

Kenya



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Acronyms

AGOA	Africa Growth and Opportunity Act
AMREF	African Medical Research Foundation
ASCU	Agricultural Sector Co-ordination Unit
CAT	Convention Against Torture
CRC	Convention on the Rights of the Child
CSOs	Civil Society Organisations
DGSP	Democratic Governance Support Programme
DHSSDP	District Health Services and Systems Development Programme
EAC	East Africa Co-operation
ERS-IP	Economic Recovery Strategy Investment Plan
EHS	Essential Health Service
EU	European Union
GDP	Gross Domestic Product
GOK	Government of Kenya
GJLOS	Governance, Justice, Law and Order Sector Reform programme
HAC	Harmonisation, Alignment and Co-ordination
HR	Human Resources
ICCPR	International Covenant on Civil and Political Rights
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
KAPP	Kenya Agriculture Productivity Project
KDHS	Kenya Health and Demographic Survey
KRA	Kenya Revenue Authority
LDP	Liberal Democratic Party
LVI	Lake Victoria Initiative
LVEMP	Lake Victoria Environmental Management Project
LVRAC	Lake Victoria Region Local Authorities Co-operation
M	Million
MANIAC	Mainstreaming in Action

MDG	Millennium Development Goals
MoE	Ministry of Education
MoPND	Ministry of Planning and National Development
MOH	Ministry of Health
MTEF	Medium Term Expenditure Framework
NACC	National Aids Control Council
NALEP	National Agriculture and Livestock Extension Programme
NARC	National Rainbow Coalition
NELSAP	Nile Equatorial Lake Subsidiary Action Programme
NGOs	Non Governmental Organisations
NHSSP	National Health Sector Strategic Plan
NPL	Non-Performing Loans
OP	Office of the President
PEM	Public Expenditure Management
PFM	Public Finance Management
PRGF	Poverty Reduction Growth Facility
PRSP	Poverty Reduction Strategy Paper
RAPP	Rich and Poor: National Discourses on Poverty, Inequality and Growth Project
RHIS	Rural Integrated Health Services
RH	Reproductive Health
Sida	Swedish International Development Cooperation Agency
SID	Society for International Development
SRA	Strategy for Revitalisation of Agriculture
UN	United Nations
VCT	Voluntary Counselling and Testing
PRGF	Poverty Reduction Growth Facility
PER	Public Expenditure Review
PS	Permanent Secretary
UBC	Union of Baltic Cities
WAFNET	Women Action Network for Development
WWEN	Western Women Empowerment Network

1. Summary

The National Rainbow Coalition (NARC) government that rode on an overwhelming reform wave has had mixed performance in 2004. While the governance targets of the Investment Programme for Economic Recovery Strategy (IP-ERS) included promoting far-reaching reform of the judiciary, strengthening the rule of law and security and implementing reforms in public administration systems that are critical to improving government transparency and accountability, the reform process was viewed to be slow. However encouraging signs were evident in 2004 with land policy reforms, water reforms, work on inequality by Ministry of Planning and National development (MoPND), roads programme in Nyanza and the Governance, Justice, Law and Order program (GJLOS). Although the health reforms for example were noted to have slowed down, dialogue on the delayed development of the new National Health Sector Strategic Plan 2005 – 2010 (NHSSP II) was done during 2004 and will continue during 2005. The development of the NHSSPII is seen as a very important process that will also integrate other important processes such as budget process, PER, MTEF, NHSIF and ERS together with MDGs. Although the financial management process slowed down during the year, it can be argued that at the end of the year there were encouraging signs of recovery.

It is evident that public confidence declined considerably in 2004 with new corruption scandals being exposed and implicating some government officials. Although one can argue that there has been increased efforts to expose corruption, the commitment of the government in preventing and dealing with mass corruption has been highly questioned both by citizens and development partners. For example, although the Goldenberg commission yielded detailed testimonies on the scam, it is still not clear how the persons implicated will be dealt with. The year also witnessed a lot of struggles with the Bomas Constitutional Process, which handed over the draft constitution in February 2004. However, the most contentious issues in the year remained the approval process, parliament involvement and whether it should be allowed to make amendments and whether a referendum should be held.

Restoring economic growth and reallocating public spending towards pro-poor programs remained challenges for the Government of Kenya (GOK) during the year. This includes tackling the root causes of poverty in Kenya as identified in the Swedish Country Strategy paper (2004-2008) to include large disparities in terms of income, power and

social structures, lack of transparency, accountability and participation especially of the poor in the society. A clear manifestation of poverty in Kenya has been the inability, due to lack of opportunity especially by the poor, to exercise their civil, social, economic and cultural rights. Lack of respect for democratic and human rights principles including best interest of the child as well as a strong patron-client relationship in delivery of government services continue to perpetuate a vicious circle of poverty for the majority of the Kenyans.

During 2004, seven major assessments/agreements were prepared and signed. These included: Water and Road agreements with the Government of Kenya (prepared in 2004 but signed in 2005); Human Rights on women with UNIFEM; Human Rights with UNDP; GJLOS with the Government of Kenya, Ministry of Justice; Children's rights with UNICEF; Save the Children Sweden and HIV/AIDS with AMREF. In addition, another five assessments were started on Urban and Land Sector support with the Ministry of Lands and Housing; Human Rights with Diakonia Sweden; Health with Ministry of Health; Public Financial Management with the Ministry of Finance, and Regional Rural Development.

An Information and Communications Technology (ICT) study was carried out within GJLOS and the Health Sector Reform Secretariat (HSRS) and completed in October 2004. However, it is expected that the study will be built on in 2005. In developing the capacity of Government officials, Civil Society Organisations and Sida, four Mainstreaming Action (MAINAC) workshops were held, which brought together Government officials, civil society organisations and Sida staff. The workshops were very fruitful in building capacity of developing project documents at three main levels: Government, Ministerial and Sida. In addition, the workshops discussed in details mainstreaming of issues such as gender, environment, HIV/AIDS, human rights and the rule of law. In promoting competence development, Development Co-operation staff participated in a number of training programmes, which included: Rating; Plus; Making markets work for the poor; Archiving; Perspectives of the poor training; Audits and anticorruption measures; sector support; financial delegation and Environment shared responsibility – policy for global development. The development co-operation section organised three planning days and all staff participated in reviewing the country plan objectives and the effect on activities such as assessment, dialogue and follow-up. The staff also set priorities for the year. A planning day for the whole embassy was also organised in November 2004 and was very fruitful in bringing all the staff together to share on their programmes and promote team building. During the planning day, Transparency International facilitated a session on corruption.

The Embassy has therefore continued to promote the reform agenda focusing on democratic and effective delivery of services in line with human rights principles for poor men, women, girls and boys. This has been done through:

- a) Promotion of the principles of democracy and human rights in planning implementation and evaluation of supported programmes in the areas of roads, water, urban development, agriculture, health and the governance, justice, law and order sector;
- b) Involvement of UN and civil society in dialogue and capacity building;
- c) Promoting equality issues in the public agenda;
- d) Enhanced support to key reforms such as GJLOS and reforms in financial management that can effect other sectors positively;

- e) Looking for synergies between programmes supporting GOK and civil society and
- f) Integrating a more systematic approach towards anti-corruption.

2. Strategic Country Development Trends

2.1 Poverty Reduction: Overall Trends and Perspectives

The situation in 2004 regarding poverty and inequality remains the same as outlined in the Country analysis with approximately over half the population, including almost 9 million children, living below the poverty line.¹ Kenya was ranked as 147 out of 175 countries in the Human Development Index 2004. Patterns in inequality show huge regional and gender disparities as well as a large gap between the richest 10% and the poorest 40 percent.

Health indicators, especially, two of the related ones, have showed a significant drop according to the Kenya Health and Demographic Survey 2003, (KDHS) which was published during 2004. Infant- and maternal mortality rates have increased the last 5 years. The reasons given are lack of co-ordination between government initiatives and donor support, lack of effective and democratic governance as well as inconsistency between health policies and the health budget. The Ministry of Health (MOH) has responded to the results of the study by initiating a new planning tool for the public health system. This includes an annual operational plan with clearer indicators for prevention of infant- and mother mortality rates and other significant indicators. Development partners have welcomed this initiative as an effort to both address governance and service delivery. Somehow disappointing is that no progress were done in substance on the initiative from MOH during the last six months of 2004.

The KDHS showed that the fertility rate had gone up from 4.7% in 1997 to 4.9% in 2002 leaving Kenya with one of the lowest fertility rates in sub-Saharan Africa. Still this is a shift in the trend that is a cause of concern if continued.

