse the declining trend in the living standards of the majority of the population. The deepening poverty if not arrested is likely to undermine the country's economic performance, social harmony and political stability.

The core development challenge to be addressed under this programme is that of economic, administrative, legal, systemic and political governance. For over two decades after independence, Kenya operated a one party system of government. The system was largely not conducive to peoples' participation in the development process. The private sector was also not an active in the development process.

Continued despite the fact that the government lacked the human and financial resources and the capacity to manage development. Many of the country's key institutions such as Parliament, the Judiciary and the mainstream civil service lacked the capacity to perform efficiently and effectively. This led to poor administrative and financial management resulting in further drop in the living standards of the poor.

The number of policies, laws and regulations that were either introduced during the colonial era or were carried over from the colonial era have constrained the activities of individuals, groups and communities from tackling the problem of poverty. Therefore, it is imperative to review and revise those existing laws, policies and regulations that either disadvantage the poor or make it hard for them to fight poverty effectively.

The lack of a discernible long-term development vision and a good governance framework that can guide both policy makers and implementers. Formulation of policies has been haphazard and their implementation uneven and inefficient. This was aggravated by the absence of a national or public integrity mechanism that would compel leaders to be transparent and accountable to the people. Corruption has become rampant and has been publicly and widely acknowledged as one of the major contributors to poverty in Kenya. Thus, tackling corruption is a key in the efforts to eradicate poverty in the country. This will require, among other measures, support for mechanisms to enhance accountability of political and administrative leaders. The establishment of a national integrity system is one such mechanism that should be considered.

The development challenge in Kenya has to do with the devastation caused by natural and man made disasters. Poverty eradication efforts must include strengthening the ability of Kenyans to manage disasters whenever and wherever they occur. Disasters destroy life and livelihoods, and private and public assets, disrupt economic activities thereby slowing down the development process. Disasters may also displace people as happened, for example, in 1992 with the eruption of Mt. Kenya. They may result in widespread diseases associated with these disasters. This is manifested in the lack of policy and weak capacity of the disaster management organisations. It is worsened by poor co-ordination of the activities of the disaster management organisations dealing with disaster prevention and management. The objective in this regard is therefore to put in place mechanisms for disaster management, preventing and managing disasters. The problem has been the lack of resources for dealing with both man-made and natural disasters.

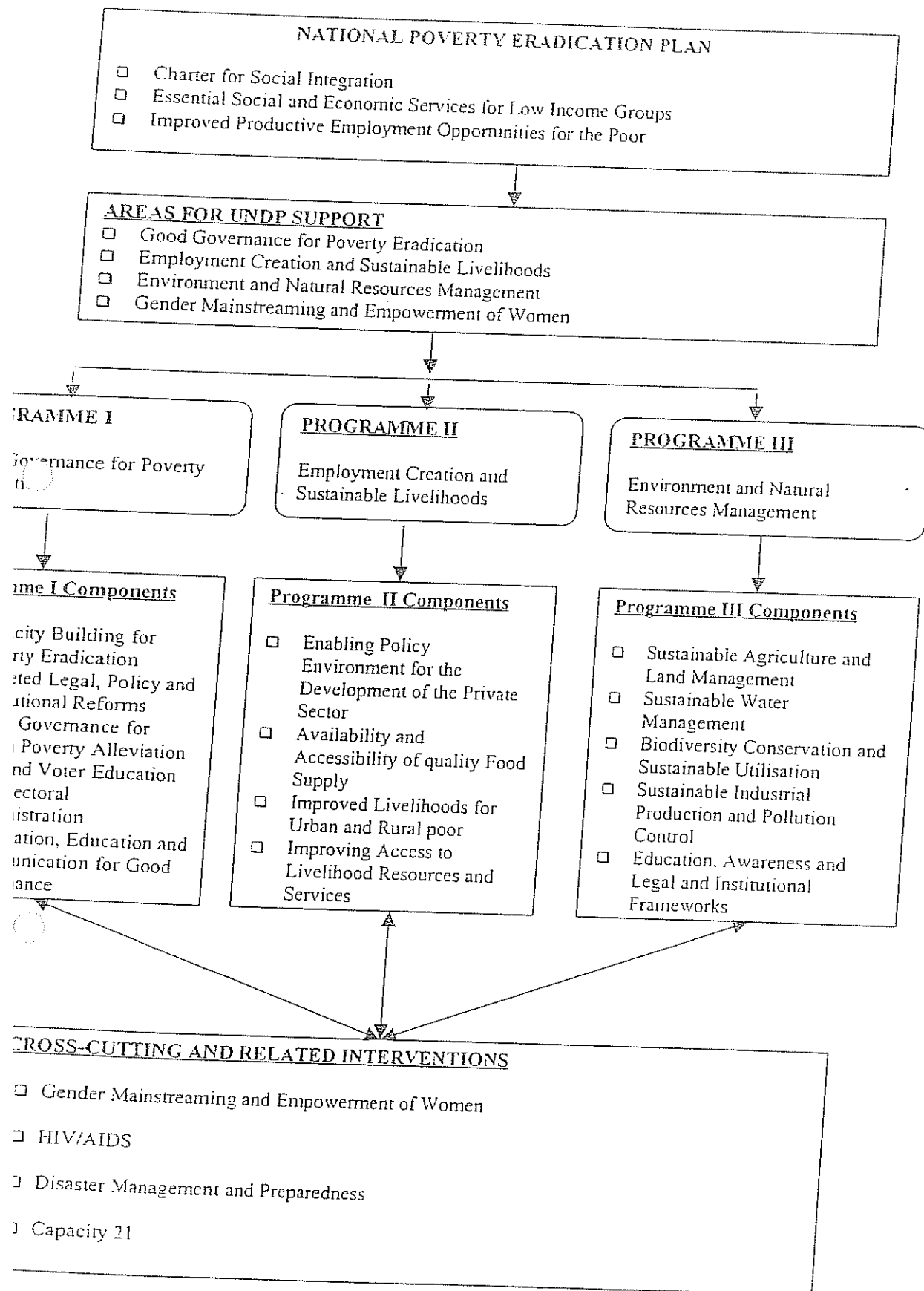
Women continue to be discriminated against in the name of traditions and customs in economic, cultural, legal and representation aspects. They are under-represented in leadership positions both in the political arena and in the policy and decision-making institutions. In terms of legal and human rights, although the constitution does not discriminate on the basis of gender, customary laws continue to impinge on women's rights, particularly with respect to their access to property and other family matters. All these are detrimental not only to the well being of women, but also to overall socio-economic development. Women are, furthermore, adversely affected by the mismanagement of natural resources. This is mainly due to lack of a comprehensive policy and outdated laws.

