

Country-level PE case study: Kenya

Relevance of core PE concepts to understanding Kenya

Purpose

- To explore core PE concepts in context of a country and consider relevance to development
- In small groups, address these questions, and take part in a plenary discussion:
 - What is the nature of the political settlement (elite bargain) in Kenya?
 - Consider, e.g.: Who secures economic rents, and how? What is the role of ethnicity?)
 - What impact does the Kenyan political settlement have on the likelihood that government will act in pro-developmental ways?
 - Can incentives be strengthened for elites to act pro-developmentally (i.e. favour broad-based growth, quality public services, stability)

Materials

Participants will be provided with:

- Written background factual material on the history and political economy of Kenya (below)
- A video interview with Kenya specialists (Prof.David Anderson and Mabel Rubadiri).

The video will be followed by a Q and A session for clarifications and gap-filling.

Background information 1: Factsheet

See next page.

Kenya 2016 Factsheet

SOCIETY

Population: 45,545,980 (2014)
Pop. Growth Rate PA: 3.0% (2014)
Urban Population Growth: 4.0%_{pa} (2014)
Urbanisation of Population: 25% (2014)

Life Expectancy: 62 (2013)
Pop. Below \$1.25 PPP a day: 43.4 (2005)
Adult Literacy Rate after 15 (2010*)
Total: 87.4% | Male: 90.6% | Female: 84.2%

Age structure: (2014*)

0-14 years: 42.1%
15-24 years: 18.7%
25-54 years: 32.8%
55-64 years: 3.7%
65+ years: 2.8%

Ethnicity: Kikuyu 22%, Luhya 14%, Luo 13%,
Kalenjin 12%, Kamba 11%, Kisii 6%, Meru
6%, other African 15%, non-African (Asian,
European, and Arab) 1%

Religion: Protestant 45%, Roman Catholic
33%, Muslim 10%, Other 12%

ECONOMY

GNI per capita, Atlas method \$1280 (2014)
GDP Growth: 5.4 % (2015)
Inflation: 8%_{pa} (2014)
Unemployment 17.1% (2013)
15-24 Unemployment: 38.9% (2014)

Gini Coefficient: 47.7 (2005)
Labour Force: Agriculture: 75% | Industry
and Services: 25% (2007*)

*(Source: All data above and the graph to the left come from The World Bank 2015 or CIA Factbook 2014 with *)*



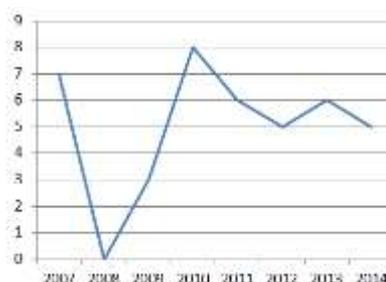
(Source Google Maps)

The Kenyan population is denser as you move towards the south west with 6.7 million in Nairobi Metropolitan area.



(Source: The Economist Intelligence Unit 2014 Democracy Index Wiki)

In 2014 Kenya was classed as a hybrid regime and ranked 97 out of 167 countries, with a slightly above average democracy score for the Sub-Saharan African Region.



Kenya's GDP %_{pa} growth declined sharply after 2007/8 election violence. But the last decade's growth has otherwise been quite high at around 5-6%.

Background information 2: some history and features of Kenya.