The KDHS 2003 survey indicated overall HIV/AIDS prevalence at 6.7% and 8.7% for women compared to the sentinel HIV/AIDS survey that showed 9.7% for all and 9.4% for women. The unequal power relations between women and men in the Kenyan society are the main explanation for higher figures for women especially between 15 and 29 years. HIV/AIDS remains a big challenge and threat to socio-economic

¹ The standard figures for people living below the poverty line is 56% and originate from a household survey done 1997. However, as preparation for the CG meeting the Worldbank prepared a Country Economic memorandum. This Memo revisits the method used in the 1997 survey and concluded that poverty levels could be up to 10% lower than the figure of 57% living below the poverty line. A new household survey will be carried out by the Government and the Worldbank during 2004-2005.

development with 2.6 million expected to die of HIV/Aids by the end of 2005 Attributed to HIV/AIDS and coupled with other infectious diseases, high levels of malnutrition, and increasing poverty levels, life expectancy has dropped from 60 years in 1993 to 47 years in 2003. GOK's commitment to the battle against HIV/AIDS as a multi-sectoral and a multi-dimensional problem have been questioned due to the change in the GOK budget process where HIV/AIDS seems to be moved to MOH from National Aids Control Council (NACC). There are now fears amongst development partners that the work with HIV/AIDS in a comprehensive way will be compromised.

The work to produce the first "PRSP" progress report – ERS-IP – started 2004 but the drafts have not been circulated until 2005. The preliminary analysis done by the embassy shows that the underlying problem with the ERS is still there e.g. that there is very limited financial space for financing the implementation plan and that the government is still very dependent on donors to implement the plan. Furthermore, as indicated above, effects on poverty levels remain to be seen – but it might be too early to expect results. However, it can be argued that poverty reduction in terms of participation and freedom of expression has increased.

Kenya has been one of the countries chosen as an "MDG pilot country" and MDG progress reports also indicates that Kenya will not reach some of the goals in the foreseeable future (some will even not be reached in a 100 years).

Prof. J. Sachs visit to Kenya as the special UN envoy for MDG, led to intensive debates among various stakeholders. The discussion has focussed on analysing whether financial resources are the sole problem to reach MDG and if "vertical initiatives" are a sustainable way of reaching some of the targets. Apart from that, Sachs pushed for fast track initiatives especially in Health and Agriculture. However, donors including Sida, Dfid and UNDP helped in putting his thinking within a frame. As concluded towards the end of the year – all development partners have the same goal, poverty reduction, and committed themselves to the MDGs at the global level. But the need for all stakeholders to have basic knowledge of the HAC agreement of Rome and of development became all too obvious when Prof. Sachs made his entrance in Kenya. The achievement he made was to get almost all stakeholders to sit down and discuss in a constructive manner and promoted a sense of urgency in attaining the objectives.

National Budget: policy and priorities

The budget for 2004/2005 had as a main problem an unpredictable, but ever recurrent huge financing gap. The gap challenged the Poverty Reduction Growth Facility (PRGF) agreement with the IMF but an agreement was reached in November on how to restructure the budget. Most probably "priority spending" or development spending was reduced. For the coming budget, the Government has indicated that a much more conservative line on projections will be adopted with the aim that a financing gap should not appear in the budget. Combined with some other reforms the budget for 2005/2006 could be expected to be more of a guide to the future and more explicitly link the budget to policies such as the PRSP, MDGs results from Public expenditure review etc.

2.2 Macro-economic Development

In the area of macroeconomic development, a number of issues were evident as follows:

- *A narrowly based rebound in economic activity has begun.* Although real GDP growth at an estimated 2.1 percent in 2003/04 was above the program assumption of 1.9 percent, growth has depended primarily on a recovery of the tertiary sectors (service e.g. tourism).
- *The loosening of monetary policy has led to an increase in inflation and a depreciation of the shilling.* In response to the lowering of banks' required reserves from 10 percent to 6 percent in July 2003, the money multiplier rose precipitously, resulting in a 13 percent expansion of broad money in 2003/04 and negative real interest rates. Headline inflation rose to 19 percent in September 2004 from 8 percent a year earlier. Kenya's inflation has also been driven by increases in energy prices, and a weakening of the Kenyan shilling.
- *Recent economic developments may have worsened poverty indicators.* With real GDP growth broadly in line with population increase, high inflation and an economy suffering from the effects of major negative shocks—the drought and the oil price increase—the poverty rate may have increased in the recent past. Moreover, progress on poverty alleviation has been hampered by delays in initiating major poverty reduction programs in the social and economic sectors.
- *Overall fiscal performance strengthened during the fiscal year 2003/04.* Central government fiscal imbalances were much lower than expected under the program, leading to a marked drop in the ratio of domestic debt to GDP from 24.3 percent at end-June 2003 to 22.2 percent at end-June 2004. While this performance reflected the positive effects of strong revenue collection and the steps taken to tighten the management of recurrent expenditure, fears that the planned large domestic borrowing might crowd out private activity also induced the authorities to curtail some spending programs. In addition, there were delays in implementing some programs, such as the recapitalization of the National Bank of Kenya.
- *The current account deficit (excluding official transfers), at 2.0 percent of GDP in 2003/04, was narrower than projected.* The expected strong growth in investment-related imports that was conditioned on strong economic reforms and positive private sector sentiment did not fully materialise. Higher oil (US\$1,048 million) and drought-related food imports (US\$83 million) partially offset the lower-than-expected investment-related imports. Export volumes grew by 7 percent in 2003/04, as the tea, horticultural, and African Growth and Opportunity Act (AGOA)-related garment sectors performed well. In the face of the smaller current account gap, foreign exchange reserves exceeded the program target.
- *Financial sector performance has improved but major concerns remain.* The ratio of non-performing loans (NPLs) to total loans fell. A decisive action is needed to address the problems of distressed state banks to tackle the NPL problem effectively.
- *Implementation of structural reforms has been mixed:*
 - The liberalisation of the telecommunications sector is on course, with the licensing of a third mobile operator.
 - Although in the past years little progress was made in implementing fundamental changes in Kenya Revenue Authority (KRA) operations, significant steps have recently been taken to improve domestic tax administration.
 - The restructuring of expenditures to social sectors, notably education, commenced.

- As outlined in the MTEF, promising initial steps have been made in moving toward a modern PEM system, with a new budget time-table including new policy papers such as Budget outlook paper, Budget strategy paper etc which aims at linking policy to Budget and provide a better framework for line-ministries to plan (e.g. ministerial expenditure ceilings), re-organisation of tasks between ministry of Finance and Ministry of Planning and appointment of focal point for government PFM reforms.

2.3 Political Development, Good Governance and Human Rights

General trends in domestic politics

The NARC coalition has continued to struggle for survival. Ethnic loyalty has continued to be used by politicians for support. The President had promised a new constitution by 30 June 2004 but disappointed the population by a postponement to an undecided date. While the Constitutional Conference presented a draft constitution in February 2004, the whole year was devoted to discussions on how the process for approval will be taken, whether parliament should be involved and allowed to do changes and whether a referendum should be held and the issues in such a referendum. In November an Act was taken in parliament showing the process for adopting the constitution. Consensus building within the government coalition, NARC and between NARC and the opposition around the contentious issues; 1) A President or parliamentarism including a prime minister as leader of the government or both with different degrees of power for the President being discussed, 2) The status of Islamic courts, (Kadhi courts) and whether they should be included in the Constitution, 3) The degree of devolution of power to regional and district level. The group of politicians around the President representing NAC seems to be for only a president as a leader of the government. LDP, one party in NARC outside the NAC grouping favours parliamentarism, a strong Prime Minister and a mainly ceremonial president.

Corruption

The fight against corruption has made progress and it could be argued that even if much efforts have been put into “detecting”, less has been done to prevent corruption. Institutions to fight corruption have been strengthened. However, offices for investigation and prosecution are still inadequately staffed and lack capacity. The Kenya Anti-Corruption Commission has recruited a new Director, subdirectors and other support staff. The Department of Public Prosecution is being strengthened. Implementation of the Anti-corruption and Economics Crimes Act and the Public Officer Act is ongoing. Radical surgery was made in the Judiciary in 2003 and in 2004 new judges and magistrates have been recruited to fill the vacant posts. However, there is still a lack of courts and magistrates. Alternative dispute resolution, small claim courts and strengthened community service order are measures introduced to decongest prisons and decrease the number of pending cases in court. Civil Servants have been suspended due to corruption but few have been prosecuted.

The new procurement bill and the setting up of an inter-ministerial procurement committee did not happen in 2004. Increasingly more information on corruption during the previous government was disclosed. Some money was recovered, but corruption scandals under the new government also started to surface. The corruption networks were fighting back.

On overall corruption levels the analysis after the elections (early 2003) showed that corruption definitely went down. Indications from various actors in the society now articulate that there is a risk that corruption slowly picks up to “business” as usual. The background to this is the notion of weak political will, that some strong actors are still taking advantage of the weak justice system, that capacity to follow cases through is weak and that government has not been able and often not willing to act on all incidents. Hence people’s expectations on a corrupt free society is starting to wane and since living standards for middle and low level civil servants have not improved significantly income still has to be secured. People’s reactions to this trend have not been as strong as compared to after the elections when citizens asked for arrest of such policemen that were taking bribes. However, a challenging inclination to corruption is that it is impeded in norms and values, where it might not be seen as a great violation of law.