The problems of governance have been worsened by the misuse of public funds as evidenced by the reports of the Controller and Auditor General and other various reports of financial mismanagement in public institutions. Consequently, the levels of poverty have continued to rise due to the governance problems stated above.

Local Authorities currently face considerable challenges, which, if not appropriately tackled, could dilute the efforts to reduce poverty. Most local authorities have a weak financial base. The decision making process by the local authorities is constrained primarily by the provisions of the Local Government Act Cap 265 of the laws of Kenya. In common with central government, local authorities need to develop a better understanding of urban poverty and to elaborate the underlying issues in their policies and plans. Municipal policies should support a rights-based rather than a welfare approach to poverty eradication and encourage rather than constrain local enterprises. Presently, many licensing and land use regulations frustrate the income generating activities of the poor as well as their efforts to build up assets.

Moreover, relationships between municipal authorities with communities, civil society organisations and NGOs are often confrontational and will need to be reformed before local authorities can fully play their role in poverty reduction.

Diagram 1: Programme Linkages in the CCF



The Government together with non-governmental organisations and private sector institutions will re-examine the existing laws and policies with a view to ascertaining the extent to which they support or hinder efforts to eradicate poverty and bring about changes to promote sustainable development. The same should be done with the administrative and management procedures and systems currently in use in many governance institutions. Where policies and legal provisions are not supportive of these efforts, or where they do not exist, appropriate remedial actions need to be taken. The legal, policy and administrative reforms should cover all the thematic areas under the CCF. The process includes policy dialogue between the Government and the people, its major development partners, the private sector and the organised sectors of society for purposes of programme ownership and legitimisation.

3. Initiatives to Address Governance and Poverty

The government and her major international development partners has in the past several years initiated measures to improve governance and to deal with poverty. There are also measures undertaken by organised sectors of society such as NGOs. This has been done in recognition that the promotion of good governance is a *sine qua non* for poverty eradication and economic recovery and growth.

One of the major governance initiatives undertaken by the government in the recent past is the democratisation process. It repealed section 2(a) of the constitution which reintroduced multi-party politics towards the end of 1991 and was done in order to improve governance for sustainable development and poverty eradication. This has resulted in the formation and subsequent registration of several political parties, ten of which are represented in the current parliament. The initiative has also encouraged freedom of political association and expression of diverse political views and opinions. What remains to be done with regard to democratisation as a way of enhancing good governance is to democratise other aspects of public life and, to enhance and strengthen mechanisms and strategies for the participation of different actors in public policy decision making processes. Various governance institutions such as Parliament, the Judiciary and the Electoral Commission of Kenya need strengthened capacities to discharge their mandates.