Political, economic and social context

- Pre-Independence in 1963, Kenya was a colony with a white settler minority. A tradition had been created of the state serving the interests of defined groups: the colonial state, though there were differences between the administration and the settlers, largely served the interests of the latter (who inter alia controlled much of the good land), but this began to change in 1950s in the run-up to Independence, and promotion of smallholder farming.
- Kenya is resource-poor. Farmland is relatively scarce, with some 80% of Kenya arid or semi-arid. Few mineral deposits. However in 2012 significant oil deposits were found; but these have not (yet) come into production.
- Ethnicity follows a distinctive pattern, with around 70% of the population identifying with one or other of five medium-sized language groups. Kikuyu numerically largest (approximately 22%), living near Nairobi, and the earliest to take up education. They moved rapidly into the modern economy, along with whites and the Asian minority. The first government (Kenyatta) secured power through ethnic coalition, Kikuyu-led, and the use of state patronage. Kikuyu settled in (mostly pastoralist) Rift Valley, partly a result of UK-backed land reform buying out settlers, and partly from individual migration and land purchase.
- Women undertake the great majority of agricultural work (which accounts for 80% of jobs and 60% of income), but earn only a fraction of the income generated and own a small percentage of assets. Only 29% of those earning a formal wage are women. Nearly 40% of households are run by women and nearly all these suffer from poverty or extreme poverty. Women continue to be educated at an inferior rate to their male counterparts. Women's property rights are often limited, and if women attempt to assert property rights over men or in-laws, they are often ostracized by their families and communities. One out of every eight adults in rural Kenya and almost one out of every five adults in urban areas are infected with HIV, with the infection rate in girls and young women being much higher than among men.
- Kenya was strategically important to the West during the Cold War period: western navies used Mombasa port, Kenya was politically stable, and the economy was the largest in East Africa. Kenya provided access to South Sudan, Uganda, Rwanda, eastern DRC. Kenya is again significant to the West in the post 9/11 world.
- Through 1960s to early 1970s, economic growth was rapid, much driven by smallholders who extended the cropped area, took up cash crops and adopted new technologies (e.g. hybrid maize). They were served by co-ops and state services (including marketing boards). The civil service was powerful and competent.
- During the 1970s the immediate sources of economic growth were running out (there was little spare good land, population rose at 4% p.a., the world's fastest, and the main agricultural innovations were already adopted). Aid grew rapidly, with strong rural focus. The economic challenge was more institution-intensive productivity-raising growth. But from 1970s to 1990s, the state was overextended, institutions decayed, corruption became more penetrating. Unemployment, especially among young, climbed, public services worsened.
- Kenyatta died in 1978, succeeded by Vice-president Moi (ethnic Kalenjin). This opened an era, lasting to the present, in which political competition took the form of rivalries and

coalition formation among the heads of ethnic blocs and their followers. For 25 years, Moi held together a non-Kikuyu coalition with patronage and threats of violence. A one-party state was introduced in 1982. Structural adjustment programmes began, but were only partly implemented; the economy stagnated and poverty rose through the 1980s and 1990s.

- 1992 under domestic and western pressure (post Berlin Wall), multi-partyism was re-introduced, with a two-term constitution. But the opposition fragmented, Moi won elections through the 1990s. Corruption was very high. Further economic reforms took place through the 1990s, and the economy recovered by the late 1990s. Civil society and press were again vigorous.
- 2002 elections were won by an opposition alliance strengthened by the defection of previous Moi collaborators, the National Rainbow Coalition (NARC). NARC stood in part on anti-corruption ticket. Under President Kibaki (Kikuyu), the economy boomed but many missed out. Corruption re-emerged.
- The 2007 election, based on a different set of political-ethnic alignments, was probably won by the ODM coalition led by Raila Odinga (Luo), but Kibaki was sworn in rapidly and held on to power. Violence in early 2008 killed 1,500, and displaced some 300,000. Negotiated by Kofi Annan, a power-sharing government was installed. In March 2010, the International Criminal Court authorised an enquiry into post-election violence. In 2012, four were charged with crimes against humanity, including Uhuru Kenyatta (Kikuyu; then Finance Minister, now President, charges against whom were dropped in December 2014), Francis Muthaura (Meru; Cabinet Secretary), and William Ruto (Kalenjin; then Minister, now Vice-President).
- The new Constitution draft was negotiated between PNU and ODM, closer to a US than UK model. It kept the executive presidency, but introduced more checks and balances by strengthening legislature and judiciary; President and ministers cannot be MPs; Parliament vets ministers; it supports devolution with new two-tier government (national and County); and a second chamber (Senate) for County-level issues. The Constitution was passed by referendum in August 2010. The election of 2013 saw Kenyatta and Ruto elected. Results were contested by the losers, but in court not violently.
- Radical Islam and the politics of religion have become more significant following Kenya's invasion of southern Somalia. Tourism has been badly affected.
- **Economy**
 - GDP 2014: \$86bn PPP; per cap \$1,900 PPP
 - 61% services; 24% agriculture; 15% industry. Growing high-tech sector
 - Employment 75% agriculture
 - Growth: 2% in 2009; 5.8% in 2010, 4.4% in 2011, 4.5% in 2012, 5.7% 2013, 5.4% in 2014, 5.4% in 2015
 - Trade : exports (\$5.9bn) 41% of imports (\$14.4bn)
 - Government revenues \$7.4bn; expenditure \$9.3bn
 - A dynamic high-tech IT sector is developing.
- **Outlook.**
 - Economic prospects are good, if fragile
 - Settlement of long-term grievances needed (land, inequality, poor services, lack of jobs).
 - Radical Islam is a long-term challenge.