The Government set up a Steering committee for an Anti-corruption campaign but the campaign lacked government funding. Church leaders and the management of schools will be targeted in the campaign when it eventually starts. The Anti –corruption campaign will try to revive the fight against corruption among ordinary citizens. However, there should be increased efforts to gradually change norms and values with regard to corruption.

The scandal under the NARC government that attracted most attention in 2004 was the procurement of passport systems. The background rests in the need to implement a better passport system in the fight against terrorism. The “scandal” included, (i) that high-level officials in the new government attempted to see through what appears to be a corrupt deal (e.g. the way the procurement were designed) and (ii) how the government reacted when the “scandal” was detected. There are two aspects to it – (a) no political responsibility was assumed (b) the more technical aspect of the aftermath did not result in any investigation leading to convictions. However, a parliament committee has investigated the case and concluded that there are arguments for holding persons accountable. The GOK has indicated that this case will be taken to court and also said that is a reflection of a “20 year old system”. Anglo-leasing was named as one of the companies in the scandal.

On the positive note it can be claimed that the increased democratic space has lead to more transparency of government actions and some of the recent scandals have been detected by the system itself. Whistle blowers have played an important role in revealing corruption scandals. Furthermore, Transparency International has noted that “petty corruption” has gone down. The independent government body on human rights – The Kenya National Commission of Human Rights has challenged politicians and government officials on spending of public resources.

The corruption scandals during the year were the main reason for the EDF-committee in the European Commission postpone the proposal for Budget support. The decision was to be taken at the same time as the scandal was debated and it was felt that the timing was wrong. Some demands on structural reforms built on the GOK reform agenda were added as preconditions for support and the decision was postponed.

Public Financial management reforms were slow. However, during 2004 it was felt among many donors that the government had started to realise the importance of improved public financial management. The Minister of Finance and the new PS-treasury have identified progress in financial management reforms as a priority for action.

Furthermore, with more donors interested in assessing the environment for providing budget-support attention has also started to mount up on these issues. However, donors are still not well organised around these issues but hopefully by the end of this year some kind of institutional set-up will be found. GOK is also working on convincing donors to move from Appropriation in Aid to support on the budget.

The Situation regarding Human Rights

The swearing in of a new government in 2003 brought high expectations for improved human rights in Kenya. The NARC government appointed high-office well-known human rights activist, civil society leaders and victims of past abuses to spearhead the human rights campaign. Although the broadening of human rights space in Kenya was a most welcome development, important human rights concern still remains with increased incidences of insecurity and rape especially among the children.

However, the government is committed to reforms especially in the police and prisons. The reforms in prisons are moving faster than in the police. A Task force has been set up by the President to work on police reform. This is part of the overall Governance Justice law and Order Reform (GJLOS) aiming at improving institutions that promote anti-corruption, human rights, law and order, access to justice, legal education, legal services and law reform. The integration of human rights principles is at the core of this reform. The focus is on the right of poor people, women and children.

The reform intends to tackle overcrowded prisons and torture of prisoners and by people in custody, in a multi-sectional way. It includes institutions such as the Ministry of Justice and Constitutional Affairs, the Ministry of Home Affairs and the Office of the President, which include the department for governance and ethics, the provincial administration as well as the police. Eight donors have committed funds to a basket fund for this reform in May 2004. An additional 7 donors have earmarked funds to the reform.

As mentioned earlier, the Kenya National Commission on Human Rights has been vocal on public spending and argued for the maximum of available resources for social, economical and cultural rights. Many HR-organisations are moving towards giving more emphasis on social, economical and cultural rights. A major challenge is to re-educate government civil servants on the importance of human rights and the implications of the principles of human rights on the way government deliver services and the way the government interact with people. Human rights of Women remain a challenge with only 7% of the seats in parliament taken by women and women being the main workers in agriculture only owning 5% of the land. Child protection and child participation remain weak. Children's Act is being more known among the civil servants and in courts. Social safety nets for especially HIV/Aids orphans are receiving some attention by GOK in a pilot project supported by UNICEF and Sweden and by civil society. Scaling up of support is a challenge.

Kenya is finalising the reports on the Convention on the Rights of the Child (CRC), Convention Against Torture (CAT) and International Covenant on Civil and Political Rights (ICCPR) to be submitted to the UN treaty bodies in 2005.

2.4 Development Co-operation and Partnership

General trends (main partners, total volumes, trends in mode of co-operation)

Government of Kenya (GoK) is not a homogenous body. Reformers and those that are against change, work together in the government and the civil service. Corruption scandals within the government continued during 2004. On one hand many development partners have been disappointed due to what they see as too weak GoK commitment to fight graft and too slow implementation of planned reforms. On the other hand, there are numerous encouraging signs at sectoral level indicating strong ownership, such as the land policy reform, the water reform, the work on inequality by the Ministry of Planning and National Development, developments within the six Sida supported health districts, the roads programme in Nyanza, and the successful start of the Governance, Justice, Law and Order Reform.

The Economic Recovery Strategy is being followed in the first annual progress report. Indicators for follow-up have been developed by the Ministry of Planning and they are now being analysed and improved on by the sector ministries.

The new budget process linking the budget to the priorities in the MTEF and the ERS started in the end of the year.

The IMF's Poverty Reduction Growth Program has been on track during the reporting period but the Government has asked for more time to push through reforms before reviews. This is not "a tragedy" as the IMF chief put it – but still a worrying sign. Mainly due to this, no CG meeting was carried out during 2004.

The World Bank has during the year continued its' preparation towards a budget-support programme. Numerous informative missions have been carried out, covering areas such as Public Financial Management, procurement and Public Service reform. In spite of the World Bank's verbal commitment to harmonisation, and our total flexibility, it has continued proven to be difficult to participate in the said missions.

Many donors have increased their support to Kenya since 2002. Aid volumes as part of government's budget however still remains comparatively low, 7% of the total GOK budget. However development partners contribute 30% of the development budget or more if looking at expenditures

Main partners, harmonisation and mode of co-operation

On an overall level, Dfid is Sida's closest partner. Dfid is Kenya's largest bilateral development partner and considerably bigger than Sida both in terms of volumes and personnel. Closer links have also been established with Danida, especially within water. Sida co-operation with the UN-system, Finland and Norway has been strengthened during 2004. Instead of 18 agreements with individual NGOs, three main agreements with UN (UNDP, UNICEF and UNIFEM) have been established during the year. In addition to this we also have close co-operation with UN: HABITAT. UN has made serious efforts to raise its profile in the country and especially UNDP has taken on a bigger role within the work of Harmonisation and implementation of MDGs. Although this process still has some road to travel before its time to harvest, the trend is encouraging. In the Governance, Justice, Law and Order Reform Sida work with 16 other development partners from bilateral and multilateral development partners.

By the end of the Moi-era, aid flows to Kenya was very low. Out of this, the majority was traditional project support and only a small

part was channelled through the government machinery. With the new government that came into power December 2002, aid flows started increasing. Increasing volumes and closer co-operation with the government placed a pressure on improved co-ordination of development co-operation. Following the first CG-meeting for many years late 2003 a “Harmonisation, Alignment and Co-ordination-group” (HAC) was established and chaired by Sweden.

For reasons described above, HAC started its work with less challenging issues. The speed is however high, and during 2004 a lot of grounds has been covered mainly on three key-areas: (i) structures (for HAC-issues), (ii) practicalities (such as common principles for donor co-operation) and (iii) Information flows (common reporting etc).

The Government has also improved slightly, when it comes to harmonisation. The Kenya Co-ordination Meetings that the new government started during 2003 has continued, although not as frequent and the agenda is not as substantial as was expected.

Today there exists two sector programmes in Kenya; education and legal sector and processes on-going in basically all other sectors. Sida is the lead agency in the legal sector and is co-ordinating 17 development partners. This work is important not only from the perspective of the legal sector, but also as an example of SWAPs.

Drivers of change

The Kenyan state does not have a history of an engagement between the government and its people based on rights. Instead they have a history of a patron-client relationship. In a patronage system, corruption is not a weakness. On the contrary, corruption as well as nepotism, are part of the structure. They are important building blocks. The government machinery is depending on them for its economic and political survival. Although this is not news to anyone, the normative picture (of the good state that delivers basic rights and responds to the needs of its citizens) tends to be the main basis for our analysis, our dialogue and our actions.

During 2004 seven major assessments/agreements were prepared and signed. These included: Water and Road agreements with the Government of Kenya (prepared in 2004 but signed in 2005); Human Rights on women with UNIFEM; Human Rights with UNDP; GJLOS with the Government of Kenya, Ministry of Justice; Children’s rights with UNICEF; Save the Children Sweden and HIV/AIDS with AMREF. In addition, another five assessments were started on Urban and Land Sector support with the Ministry of Lands and Housing; Human Rights with Diakonia Sweden; Health with Ministry of Health; Public Financial Management with the Ministry of Finance, and Regional Rural Development. A main emphasis in these assessments have been to reform the state from within, through mechanisms for enhanced participation, accountability, equality and transparency.