Another major initiative aimed at improving governance has been the establishment of the Human Rights Commission to provide a forum for the citizens to lodge complaints about the violation of their human rights. The Commission is also mandated to report these complaints to the government and to make appropriate recommendations on what should be done to those responsible for the violation of the peoples' rights.

The government has also in partnership with her international development partners led by the World Bank initiated reforms in the public sector. The Civil service reforms aimed at increasing the efficiency, effectiveness and productivity of the service is one such reform. It has involved retrenchment of existing staff and rationalisation of the budget and prioritisation of development projects and the outcontracting some services to the private sector as an attempt to ensure that the government remains responsible only for those services it can do best namely, facilitation and regulation including the maintenance of law and order. The implementation of the civil service reform would also help in the efforts to eradicate poverty given the centrality of the civil service in the management of public affairs.

The government has also undertaken reforms in the parastatal sector through divestiture. The government continues to implement economic reforms under the World Bank/IMF sponsored Structural Adjustment Programmes (SAPs). The implementation of these programmes will go a long way in opening up the economic space for actors such as private sector, NGOs and other civil society organisations to play a more active role in economic development and poverty eradication.

Other major reform taken jointly by the government and her development partners are the efforts to improve the capacities of the National Assembly, the Judiciary, the Electoral Commission of Kenya, the Attorney General's Chambers, Ministry of Local Authorities and the Ministry of Planning and National Development. These national institutions play an important role in the overall governance of the country. The efforts have also aimed at encouraging civil society participation in governance. These efforts were carried out during the 10th Country Programme under KEN/95/100 - Enhanced Public Administration and Participatory Development Programme (EPAPD).

The government has also undertaken to review the country's constitution in a bid to create an enabling legal environment for sound governance. The other initiative is the ongoing legal education being done jointly between the Judiciary and the Public Law Institute. The government has also reaffirmed its desire to continue to carry out economic liberalisation aimed at giving the private sector a more prominent role in matters of economic development. This is a recognition of the need for a broad-based economic growth process driven by a vibrant private sector.

In regard to the eradication of poverty, a number of initiatives have been taken in Kenya since independence. These initiatives are to be found in virtually all the *National Development Plans* that have been prepared since 1963. Efforts are also reflected in a number of *Sessional Papers* that have been presented to Parliament from time to time. Other efforts include initiatives such as the involvement of the people at the local level in the identification of their development problems, needs and priorities through decentralised planning.

In 1994, the Government has taken two critical steps that are relevant to the current efforts to eradicate poverty. The first was the establishment of a Special Dimensions of Development (SDD) Unit in the Office of the President to coordinate all poverty related efforts in the country. The SDD Unit was established in response to the realisation that the poor need to be cushioned against the adverse effects of the Structural Adjustment Programmes (SAP's). The second recent initiative in the efforts to fight poverty is the formulation of the National Poverty Eradication Plan (NPEP), which is to be implemented over the period 1999-2015. The NPEP provides the development framework within which the strategy has been formulated and will be implemented.

Nevertheless, there are, however, many obstacles that have yet to be addressed. One of the major challenges relates to the pace of the democratisation of the political system. The commendable strides have been made in this regard, the process needs to be speeded up. Many civil society initiatives aimed at political sensitisation and public participation, for example, need to be fully supported by all in order to ensure the necessary civic awareness and to expand the political space to enable more people to participate in the management of public affairs. There is a need to promote respect for the rule of law and human rights, and legal and mental protection for all.

Assessment of Prior Efforts and Assistance in this Domain

The impact of the initiatives identified above which aimed at improved economic growth and poverty eradication has been mixed. There are some areas where considerable progress has been made while other areas remain rather disappointing. One area in which mixed results have been recorded is in economic and political liberalisation. A lot of progress has been made under the Structural Adjustment Programme as agreed upon between the government and the development partners led by the International Monetary Fund (IMF). Commendable efforts have been made to involve the private sector in the development process. Also, the need to involve developmental institutions including civil society organisations in the implementation of UNDP/GOK development programmes under NEX modality has been recognised and accepted. The government also undertook to streamline revenue collection and management by creating the Kenya Revenue Authority and improving the tax system. Recently, the government stated its commitments to rejuvenate the economy and fight corruption. Political commitment to the eradicate

poverty is through the launching of the *National Poverty Eradication Plan* by President Moi on 11 March 1999.