Background information 3: main points from the video

- History matters in Kenya. The post-Independence state reflected the British model.
- The state under President Kenyatta was more inclusive than under his successor President Moi
- Since 2002, Kenya has changed; democratic space has opened up. But there are shadows.
- Since 2005, regional economic politics has increased in importance. Kenya is the gateway to the region.
- Since 2010, radical Islam and the politics of religion have grown in importance. The Kenya government is not well-placed to deal with this as the security forces have weaknesses. The government is largely Christian, not inclusive of Muslims. There is entrenched poverty, especially in coastal (largely Muslim) areas.
- China brings in a new model, and a new partner (Kenya has a 'Turn to the East'). Kenya's leverage vis a vis the West is increased
- The population socially differentiated in terms of rich and poor. But the elite works by building vertical support bases which compete between themselves --- 'fragmented elite competition' --- and ethnic mobilisation is not difficult
- Elites use state resources for patronage relationships and political competition. Politics is expensive, which drives corruption.
- Land issues are central and have not been settled. Grievances are the heart of politics.
- The 2010 Constitution is progressive. Decentralisation (elected county governments) has development potential, but is problematic, e.g. over budgets.
- Civil society has long been vigorous, but there is now real pressure from government, and there is less public space now than in previous years, especially as the State is becoming 'securitised'.
- Political parties are neither institutionalised nor programmatic, but are 'coalitions of convenience.' Under the Constitution, parties need support in all Provinces.
- Parliament was in disrepair a few years ago. But some Committees are more robust now.
- The economy has grown considerably since 2000. But there has been little trickle-down, and little human development. High urban unemployment, including graduates which could turn out to be disastrous. The biggest unemployment challenges are in smaller rural towns.
- The middle class really matters in Kenya. The government has to deliver to them, but in reality it does so to a limited extent only.
- Gender representation is built into the Constitution in a progressive way. There are now more women representatives than ever before.
- Oil has been discovered, but there is little real prospect that this will be transformative.
- Economic and political power are closely intertwined, opening the door to malpractice. This affects competition, because it's too easy for the elites to secure the benefits (e.g. through contracts.)
- The press is active and pivotal in politics, but it's recently been stifled by the State.
- Kenya does not depend in donor finance, and does not allow itself to be greatly influenced by donors. Even in security matters, western governments do not get their own way.

- Despite all the troubles in Kenya, the civil service has long been relatively effective. But it's crumbling. But there are some good examples of things being done, e.g. Mombasa education.
- The public expenditure system is flawed; it is too easy to divert funds. Corruption is worse than David Anderson has ever seen.
- Defence expenditure has grown greatly, and the finances are opaque. The defence/security sector has influence as never before.