Moving from patronage to rights is however a two edged process, and by the end of the year we started a process of widening the analytical platform, maintaining the normative picture as our base, and adding an improved understanding of the patronage systems, its power structures and incentives needed for change.

As far as possible we have tried to carry out this work in co-operation with other donors as a way of further improving harmonisation. One example was a seminar for all development partners on “Drivers of Change”, organised by Sida and Dfid. This work will continue during 2005 and onwards.

Key issues in the dialogue

Kenya in one of the most unequal countries in the world. The Country Strategy takes as its main observation these stark inequalities and the lack of a pro poor growth. The Embassy's dialogue strategy from 2003 had the issue of growth and inequality identified as one of 4 major areas for dialogue with the Government and the issue was for example one of the key discussion during the CG-meeting Nov, 2003. Other dialogue issues touch on Human Rights and Democracy including human rights of women and children and prevention of and counteraction of the consequences of HIV/AIDs and environmental degradation as well as fighting corruption.

In order to use limited resources more strategically, a project with the aim to focus on growth and equality was started in the Swedish Embassy. The formal name of the project is "Rich and Poor – national discourses on Inequality and Growth" (RAPP). The goal of the project is: To put the issues of poverty, inequality and growth on the political and public agenda in Kenya.

The project has been implemented in partnership with Ministry of Planning and National Development (MoPND) and Kenyan NGOs and by raising the issue in all Swedish co-operation with different sectors in Kenya. The Project identified four main target groups for the project to work with: i) Decision makers, primarily in ministries and parliament, ii) Civil society like mass movements, advocacy groups, think tanks, iii) Other donors and iv) Media.

A major breakthrough was witnessed during the launch of the Inequality report by SID on facts and figures on inequality "Pulling Apart". The launch of the attractive looking report in combination with the preparation of the media houses created a media coverage that stunned all involved in the project. Inequality issues received whole front pages and a lot more in the main newspapers, talk shows in TV and radio and the attention of columnists who daily discussed the "burning issue". In the weeks to follow hosts in various programs were telling the audience that they must get their own copy of the report, vox pops focussed on inequality, the issue entered into many regular interviews with decision makers and other dignitaries. The report is still discussed in columns and letters to the editors in the major newspapers. The already appointed counsel on National Economic and Social Development was promptly labelled "the Inequality Dream Team" by the media which will mean that the counsel will be forced to address these issues whether it likes to or not.

In addition, six regional conferences were organised by the MoPND with the support of SID and Sida. The meetings were attended by approximately one hundred delegates in each region and distributed and discussed the results of the poverty mapping made by the MoPND, which break down the statistics on poverty and wealth of Kenyans to the district level as an important tool of attacking inequalities. Other activities included scholars round-table on the causes of inequalities in Kenya, a number of newspaper columns on inequality by the Swedish Ambassador, development programs providing arenas for highlighting issues of inequality and growth by speeches etc. by the Counsellor for development co-operation, program officers as well as the ambassador.

The dialogue outside the country assistance programme is mainly done within the framework of EU and the like-minded donor group but other group formations are also used. In the political dialogue, substantial support has been given to Kenya's successful efforts as a peace broker

in the region. In the regional integration efforts the programmes with EAC and Lake Victoria are powerful instruments for the dialogue.

Efforts on poverty reduction

Recognising the limitation of budget reallocation and the low growth rates, implementation of the ERS has been made with donor assistance. The Monitor and Evaluation group (Headed by the UNDP with Worldbank, DFID, GTZ and Sida as members) has been meeting regularly mainly focusing on creating an institutional framework for monitoring and evaluation. The dialogue has intensified and involves the PS of planning and various stakeholders to develop better follow up of the ERS.

A Monitoring and Evaluation National Steering committee has been established by the government and the Government has hosted a National stakeholders Workshop on PRSP/ERS Monitoring and Evaluation. A set of indicators to monitor the ERS has been prepared and they are now discussed in the sector ministries.

During the period the government has started to prepare for a progress report on the ERS. The results from this exercise will be captured in the next annual report.

Kenya has invited UNDP to take on Kenya as a pilot country for MDG costing exercise.

Given the conclusions from the Public Expenditure Review it is doubtful that the budget 2004/2005 will be accurate. Most of the resources in the budget are already eaten up by the Wage-bill and paying of domestic debt while at the same time money is needed to restructure the budget. Donors would like to see credible efforts to reconstruct government spending before moving in with budget-support. The government hesitates since they need additional funds to restructure the budget. Aid will hence continue to be important for the development in Kenya.

Major Events in the EU development co-operation with the country

The European Union has provided substantial support to the Government of Kenya in a number of areas as summarised below:

- *Macroeconomic Support* – The EC has been providing substantial capacity building support through a multi-donor programme to the Ministry of Finance. In the area of Public Financial Management, EC has supported the development of the public financial management reform programme and is also participating in the ongoing Country Integrated Fiduciary Assessment that will be presented to the CG in April and financing a key component of this assessment;
- *Rural Development and Agriculture* – EC has supported the updating and completion of NEMA's 5 year strategic plan;
- *Roads and Transport* – Under the 9th EDF NIP, the specific EC interventions in roads have been included: support to institutional reforms; reduction of the maintenance backlog of the Northern Corridor (35 million); and rehabilitation and improvement of rural roads;
- *Governance and Legal Reform* – EC has been playing a prominent role in supporting (together with other 16 donors) the Government's (SWAP) reform of Governance, Justice, Law and Order (GJLOS). The EC DGSP has integrated crosscutting issues such as Human Rights and Gender.
- *Institutional Capacity Building* – EC support to Kenya includes related components in all sector-related programmes (mainstreaming). In addition, some horizontal institutional capacity support programmes

have been implemented in 2004 and the new generation assistance (to start in 2005) has been designed.

- *Health* – Under the financing agreement No. 6339/KE, EC is providing 15 million Euro in support of the health sector through the District Health Services and Systems Development Programme (DHSSDP). Sweden has also seconded a staff to the EC in the health sector; and
- *Education* – The EC support in education falls under three categories: (i) Support to infrastructure of primary schools and youth polytechnics under the Community Development Programme; (ii) assistance to Ministry of Education, Science and Technology through a staffing study and (iii) support to the recently approved EC Poverty Reduction Budget Support II.

3. Swedish Development Co-operation

3.1 Strategic Assessment and Considerations

Relevance of the country strategy in the light of country development

The Country strategy remains valid and the focus remain on the root causes to poverty in three pronged strategy: 1) to provide direct support to programmes tackling the patronage structure, lack of accountability, transparency, participation and non-discrimination, 2) dialogue on these issues, 3) mainstreaming a debate on these issues and promotion of results in these areas in all programmes that are supported. Patronage in politics and service delivery as well as corruption remains a cornerstone in the way the state in Kenya operates. The lack of accountability, transparency, participation and discrimination due to gender, age and ethnicity remain. The root causes to lack of economic growth, security and effective service delivery can be found in the lack of empowerment of people to claim their rights and in the lack of human rights principles in the way the government operates and interact with people. The continued democratic space is positive and that is used by the opposition, civil society, media and government watchdogs such as the Kenya National Commission on Human Rights and the newly established Kenya Anti-Corruption Commission to challenge power of the executive on issues related to patronage and corruption. Media is the strongest voice despite an incident of the journalist who was arrested. As a result, one would ask, does the current government respect the right of freedom? The Government has been occupied by internal power-struggle and this has slowed down reforms.

The issue of the government's commitment to fight corruption has – during 2004 – been the major issue when it comes to government performance. While some argue that corruption levels have exceeded the highest levels during the Moi-era other indicators suggests that petty corruption has gone down. No high-profile person has still been convicted. Goldenberg hearings have been concluded but it remains to be seen how they will be followed up. The Country strategy indicates that it should not be expected that corruption levels dramatically will go down since the whole society could be characterised as being driven by a “patron-client” rational – where corruption is a building block. However, the embassy still holds the government (ministers and ultimately the President) accountable for bringing down corruption (as one of the election promises) and expects that government will step up their efforts to fight

corruption. The support to the Governance, Justice, Law and Order reform program and the planned support the Action Plan for financial management remain key priorities for support to the development of institution investigating and fighting corruption and institutions to limit the loop-holes for corruption.

Strategic adjustments, alternatives and choices ahead: – Key issues for dialogue with partner country and partners

One foreseen strategic adjustment will be to formulate and implement an anti-corruption strategy. The strategy builds on support to the reform for improved governance, justice, law and order reform programme, as well as building up a public financial management programme. Furthermore, all contribution will have to perform a “corruption risk assessment” during 2005. Also other types of support might be considered to support the Civil Society to monitor corruption (such as transparency international or other organisations alike) which will increase the Embassy contribution portfolio. The Embassy will monitor how government deals with corruption before progressing in assessing if budget support could be an effective instrument to reach poverty reduction (through economic reforms).