5. Constraints to Poverty Eradication

As many of the earlier approaches have not focussed exclusively on poverty, the efforts to eradicate poverty were dissipated among a large number of programmes and projects, which often did not reach the poor. This may have also been related to many programmes competing for limited resources. The situation has been aggravated by vague or non-supportive policy environment; absence of enabling legal guidelines or constraining legal regimes; poor economic management; focus on symptoms rather than underlying causes of the problem; institutional weaknesses; mismanagement of resources; poor co-ordination of poverty related activities; lack of productivity benchmarks for civil society and public and private sector organisations; absence of a national integrity system for leaders at all levels; high cost of access to services such as education and health; and absence of communication strategies for use by stakeholders and managers of the programmes.

The failure to fully implement the earlier initiatives may also have been due to the lack of motivation among the people charged with this responsibility. Another problem may be the failure to involve various stakeholders and especially the civil society in the critical stages of the initiatives such as identification of the constraints, evolution of possible solutions and implementation of the interventions. Fortunately the government has in recent years, adopted a more inclusive approach to the development process. With increasing focus of the civil society organisations on socio-economic issues, it is hoped that more progress will be achieved in the area of governance, which is central to economic growth and poverty eradication.

The current programme, whose focus is poverty eradication, builds on the lessons learned³ in the previous programme on Enhanced Public Administration and Participatory Development [EPAPD]-KEN/95/100]. Some of these lessons include (i) the programme has played and will continue to play a pivotal role in the transformation process; (ii) the focus on capacity building for good governance is appropriate and should continue; (iii) necessary steps should be taken to develop a strategic plan for governance; and (iv) policy reforms favourable to the poor can only succeed with corresponding reforms in public institutions and changes in civil society.

National Development Framework

This PSD is based on the country's National Poverty Eradication Plan (NPEP). The plan spells out the magnitude of poverty in the country and the rights-based approach to be adopted by the government to eradicate it. The Plan stipulates that sector ministries whose mandates include the provision of basic economic and social services will be major actors in implementing the Plan. It calls for a collaborative approach to poverty eradication involving partnerships among different organisations and groups both inside and outside the government. The Plan recommends the establishment of a Commission for Poverty Eradication with a Poverty Eradication Unit (PEU) as its secretariat within the Office of the President to define policy options for consideration by the government and to set and monitor standards for poverty reduction for dissemination within the government ministries and among other national agencies.

The establishment of the Commission and the Unit is justified on the grounds that currently there is no single government entity responsible for spearheading and co-ordinating poverty eradication activities and mainstreaming poverty reduction as a core Government function. According to the plan poverty reduction efforts will be undertaken at the community, division, district and national levels. This will be done through partnerships with the private sector, religious organisations, NGOs and community-based organisations (CBOs). The Plan emphasises

³Refer to the Terminal Evaluation Report by independent consultants on KEN/95/100, GOK/UNDP, Oct 1998

bad-based economic growth and improved (good) governance as critical for poverty eradication. In the Charter for Social Integration, the Plan spells out duties, rights and responsibilities of each actor in the poverty eradication efforts.

The plan sets out time-bound quantitative targets for each line ministry and institutions of Government involved in poverty eradication. The priority of the plan is for the government to facilitate under government leadership, the formation of national partnerships against poverty among private sector and civil society organisations including NGOs (with relevant expertise and experience) to strengthen the capacity of communities and the poor. The plan is in accord with the recommendations of the World Summit for Social Development (Copenhagen, 1995) and its Programme of Action. One of the recommendations of the Summit was the establishment of an enabling institutional and economic environment to ensure the implementation of poverty eradication initiatives.

Development Objective, Strategy and Components

One of the development objectives of the NPEP will be to strengthen the capacity of the poor communities and national institutions to enhance social and economic development. This will be done through improvement in the capacities of a number of governance institutions whose mandates and activities require them to respond to poverty related issues. Other elements of NPEP will be to improve capacities for social integration, examine cost effective ways to provide essential basic social and economic services and expand productive employment opportunities for the poor. UNDP interventions will focus on the strengthening the capacity of the Secretariat of the Commission for Poverty Eradication (i.e., the Poverty Eradication Unit) in the Office of the President. The Secretariat is charged with day-to-day co-ordination of poverty eradication initiatives by government, private sector, grassroots organisations (including civil society organisations and NGOs). It is also expected to disseminate the plan to the people through mass media, Education and Communication (IEC) and advocacy strategies.

Strategy of the National Programme Framework

The national programme framework visualises a number of changes and improvements in policy relating to redistribution of opportunities; access to basic social and economic services; observance of justice and human rights; development of a sound integrity system to promote transparency and accountability; and participation of the poor and their organisations in the development process. Strengthening of the capacities of public and civil society institutions, would be required to facilitate the above changes and improvements. Further, it will create public awareness on governance issues through appropriate IEC.