3.2 Overall Country Programming Review

The country strategy was approved by the Swedish government in April 2004. Since eleven new assessments started during the year, the relevance of the contribution portfolio in relation to the new country strategy is high. The assessments are all prepared within the framework of the Country strategy, thus assessing how they better can reflect a rights based approach to development.

Three of the agreements are part of a new partnership with UNDP, UNICEF and UNIFEM. These organisations regnant Swedish funds to key government actor in human rights and human rights organisations including Non-governmental organisations working to promote the rights of women and children. This has resulted in fewer contributions for the Embassy, making it possible to allocate resources for a more strategic dialogue rather than routine administration. It has also lead to promotion of interaction between GOK and civil society.

The shift from project support to core support and a “SWAP-agenda” has started in basically all sectors and this is supported by the Embassy. The speed and commitment however varies from one sector to another, the best ones from a Swedish perspectives are Water- and Governance, Justice, Law and Order Reforms. Improved donor co-ordination is also seen in the urban-, health- and agriculture sectors.

Strategic considerations during 2004 can be divided into the following groups:

- Operationalising the new strategy through new agreements
- Focusing our dialogue on growth and equality
- Integrating a rights based approach including the rights of women and children as the threats to rights such as HIV/Aids, environmental degradation conflict prevention in assessments of programs and in reviews of support
- Improved internal quality through competence development, routines, institutions, follow-up and capacity building.

The Embassy has placed great emphasis on operationalising the new strategy, which identifies the lack of democratic governance including the

principles of democracy and human right as the root causes to poverty. The project group established in 2003 (MANIAC), with the aim of facilitating this, worked hard with capacity building of all staff involved in assessments, dialogue on a rights based approach through seminars where civil society and The UN assisted. A major challenge is to identify indicators in each sector that represent integration of the principles of democracy of human rights, (non-discrimination, accountability, transparency and participation) and to see how people, including women and children can better claim their rights and have access to information. It is also to ensure that the programme and the indicators clearly show how the threats of environmental degradation and HIV/Aids can be prevented and counteracted.

3.3 Follow-up of Country Programme Performance

3.3.1 IFMIS Project

The project remains 18 months behind schedule following initial delays in procurement and implementation necessitating an extension of the agreement period from December 2004 to December 2005. However, impressive progress was achieved in training and piloting. Significant job related training was delivered by the trained Trainers by end 2004, but syllabus for revised procedures was not finalised as planned by the end of 2004. A total of 250 staff received training by the end of 2004. The number of certified accountant also rose to 65 from a low of only 30 two years ago. Piloting was completed in line ministries in addition to the Ministries of Finance and Planning. Networking of key Government buildings to enable full rollout is going on under another project. Connectivity is also being done through normal bandwidth connection on an interim basis. Migration of data to the system is ongoing, but at a slower speed, putting to doubt plans to accommodate the 2005-2006 budget in the system.

A joint donor review of IFMIS carried out in March 2004 identified significant progress, but also noted some fundamental weaknesses in project administration and implementation as well as the general project environment. These include weak participation and ownership, slow change process and weak project management. Weak support from the top management also raised doubts on the political will to implement the comprehensive governance project. The review also identified institutional, human resource and IT issues needing urgent attention.

A new and strong management team at the Ministry of Finance has taken more keen interest in the project, but key institutional and human resource challenges remain. In particular, the weak government IT strategic orientation continue to dog the project. Capacity gaps and other human resource problems are also key impediments. In particular, retaining project staff at present terms is a real danger as the system is also being implemented in several private sector companies. Lack of a common incentive structure within government has also drawn project staff to other projects in the public sector. The Steering Committee has been institutionalised, but awareness of IFMIS across government is still weak. Full networking and connectivity have not been achieved in most line Ministries thereby slowing down piloting and roll out significantly. The government halted a Sida procurement of wireless connectivity equipment for the project citing security reasons and instead authorised connectivity through a normal Internet channel. However, this channel is too narrow and suited more for email communication than serious data transmission.

A concept has been developed for the second phase of the project. Sida is playing an active role in the initial dialogue, especially on the need to integrate the lessons of the first phase into the design of the new phase. Sida has also pushed for the integration of IFMIS into the wider Public Financial Management (PFM) to ensure a more comprehensive approach to financial management reforms.

IFMIS

Objectives/Goals	Achievements
– IFMIS Review	– Review finalised in April, report presented to MoF and donors,
– Address Implementation bottlenecks	<ul style="list-style-type: none"> – Improved Management support at PS level, but ownership unclear at lower levels. – Connectivity achieved in some ministries, but platform is inappropriate – Networking of ministries ongoing but slow, causing delays in rollout. Roll out of IFMIS completed in 6 ministries. – Training of staff on course, but undermined by poor terms of service and lack of coherence in government Human resource policy. Training now undertaken in 9 ministries – Communication/change management issues discussed and to be incorporate in next phase.
– Preparation for phase 2 of IFMIS finalised	Project concept produced and discussed with key donors, including Sida. Full Document to be developed in 2005. Sida assessment also to be undertaken in 2005.

3.3.2 Urban Sector

Sida continued to play a leading role in the donor dialogue with the Ministry of Lands and Housing. The process of formulating a National Land Policy (NLP) commenced during the year. Sida alongside other donors significantly influenced the process and in particular, the donors influenced the inclusion of key principles of equity, transparency, accountability and non-discrimination in the process. The result was one of the most inclusive policy processes ever attempted in Kenya. The process integrates rights and poverty perspectives with key themes that address nearly all the key issues of relevance to land and poverty in Kenya, including gender, HIV/Aids, land tenure, informal settlements and historical injustices, among others.

Sida's dialogue with the Ministry of Lands and Housing and the Civil Society has resulted in the design of a comprehensive land and urban programme, based on ongoing reforms in the sectors. This is in line with the Swedish Country Strategy for Kenya and recommendations of a Sida monitoring consultant whose report recommended that Sida support the urban sector in Kenya with a special focus on land reforms and empowerment, including capacity building for slum upgrading. The proposed programme will be implemented through both Government and NGOs and will involve donor support to the land reforms and slum upgrading processes. The programme has two elements – Land reforms and Empowerment and will focus on the three levels of policy development, institutional strengthening and capacity building. The programme sub-components include the *National Land Policy Formulation*, *National Land and information Development* as well as *Capacity Building and Communication* within the framework of the *Kenya Slum Upgrading Programme*. Sida-AFRA gave the mandate for the Embassy to un-

dertake a full assessment of the proposed support to MoLH. The assessment of the NGO component of the programme will be undertaken in 2005. Sida is supporting both MoLH and the NGOs to strengthen the mainstreaming of democracy and human rights (including HIV/Aids and conflict) in their programmes design.

URBAN	
Objectives/Goals	Achievements
Sida decides what to support	Consultative workshop held in June, INEC report, with recommendations on Sida support developed
Implementation of Sida-supported Land Tenure Project commenced	Review of Terms of Reference, Appointment of MoLH Project implementation team
Finalise Assessment memo	Memo presented to QAC, major revision suggested on memo and project document.
Land Policy Formulation commenced with Sida participation	A highly consultative process was initiated in 2004.
National Land Information framework developed	ToR developed jointly by MoLH and donors
Donor Co-ordination	Donor group on land strong and holding regular consultations with the Ministry at the highest levels, with influence on key reform process. Sweden a central member of the door group on lands.

3.3.3 Health

The health programme supported by Sweden, Rural Integrated Health Services (RIHS) performed better compared too earlier both in service delivery, capacity building and absorption of resources. The flow of resources to the MOH health districts was slightly delayed over the year. Implementation of activities facilitated by MOH HQ was delivered somewhat after schedule. Late or slow approval for activities by the Permanent Secretary (PS) was the main obstacle for implementation during the second half of 2004. The Technical Assistance funded by RIHS at MOH has performed to MOH satisfaction and has been instrumental in the improvement of the performance by the programme. The health districts have become strong partners in the system development within MOH and express their views stronger than before. The Development Co-operation Section at the Embassy with additional resources of 15 MSEK prolonged RIHS to 30 June 2005.

Preparations for a new Swedish support to the health sector are ongoing and are expected to commence 1 July 2005. Workshops on mainstreaming and technical issues have been performed with broad participation from MOH. Issues for concern are that three of the main studies, entry points for development partners providing district support at MOH, capacity at MOH to move towards a Swap and a new organisational structure for MOH, identified in the preparatory plan as crucial for the preparations for the new support have been delayed. Dialogue on this and the delayed development of the new National Health Sector Strategic Plan 2005 – 2010 (NHSSP II) was done during 2004 and will continue during 2005.