Community participation at the grassroots will be a key strategy for implementation of interventions under the National Poverty Eradication Plan. Involving the grassroots communities and their organisations will enable them to identify the priorities, choose appropriate types of interventions and judge their impact. Thus, the programme will build upon participatory community organisation and empowerment techniques in identifying the community needs, priorities and types of interventions; and will derive therefrom the need for appropriate legal and policy adjustments at the macro level.

Support to this process will strengthen the capacities of poor people and organisations, civil society organisations including NGOs and government institutions. In doing this, UNDP will support integration of the sustainable livelihoods approach in the sub-programmes of the CCF as a major strategy for poverty in Kenya. The approach provides new and innovative measures, an attempt to address and side step many of the shortcomings of traditional development approaches and techniques. Although some of the methods to be employed have been utilised in a diffused manner by some of the agencies, this plan attempts to consolidate and mainstream a new way of thinking, and a new approach for action. It is hoped that traditional development practitioners will recognise its merits, and contribute to the development of this new sustainable

livelihood approach. It will enable the various partners co-ordinate the poverty eradication interventions more effectively, respond efficiently to both natural and man-made disasters, and redirect development activities to the sectors where the poor are in the majority.

Promoting an enabling environment for sustainable livelihoods and poverty eradication requires existence of transparent and accountable systems of governance, peoples empowerment through decentralised governance structures and civic education, an efficient and responsive public sector, gender equality and equity, sustainable natural resource management, among other aspects. It is worth noting that these elements are directly or indirectly part of the CCF. Direct interventions will be implemented through the other PSDs and projects. The CCF will promote this approach in an incremental manner in recognition of its multi-faceted and multi-sectoral nature and the related resource demands.

3. Beneficiaries

The National Poverty Eradication Plan is targeted to reach the most vulnerable groups in society including poor women, men, youth and children. They include housewives, small-scale agriculturists, pastoralists, fishermen, entrepreneurs, wage labourers, the disabled and the aged. Children are directly affected by poverty and therefore stand to gain from the success of the poverty eradication programme.

For communities will be the major target of the programme. In addition, a number of key institutions concerned with poverty reduction at the national and local levels will be targeted and stakeholders in these organisations will be encouraged to take particular interest in all the initiatives to eradicate poverty. These will include public institutions, private sector entities, NGOs and other organisations operating at the grassroots.

4. Major Sub-programmes

The national poverty eradication plan is structured around three main action components. These are (i) a Charter for Social Integration that spells out the rights and responsibilities of citizens, Government, private sector and civil society organisations in creating an enabling environment for poverty eradication; (ii) improved access to essential social and economic services primary and adult education, basic health care including reproductive health services, safe water and sanitation, agricultural extension, micro-credit and support services for micro and small-scale farm and non-farm enterprises; and (iii) a strategy for broad based economic growth drawing upon the assets, skills and entrepreneurial capacities of poor women and men.

5. Institutional Arrangement for the National Programme

Commission for Poverty Eradication has been established (on 08 April 1999) in the Office of the President to spearhead the country's efforts to mainstream poverty reduction as a core government function. The key functions of the Commission include advocacy and lobbying, and monitoring, co-ordination and review of all poverty reduction efforts in Kenya (see Annex IV for Terms of Reference of the Commission). The Poverty Eradication Unit (PEU) in the Development Co-ordination Department of the Office of the President will serve as the Secretariat for the Commission. The PEU will handle the day-to-day aspects of the national programme.

Funding of the National Programme

Implementation of the National Poverty Eradication Plan will be carried out in three phases: the first phase covering the period 1999 to 2004, the second from 2005 to 2010 and the third from 2011 to 2015. A major part of the resources required for implementation of the Plan will be provided by the Government by allocating those resources in the budget that are targeted to the poor and poverty eradication. Contributions from donor partners, private sector, civil society organisations including NGOs and others will be utilised to test and refine innovative approaches, strengthen local capacities and fill resource gaps. It will involve a number of partnerships among the Government and other stakeholders and donor partners.

The Government's contribution to the five-year programme is expected to be about US\$.... The Government is committed to the initiative to help finance those activities that contribute to the success of the programme. Also, it is expected to draw upon the support of other development partners, especially those interested in the eradication of poverty in Kenya. A number of donors have made poverty a priority in their own programmes and several of these are already active in some of the institutions proposed to be covered under this programme. Donor activities need to be harmonised and co-ordinated to ensure that there is no duplication and overlaps. The current programme should therefore be managed jointly by co-operating partners through cost-sharing or parallel financing of the activities aimed at improving governance for poverty eradication and sustainable development.