The NHSSP II is crucial for the development of the health sector. The development of NHSSP II has been a subject for several discussions

during 2004 between MOH and development partners. MOH postponed at several occasions the launch of the 0 draft to a wider group of stakeholders. Now a meeting have been called to March 8 –9 2005.

Previously the lack of co-ordination both between Ministry of Health and the donors and within the Ministry has been of concern. The new co-ordination framework started to work towards the end of 2004 and has provided better opportunities for collaboration in a concerted manner. Still there are concerns, but generally the co-operation between MOH and development partners are working better. As MOH have put resources towards better co-ordination within itself, the general feeling amongst development partners is that co-ordination are slightly better within MOH now.

The development of the NHSSP II is the most important process during 2005, tying together other important processes such as the budget process, PER, MTEF, the development of the National Health Social Insurance Fund (NHSIF) and the ERS together with the MDGs. Dialogue from Sweden and other development partners on the NHSSP II will be a priority.

Global Fund against AIDS, Malaria and Tuberculosis (GFATM) continued during 2004 to be on the agenda significantly distorting policy and strategic discussions. The new co-ordination framework has contributed to GFATM being discussed in the right place and on the right level.

Key issues, apart from the above mentioned, in dialoguing with GOK/MOH and development partners have been continued:

- There continues to be a need to increase allocations to the health sector to enable MOH to focus on key health priorities from the ERS (e.g. Essential Health Service (EHS) – dispensaries and health centres) and to compensate for lost user fee revenue due to the 10/20 policy. Concerns remains about current allocations to tertiary and district hospitals.
- Reproductive Health (RH) is a key priority of the NHSSP I and yet RH does not have a budget line for recurrent expenditure and family planning commodities.
- Due to years of insufficient investment in rural facilities people seek to use hospitals and they have become overloaded dealing with basic health problems rather than acting as referral. A large injection of resources is required urgently to increase the utilisation of these facilities and decongest the district hospitals and improve the health status of poor people living in rural areas.
- It would be helpful if Kenyatta and Moi Hospitals were to desegregate expenditure that relates to teaching and that to service delivery which could then be discussed with Ministry of Education (MOE) looking for MOE to pay for training activities e.g. salaries of teachers etc. The current budget allocations distorts the health budget to favour curative care and salaries
- Many of the core poverty programmes are not pro poor and the justification of most to be included as core poverty programmes seems weak e.g. rehabilitation of mortuaries, spinal injury hospital, mental health. A rigorous review is required to rationalise and focus on key pro poor policy area e.g. rural health services and allocate the budget accordingly.
- MOH continues to have difficulty in spending allocated funds at district level due to internal protracted GOK systems. A review of the bottlenecks accompanied by actions to rationalise the systems is required. A policy on decentralisation of budgets would help in unlock-

ing some of these problems and allow districts to focus more on the specific needs of that area.

- There is justification to congratulate the MOH in carrying out the Human Resource (HR) mapping exercises, which show that over 500 MKES could be reallocated to the appointment of additional nurses and other staff. But there remain huge issues around HR planning and distribution and we look forward to hearing about a redistribution plan from the MOH. Decentralisation of HR planning and the powers to hire and fire would help improve efficiency.

3.3.4 HIV/AIDS

Direct support towards HIV/AIDS has not been part of the previous strategy and program, but a mainstreaming approach has been taken. Concentrated efforts have been made to counteract consequences of the spread of HIV/AIDS in all the sectors through the Mainstreaming in Action project (MANIAC). The threats of HIV/AIDS and the need for prevention, mitigation and to smaller extent care of those affected by HIV/AIDS are integrated in the assessments of roads, urban development, health, GJLOS and agriculture. In addition the new country strategy envisaged direct support to combating HIV/AIDS. The close partnership with AMREF Kenya, Women Action Network for Development (WAFNET), Western Women Empowerment Network (WWEN) and Western Kenya NGO-Network during the year resulted in a agreement with AMREF Kenya on a programme for three years and 48 MSEK. A civil society support with emphasis on gender, culture and co-ordination in the provinces of Western and Nyanza. For 2005 close monitoring of the implementation of the programme, together with the HIV/AIDS Secretariat and the Team, will take place.

On the national level Sweden and development. partners are very pleased with the progress made in the National Aids Control Council (NACC) over the year. The restructuring process of NACC is moving ahead well and appointments of senior staff have been done in an open and transparent manner. The preparation of the Kenya National Aids Strategic Plan 2005 – 2010 (KNASP), facilitated and owned by NACC, has been very participatory with involvement of a broad range of stakeholder.

Key issues to dialogue on with GOK officials and development partners:

- There are huge concerns that placing NACC under the health sector budget is a regressive move and takes the multi sectoral approach backwards. This will mean that NACC will now need to compete with MOH for resources. Development Partners were already concerned that NACC was under funded by GOK particularly for recurrent expenditure and is overly donor dependent. There is a need for GOK to demonstrate its commitment to HIV/AIDS and the implementation of an effective multi sectoral approach. We will request that NACC and support to HIV/AIDS remains under the Office of the President (OP).
- It is stated that each line ministry should bid for HIV resources, however, this remains a relatively new area and sectors may not see HIV as a priority and thus HIV could receive less resources than when it was receiving resources through OP. This is particularly dangerous, as progress on mainstreaming HIV into key sector strategies has been very slow with inadequate support from senior management in sector ministries. In 2005/2006 we hope to see more progress in mainstreaming HIV/AIDS in line ministries and other government structures.

SUMMARY – HEALTH SECTOR

Objectives/Goals	Achievements
HIV/AIDS Direct support finalised	Agreement signed December 2004
Health Mainstreaming workshop conducted.	Workshop conducted in November 2004
Health Assessment memo finalised	Probably ready April 2005. One senior MOH staff delayed progress on the new Health programme document
TORs on District support and PFM/Swap agreed by MOH	Delayed. Ready March 2005. Senior MOH staff delayed approval
Enhance HAC in Health & HIV/AIDS	Sweden chaired the development partners (DPs) in Health & HIV/AIDS March to October 2004. DP now working closer together. A new co-ordination framework for the sectors in place July 2004

3.3.5 Democracy/Human Rights

The assessment of the support to the Short term- priorities program for the Governance, Justice Law and order Reform program (GJLOS) was finalised in April. Sweden, together with 8 other donors has entered into an agreement with The Ministry of Finance for support to a basket fund managed by a financial management agent for 1 year. The assessment of the support of the Medium term plan until 2008 has started together with the other sixteen donors involved in the support to the GJLOS, SWAP in this area. A common review for the 30 department in the reform and all 17 development partners supporting GJLOS was held in December. An independent Advisory team suggested better integration in the MTEF framework, co-ordinated support to civil society for synergy effects, more involvement of middle level officers, increased capacity building on financial management and result based planning.

Assessments have been finalised for support to the country programs UNDP, UNICEF and UNIFEM in Kenya and their support to civil society for promotion of equality and human rights including the human rights of women, children and people with disabilities. Part of the funds to UNIFEM and UNICEF also include support to key government institutions such as the Gender Commission, Children's department and the unit in The Ministry of Social Affairs, Gender and Sport on the Action Plan for human right for people with disabilities.

Additional funds to civil society is regranted through Save the Children- Sweden and DIAKONIA.

Expected internal results in The area of Democracy and Human Rights in 2004	Completed tasks	Comments
Finalise assessments of increased support to civil society through a 3 year partnership with UN-agencies and Swedish NGOs for promotion of Human rights, including Human rights of Women, Youth and Children.	1) 5 assessments completed and agreements signed with 1)UNDP for support to human rights organisations and key government organisations working with the rights of people with disabilities 2) UNIFEM for organisations and key government institutions working with human rights of women 3) UNICEF for organisations and key government institutions working with child rights 4) Save the children- Sweden for support to organisations and government institutions working on juvenile justice, 5) DIAKONIA with focus on organisations working with the rights of disadvantaged youth and women.	Most of the civil society organisations work with training and monitoring of paralegals, legal aid and advocacy on human rights. The support is important for promoting demand driven services and helps to support the reform agenda in GJLOS. Part of the support to civic education and a program to engender governance. The total amount for support to civil society organisations and key complementary government institutions is about 40 MSEK per year.
Finalise Assessment of the short-term priority program for the Governance Justice Law and Order Reform Program, GJLOS. – A sector wide approach.	Agreement signed with MOF and 17 development partners are aligning behind GOK plan and co-ordinates support.	8 countries have pooled resources in a basket funds. Sweden is the lead donor. The 4 year Medium term plan will be approved in 2005.
Integration of a rights based approach in supported programmes in various areas.	Seminars bringing together civil society human rights organisations and policy makers in the areas of roads development, urban development, the justice sector, agriculture, water and health. This has resulted in integration of the human rights principles in policies, plans and implementation procedures. The voice of people in planning, monitoring and implementation has been strengthened.	A seminar is planned for April 2005 in co-operation with Kenya National Human Rights Commission, KNCHR, CSOs, UNICEF and UNDP to discuss lessons learned in 2004, and plan for the way forward for a rights based approach. The implementation of the plans will be followed up in review meetings in 2005 and in support to strengthened monitoring and evaluation, information, complaint mechanisms and consultations.