Partners in financing this Programme

Several bilateral and multilateral donors are possible partners in financing different components of this programme: Table 1, (pp14-18), shows indicative estimates of finances earmarked by the different bilateral and multilateral donors, including international NGOs. These figures are not comprehensive for various reasons, but more importantly the National Poverty Eradication Plan itself does not list any of the targeted interventions.

World Bank and the International Monetary Fund (IMF): The World Bank and the IMF have been heavily involved in advising and assisting the Government in the economic management area including the management of public resources. The World Bank can be approached to provide support to strengthen a number of institutions identified in the proposed programme under the CCF. These include the Attorney General's Chambers, the Judiciary, and the Ministries of Finance and Planning and the Electoral Commission. The Bank could also assist in legal reforms in the above areas.

World Development Bank: Preliminary indications from the Bank show an interest in financing the first-phase implementation of the National Poverty Eradication Plan through a proposed soft-loan Poverty Alleviation Project in selected rural districts and a few urban centres. The Project may incorporate activities for strengthening the capacities of target communities and intermediary organisations involved in helping the communities.

International donor Partners: The Government intends to approach the Canadian International Development Agency (CIDA) to assist the Electoral Commission of Kenya in the area of voter education. CIDA may also be requested to assist in voter education in general and on issues of governance as they relate to the empowerment of women and gender mainstreaming, which are central to poverty eradication.

The electoral process and its management involve huge financial costs, which is a heavy burden on the Government. Assistance of donors' partners such as the United States Agency for International Development (USAID) may be sought for the overall management, voter education and democratisation activities to be undertaken with the involvement of civil society organisations. The Government can also be approached to assist in the activities identified under the

Attorney General's Chambers and the Judiciary. The UK Department for International Development (DFID) would be requested to assist in legal reforms including legal education and the constitutional review process.

United Nations Agencies: In addition to UNDP, other development partners that would support the implementation of this programme include FAO, ILO, UNCHS (Habitat), UNDESA, UNECA, UNFPA, UNICEF, UNIFEM, WHO and UNIDO. Assistance of WHO could be sought particularly in the area of HIV/AIDS. Support of HABITAT in facilitating reforms in the operation of local authorities under the Ministry of Local Authorities may be appropriate. Collaboration with FAO will focus on improved agricultural governance through farm level capacity development and UNIDO for the promotion of public-private sector for dialogue for improved economic governance. Support from these agencies will be co-ordinated through the recently adopted United Nations Development Assistance Framework (UNDAF) for Kenya.

C. Capacity Assessment and Requirements

During the process of preparation of the Social Dimensions of Development (SDD) Programme (1994-97), several weaknesses and constraints were identified in past efforts to address poverty in Kenya. These include inappropriate policies, inadequate resources and poor utilisation of available resources, ineffective co-ordination, weak institutional capacities at all levels, inability to mobilise and involve stakeholders (including civil society organisations and communities), and lack of support from donor partners. Based on these lessons, strengthening of the following strategic capacities has been identified to improve governance for poverty eradication:

1. Improve Capacity for Policy Formulation, Co-ordination and Implementation

The Government has been good in policy formulation as exemplified by the National Development Plans, Sessional Papers, and annual budget statements. However, policy implementation has lagged behind. This is exacerbated by the lack of analysis of policy options and identification of strategic choices to facilitate timely implementation of necessary measures to deal with the economic and social crises.

2. Human Resources and Technical Capacities

In terms of human resources, most government departments concerned have qualified personnel. However, due to the slow implementation of the Civil Service reform programme there has been little impact on efficiency and productivity in the civil service. This programme will attempt to address the issue of an optimal mix between qualified personnel and other technical inputs in order to increase the productivity of the institutions involved.

The eradication of poverty like any major development undertaking is not a one-time affair. It is likely to take several years before tangible results are realised. This requires that measures put in place to eradicate poverty must be sustainable even after support under the programme is concluded. Thus, there will be need to put in place policies that can guide the activities of the actors involved in poverty eradication on a long-term basis. The Government shall set aside resources through the regular annual budgets to help sustain the programme.

It is particularly important to continue with the current policy dialogue between the Government and the development partners as well as that between the Government and the various stakeholders in civil society and the private sector. This policy of dialogue is necessary for the purposes of ensuring that the programmes activities are owned by the stakeholders as required.

Information Technology

increased use of information technology (IT) requires that systematic action be taken to enhance the technical capacities of key national institutions especially those involved in governance. Many of the government institutions are lacking in the management of information and database systems and records. The use of electronic communication, for example, is minimal. The programme will aim to build on the existing technologies and knowledge base to improve the state of information management. This intervention will aim to bridge the gap between the existing information and the users. It should lead to an increase in the number of people becoming literate and competent in the use of computers. This should result in improved efficiency in the performance of their duties.