3.3.6 Agriculture and NALEP

The first phase of NALEP, July 2000 – June 2004, was supposed to be concluded during the period and a proposal for a second phase was submitted to Sida for appraisal and assessment. Several Sida staff and a few consultants and Kenyan Human Rights NGOs assisted in the appraisal during the beginning of the year. The preparation process was on track and a presentation for Sida's Project Committee was planned for April. The uncertainties created by the launching of the new Strategy for Revitalisation of Agriculture, SRA, in March (see DCS Country Report for 2003) lead to an agreement between the Ministry of Agriculture and Sida to postpone the second phase and extend the first phase by one year, up to end June 2005. During that year it was hoped that the uncertainties would be resolved and NALEP's role would be clarified and agreed upon. Several meetings between the Embassy and the Ministry were held and it was made clear that NALEP is a high priority programme and shall remain the main vehicle for agriculture extension in Kenya although the long-term ambition is to increasingly involve the private sector. The Ministry also requested Sida to increase the funding so that

NALEP could gradually expand to cover all districts in the country: 70 districts as compared to the present 43 districts.

One area of concern has been NALEP's limited relevance for the most resource-poor and vulnerable families, including many HIV/AIDS affected and female-headed households. Based on a base-line survey to identify these vulnerable groups in four districts, NALEP carried out pilot activities targeting these groups. A report was presented in October on the major findings and a replication plan for other areas is now being prepared.

A mainstreaming and awareness raising workshop with 150 participants from all over Kenya was held in October 2004, with a number of resource organisations present working with issues related poverty analysis including human rights and democracy, HIV/Aids, gender equality, children's' rights etc, to discuss the NALEP phase II document and how it can better incorporate the rights issues and to collaborate with the various organisations in the field.

The Agriculture Sector Donors Group is regularly meeting with the two Ministries of Agriculture and Livestock & Fisheries Development and has committed itself to support the operationalisation of the new SRA and assist in policy development. Four donors, Danida, DFID, GTZ and Sida have agreed to contribute to a newly created Agricultural Sector Co-ordination Unit, ASCU. Sida has set aside funds for strategic studies and policy development in the sector during the extension year. The World Bank has recently approved support to a large agriculture programme, Kenya Agriculture Productivity Project, KAPP, which will co-operate with NALEP in strengthening the research-extension links.

In June NALEP submitted a revised draft proposal for a second five-year phase starting July 2005. The draft incorporates many of the recommendations relating to the first draft (Dec. -03) submitted by Sida and consultants. After further viewpoints from Sida/Embassy a final draft phase II proposal was submitted by NALEP early January 2005.

Brief on NALEP Achievements July to December 2004

OUTPUTS	MAIN ACHIEVEMENTS JUL-DEC 2004
Extension approaches	<ul style="list-style-type: none"> - 266-Focal areas established targeting 496,912 farms. - 6575 CIGs and 17000 groups formed based on commodities and technologies targeting production and marketing. - 4386 members (2228 m & 1079 F) of the FADC were elected in the FAs - 1054 farmers used the programme buses for study tours through out the country
Collaboration & extension facilitation factors	<ul style="list-style-type: none"> - Formulation of phase two with a wide consultation of all stakeholders. - Stakeholders' forums were held in the divisions, districts and province consisting of 7859 (6457 M and 1399F)
Cross cutting issues	<ul style="list-style-type: none"> - One national workshop held for 176 extension managers (158M&18F) in collaboration with the civil society covering human rights, governance and gender issues. - Pilot on mechanisms to reach the poor, vulnerable completed and report written - Assessment carried out and report ready with recommendations and way forward scaling up

OUTPUTS**MAIN ACHIEVEMENTS JUL-DEC 2004****Institutional setting**

- NALEP participated and is still participating in the operationalisation of the SRA
- 2000 officers trained on new operation guidelines on NALEP
- Rapid assessments on the understanding on the new operation guidelines of NALEP was carried out
- 32 officers (27 M & 5F) held a curriculum development workshop to develop topics for future trainings by NALEP
- 48 M&E units established in districts & provinces
- 50 computers with printers and UPSs purchased and issued to the M&E officers in the districts
- 5 meetings with 96 M&E officers to give the TOR
- 6 activity & budget workshops held to discuss 2005-6 FY budgets
- All 48 stations had rolling audit done including headquarters.
 - Audit report indicates that program resources are utilized for the right and intended purpose
 - 5 audit workshops were held covering 96 extension managers.
- 7 M and 4 F officers went to Philippines for a study tour for exposure on concepts and experiences on agricultural research and extension in Philippines and their report is ready
- courses
 - staff trained in various courses are 2633 (1984 M and 649 F
 - farmers training reached 26762 (17197 M and 9565 F
 - 4K Club & young farmers reached 655 (539 M and 116 F)
- (All trainings included issues on HIV/AIDS, governance, gender, advocacy)

Technical packages

- Reporting format designed with participation from all provinces 27 officers (20m&7f) attended

3.3.7 Water

Sweden supported the water sector through the Kenya-Sweden Rural Water and Sanitation Programme, with a total of 63 MSEK between July 2000 and December 2003. This Agreement was extended to December 2004 with an additional 25 MSEK. This extension period was to cater for preparation of new sector support, continue support to sectoral reforms, and assist in the provision of water and sanitation services for rural communities.

Preparations for new sector support coincided with Denmark's discussions with the Kenyan government, where it was agreed that Denmark would support the water sector. Having similar approaches and priorities, it was agreed that both countries would support a common programme. Besides promoting higher efficiency in programme management and resource utilisation, this could serve as a platform for achieving a Sector Wide Approach. Intensive preparation activities included preparation and appraisal missions from Sweden and Denmark, workshops involving the Government and other major stakeholders, various consultancy services, and programme assessments carried out by the Embassy and Sida. The final proposal was for a programme covering the period 2005 to 2009, with a total budget of 500 MSEK. Sweden and Denmark would each contribute 190 MSEK, while GoK and beneficiary communities would jointly contribute the balance. The final proposal was approved by Denmark in August 2004 and Sweden in October 2004.

The programme supported the Ministry's Water Sector Reform Secretariat in further implementing the reform process. Major highlights during this period included the following:

- i. creation of 12 new Institutions (at national and regional levels) which would take over the Ministry's role in Water Resources Management and Water Services Delivery,

- ii. Recruitment of core staff, locating offices, etc.,
- iii. preparation of a transfer plan for assets from the Ministry to the new institutions,
- iv. preparation of national strategies for water resources management and water services delivery, and
- v. preparation of a communications strategy.

The programme further supported community programmes through NGOs and CBOs in various locations countrywide, mainly for provision of water and sanitation services in rural areas. Implementation of the project included capacity building in operation and management, promotion of democratic governance, gender equality, environmental conservation, health and hygiene promotion, and HIV/Aids awareness and prevention.

Achievements 2004: Water

- 5-yr Agreement (190 between Kenya, Sweden, and Denmark developed and finalised)
- Reform process supported through the Water Sector Reform Secretariat, new institutions established
- Through support to rural communities, water and sanitation services provided for 224,000 people

3.3.8 Roads

Support to the roads sector has been through the Roads 2000 programme, where the rural road network is rehabilitated and maintained, using appropriate and labour-based technology, where possible. Thus in addition to providing access to markets for rural farmers, employment through road building is provided.

The year 2004 saw the phasing out the project in Nyeri and Kirinyaga, which had both been supported since 1997/98. Activities comprised road rehabilitation in Kieni Division in Nyeri, and Mwea division in Kirinyaga.

Preparation activities for Nyanza programme included the following:

- Training of engineers and technical staff in road condition surveys, traffic census and soil conservation
- Mapping of the road network with GIS, establishment of roads databases, and development of a computer-based Road Maintenance and Management System
- Conducting a socio-economic baseline survey
- Community and Stakeholder consultative workshops prior to definition of criteria for interventions
- Carrying out a Training Needs Assessment and preparation of training modules for supervisors, implementers, and labour-based contractors

The resulting project document presented a programme with a proposed Swedish Contribution of 130 MSEK over the period 2005 to 2008. After further assessment by the Embassy and Sida, the project was finally approved in November 2004.

In late 2004, a Consultant carried out preliminary investigations towards determining possible areas where Sweden could support Road Safety in Kenya. On completion of the study, and after further consultations with other stakeholders active in this field, discussions will be un-

dertaken with the appropriate authorities on how Sweden can best assist in this crucial area.