Institutional Capacity

There is also a need to strengthen the capacity of the judicial, legislative and executive governance institutions to respond to challenges associated with persistent and increasing poverty. Arrangements also need to be put in place to ensure that institutions that are being strengthened can continue to operate efficiently at the conclusion of this programme period especially after donor funds are fully expended. This is why it is imperative to build internal capacity of these institutions. It is particularly important to ensure that proper skills are imparted to those charged with the responsibility of implementing the programme activities. Since not all the personnel in the implementing institutions can go for training, it may be necessary to consider the training of trainers and using them to train those who do not get the chance to go for formal training locally or abroad. This needs to be made clear at the beginning so that those who go out for training can prepare well and train their colleagues after return. Another major thrust is to improve strategies and mechanisms for participatory planning and implementation at all levels.

Long Term Development Vision

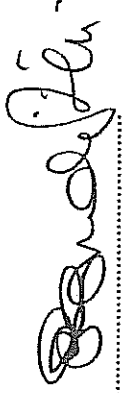
The sustainability of the efforts aimed at poverty eradication and development, in the long run, requires their acceptance and support by the people especially the poor. This can be achieved only if the people see some hope and benefit for themselves and their communities. The Government, therefore, should intensify its efforts to articulate a clear long-term development vision for Kenya and its people. This will help citizens and government stay focussed on the vision and enable them to monitor and evaluate whether or not they are moving in the right direction in their efforts to eradicate poverty and realise sustainable development. A detailed long-term perspective study to develop such a vision will require completion during the CCF period.

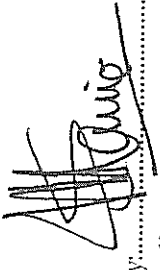
Project Number :KEN /99 /100 / 01 /99
 Project Name :Good Governance for Poverty Eradication
 Period :1st January 2000 to 31st December 2000
 Funded by :United Nations Development Programme (UNDP)

SUMMARY OF EXPENDITURE BASED ON (SOE) PROCEDURE
 REPORTING PERIOD :1ST JANUARY 2000 to 31ST DECEMBER 2000
 EXPRESSED IN (CURRENCY) KENYA SHILLINGS

(1) CATEGORY / BUDGET LINE	(2) TOTAL EXPENDITURES FOR THIS PROGRAMME	(2A) US \$	(3) AMOUNT ELIGIBLE FOR REIMBURSEMENT FOR (% amount in column 2....as per the Agreement)	(4) REMARKS
11.01	International Consultants	21,934.87		
13.99	Administrative Support	69,446.85		
14.99	UN Volunteers	157,752.21		
15.01	Duty Travel	10,536.05		
16.01	Mission Costs	3,919.41		
17.99	National Consultants	34,044.27		
22.99	Contracts B	387,270.27		UNDP / LOC
39.00	Training	117,219		Figures only
49.00	Equipments	216,445		
59.00	Miscellaneous	256.72		
TOTAL	527,776.08	684,903.99		
	88,102.57	114,418.9		

We hereby certify that the above amounts have been paid for proper execution of the project activities within the terms and conditions of the Development Credit Agreement. All documentation authenticating these expenditures has been retained in(insert location) and will be made available for review by the visiting missions on request.

Certified by: 
 Accounting Officer


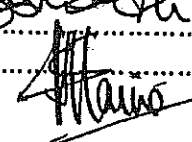
Certified by: 
 Project Co-ordinator

Project Number :KEN/99/100/01/99
 Project Name :Good Governance for Poverty Eradication
 Period :1st January 2000 to 31st December 2000
 Funded by :United Nations Development Programme (UNDP)

STATEMENT OF RECEIPTS AND EXPENDITURE FOR THE PERIOD
1ST JANUARY 2000 TO 31ST DECEMBER 2000

	<u>RECEIPT</u>	<u>Notes</u>	<u>Actual Exp.</u> <u>Current Year</u> <u>2000</u>	<u>Actual Exp.</u> <u>Previous Year</u> <u>1999</u>
	Direct Payment	2	88,102,573	0
	Revenue		0	0
	SOE Procedures		0	0
	Government of Kenya		0	0
	Sundry Receipts		0	0
	TOTAL RECEIPT		<u>88,102,573</u>	0
<u>CATEGORY/ BUDGET LINE</u>	<u>EXPENDITURE</u>			
11.01	International Consultants		1,688,985 ⁰	0
13.99	Administrative Support		5347407 1,688,985	0
14.99	UN Volunteers		12,146,920 5,347,407	0
15.01	Duty Travel		811,276 12,146,920	0
16.01	Mission Costs		301,795 811,276	0
17.99	National Consultants		2,621,409 301,795	0
22.99	Contracts B		29,819,811 2,621,409	0
39.00	Training		7,025,444 29,819,811	0
49.00	Equipments	1	24,362,827 ⁰	0
59.00	Miscellaneous		1,976,699	0
	TOTAL EXPENDITURE		<u>52,737,603</u> <u>88,102,573</u>	<u>0</u>

NB: The notes hereby attached form an integral part of these account and are relevant to the Statement of Receipt and Expenditure, Sources and Applications of Funds and the Balance Sheet


 ACCOUNTING OFFICER

 PROJECT CO-ORDINATOR

Project Number
Project Name
Period
Funded by

:KEN /99 /100 / 01 /99
:Good Governance for Poverty Eradication
:1st January 2000 to 31st December 2000
:United Nations Development Programme (UNDP)

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD
1ST JANUARY 2000 TO 31ST DECEMBER 2000

Actual Exp. Previous Year 1999	SOURCE OF FUNDS:	Notes	Actual Exp. Current Year 2000	Cumulative Exp. to date since project inception
	<u>GoK Contribution</u>			
0	Development Exp.(Vote)		0	0
0	Other Contribution		0	0
0	Total		0	0
	<u>Donor Contribution</u>			
0	Direct Payr 2		88,102,573	88,102,573
0	Revenue		9,446,899	9,446,899
0	Sundry Receipts		0	0
0	Total		9,446,899	9,446,899
			<u>88,102,573</u>	<u>88,102,573</u>

APPLICATION OF FUNDS

0	11.99	International Consultants	1,688,985	1,688,985
0	13.99	Administrative Support	1,688,985 - 5,347,407	5,347,407
0	14.99	UN Volunteers	5,347,407 - 12,146,920	12,146,920
0	15.99	Duty Travel	12,146,920 - 8,811,276	8,811,276
0	16.99	Mission Costs	8,811,276 - 301,795	301,795
0	17.99	National Consultants	301,795 - 2,621,409	2,621,409
0	22.99	Contracts B	2,621,409 - 29,819,811	29,819,811
0	39.99	Training	29,819,811 - 9,025,444	9,025,444
0	49.99	Equipments	9,025,444 - 24,362,827	24,362,827
0	59.99	Miscellaneous	24,362,827 - 1,976,699	1,976,699
0		Total	<u>88,102,573</u>	<u>88,102,573</u>
			52,737,603	52,737,603


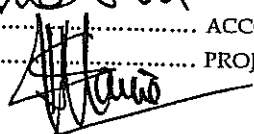
FORM DFA 6

Project Number :KEN/99/100/01/99
 Project Name :Good Governance for Poverty Eradication
 Period :1st January 2000 to 31st December 2000
 Funded by :United Nations Development Programme (UNDP)

BALANCE SHEET AS AT 31ST DECEMBER 2000

<u>ASSETS</u>	<u>Note</u>	<u>Current Year</u>	<u>Previous Year</u>
<u>FIXED ASSETS</u>			
Vehicles & Equipments	1	24,362,827	0
<u>OTHERS</u>			
Other investment costs		63,739,746 22,102,573 52,737,603	0
TOTAL ASSETS AND EXPENDITURE		<u>52,737,603</u> 88,102,573	<u>0</u>
FINANCED BY:			
Donor	2	52,737,603	0
Government of Kenya		0	0
Sundry Receipts		0	0
TOTAL FUNDING		<u>52,737,603</u> 88,102,573	<u>-</u>

NB: The notes hereby attached form an integral part of these accounts and are relevant to the Statement of Receipt and Expenditure, Sources and Applications of Funds and the Balance Sheet


 ACCOUNTING OFFICER

 PROJECT CO-ORDINATOR

FORM DFA 7

Project Number :KEN /98/G81/5G/99
Project Name :Kendelevu (Capacity 21) Project
Period :1st January 2000 to 31st December 2000
Funded by :United Nations Development Programme (UNDP)

NOTES TO THE ACCOUNTS FOR THE PERIOD

1st January 2000 to 31st December 2000

- 1: No depreciation is charged on Assets
- 2: Foreign currency valuation is at prescribed UNDP monthly rates and where appropriate the following closing rate have been used 1996 @ Ksh.56.5 : 1US\$, 1997 @ Ksh64: 1US\$ 1998 @ Ksh60:1US\$, 1999 @ Ksh 75:1US \$ and 2000 @ Ksh77:1US \$
- 3: Assets are valued at cost