Achievements 2004: Roads

- 4-year Agreement on support to a new programme covering Nyanza developed and finalised. The process also included consultancy studies and training activities for the implementers.
- Phasing-out activities in Nyeri and Kirinyaga: In Nyeri district, 3 roads of total length 24 km improved using labour-based contracting. Employment was generated for 770 people. Activities in Kirinyaga had been substantially completed.

3.3.9 Humanitarian Assistance – Drought in Kenya

During 2004 there has been a national emergency in Kenya as a result of the unfortunate convergence of three events, all three linked to rainfall patterns that characterise the country: rain failure and drought like conditions in some areas: premature end to the long rains coursing massive crop failure: grain mould afflicting stored grain and crops in the field and coursing further depletion of grain stocks. In addition, poor management and corruption also fuelled the complexity of the problem, with almost 3,7 million were affected who faced starvation and need of emergency relief assistance.

Sweden contributed a total amount of 10 MSEK to the Swedish Red Cross Society (5 MSEK) with Kenya Red Cross Society (KRCS) as an implementing organisation and to FAO in the aim of strengthening the President's Office for their emergency preparedness and response in Kenya. The objective for the contribution to Red Cross was to distribute adequate food and to conduct distribution of drought resistant seeds and farming tools and implement sanitation and water activities. For the contribution to FAO the objective was to strengthen and expand information systems related to emergency agriculture, livelihoods and food security. Both the programmes are co-ordinated with the President's Office. It was also decided to give the mandate to Head of SEKA to enter into agreement with SRCS, disburse the funds and to follow up the contribution.

The Embassy followed up the drought-affected areas in Kwale District and visited some project sites where KRCS/Ministry of Water intended to improve water and sanitation situation, funded by Sweden. The outcome of the visit was mainly that it was too late to purchase seeds for the upcoming planting season, that out of 7 proposed interventions it was proposed to start with six and that the issue of sustainability was of great importance.

As the decision for the contribution to FAO was taken in mid December 2004, the programme did not start until beginning of 2005.

In January 2005, the Kenya Red Cross Society requested an extension of the programme with three months. Due to late planning and contribution the seeds could not be purchased in time. The seeds for the April –June short rains are to be purchased and distributed to the target population in March-April 2005 and the implementation of water projects in Kwale and Makueni and training of the water committees will take place up to the end of April. Further on the purchase and distribution of Unimix for under five children will take place in the months of February-April and HIV/AIDS awareness activities is planned to end in March. Sida is in a process of extending the programme as requested.

3.4 Brief account of Sida Support to Regional Co-operation Programmes of Relevance for the Country

3.4.1 Support to Democratic Governance

In 2003 a regional framework for regional projects promoting democratic governance was established. In 2004 more than 10 MSEK was disbursed to 5 organisations. The framework is focusing on civil society but support is also provided to intergovernmental organisations (EAC). Some of the support is of a short term catalytic nature whereas a few of the organisations receive support for at least 2 years; Amani Forum (parliamentarians working with democratic governance and peace), ECWD (strengthening women in decision making) and EALS (the East African Law Society consisting of about 5000 lawyers in East Africa).

3.4.2 Lake Victoria Initiative

A new strategy for Swedish support to the Lake Victoria 2004- 2006 was approved in 2004 whose overall objective is to contribute to poverty reduction within a sustainable development framework. The strategy identified five activity areas viz: capacity building for sustainable development, empowering communities and individuals, a sound environment and sustainable use of natural resources, combating HIV/AIDS and private sector development for economic growth. Sustainable development, the regional nature of the interventions and complementarity with the bilateral programmes are emphasised.

The Lake Victoria Initiative (formerly Directorate) relocated to Nairobi from the Africa Department at Sida Headquarters during 2004. The relocation to East Africa and the implementation of the new strategy necessitated the need to increase the staff capacity hence the employment of two regional programme officers in addition to the Head and the existing programme officer located in Swedish Embassy Uganda.

The strategy and the location of LVI in Nairobi provided more opportunities for synergy with the Kenya bilateral programme. Notable among these includes participation in the expanded Development Co-operation meetings, Quality Assurance and MAINAC.

LVI continued to participate in the Lake Victoria Partnership Consultative Committee (PCC) meetings – held in March in Nairobi and November 2004 in Arusha-, contributed to the Partnership Fund and co-funded a high-level policy conference on over-fishing and fishing conflicts in the Lake Victoria Basin. Support was given to the EAC secretariat to co-ordinate the review and preparatory process of the World Bank funded Lake Victoria Environmental Management Project (LVEMP II), strengthening of the Lake Victoria National Focal Points in the three partner states and a feedback process for the EAC Vision and Strategy Framework for sustainable development of the Lake Victoria Basin. Support was also provided to the Nile Basin Initiative (NBI).

Support was also provided to the civil society – both Swedish and East African. LVI partnership with VI Agroforestry and Swedish Co-operative Centre through their LIFE programme was enhanced. A visit to SCC and VI projects in the Lake Victoria basin was made between 28th and 29th October 2004. The visit coincided with the signing of a Memorandum of Understanding between VI and the Ministries responsible for Agriculture and Livestock Development and Fisheries. A new agreement was signed with the Swedish Red Cross to implement a regional programme involving the three East African Red Cross Societies covering capacity building, disaster preparedness and HIV/Aids.

The partnership between Forum Syd and Ecovic came to an end during the review period. An evaluation of the partnership was conducted, a report submitted and a six-month bridging support provided in the interim pending a concrete way forward in 2005. A bridging support to Osienala, a national Kenyan NGO – channelled through MS Kenya (Danish Association for International Co-operation)- also came to an end. A review of the support was conducted in late 2004 and a possible way forward will be discussed and finalised in 2005.

The collaboration between LVI and other sector departments/Embassies continued in 2004. Through this process, the completion of the upgrading of the Jomo Kenyatta Grounds in Kisumu was realised through a delegated mandate to the Kenya Bilateral programme. Other programmes implemented through the delegated mandate to INEC/Urban included the Cities Development Strategies and the Kampala Ecological sanitation project.

The co-operation between Lake Victoria Region Local Authorities Co-operation (LVRLAC) and Union of Baltic Cities (UBC) continued to get support from the LVI. A review of this co-operation is planned in 2005, a process that will lead to the development of Phase III. It is envisaged that this next phase will be within the framework of sustainable development that the new Swedish strategy espouses. Further, drawing lessons from this co-operation will be of essence.

LVI held meetings with the EAC on 16th and 17th September 2004 in Arusha and with Stockholm-based sector departments and embassies on 27th and 28th September 2004 in Entebbe as part of the planning process and in tandem with the strategy. These meetings formed the basis of the 2005 LVI plan.

3.5 Office and administrative issues

Personnel Resources 2004

During 2004 the Embassy staff as a whole has increased. Within the bilateral development co-operation the staffing has been as follows:

- 1 Counsellor,
- 0,75 Economist
- 2 posted Programme Officers
- 3 National Programme Officers
- 1 Assistant Programme Officers
- 2 Secretaries

On the regional side two new programmes have been added i.e.

- The Lake Victoria Initiative with 1 Counsellor, 2 Regional Programme Officers
- The Regional Rural Development with 1 Counsellor, 1 posted Programme Officer

Other regional programmes are:

- The Regional Demo/MR with 1 Advisor and 0,5 Assistant Programme Officer
- The Humanitarian Assistance with 1 First Secretary

Office

The office in Lion Place is divided into two separate sections:

- The East Wing with DCS and the Regional Development Programmes as well as the Political/Multilateral/Commercial and Information Sections
- The West Wing with Consular/Migration and Administration.

However, the current space is inadequate. We have therefore been discussing with another tenant to take over part of their office. Unfortunately this has not been possible.

When we, for security reasons, moved from International House in the center of Nairobi, to Lion Place further to the north, the plans for a future Embassy building were still considered. In the spring we learnt, however, that those plans were abolished and we should stay in Lion Place. This situation is very unfortunate. In an already crammed office, we have to make room for more officers. The signals from home are that there is no budget for any significant improvement.

Annex 1

Kenya at-a glance

	Kenya		Tanzania		Uganda	
	1995	2002	1995	2002	1995	2002
Macro Environment						
GNI per capita (US, PPP)	1,000	1,010	440	500	1,000	1,320
Population mid-year (millions)	27	30	30	34	19	23
GDP growth (1991-95 and 1996-2000, avg%)	1.6	1.8	1.8	4.1	7.0	6.1
Openness (Imports + Exports/GDP)	71.4	62.1	46.0	48.6	32.6	39.8
FDI inflows (net%GDP)	0.4	1.1	5.1	3.8	2.1	2.5
Governance						
Informal payments (% of revenue)	-	3.8	-	1.5	-	2.4
Confidence in the judiciary (% disagree)	-	51	-	53	-	70
Control of corruption (Scale of 5 to 6)	-	-1.0	-	-1.0	-	-
Rule of Law (Scale of -5 to -5)	-	-1.0	-	-0.5	-	-
Political Stability(Scale of -5 to -5)	-	-0.9	-	-0.3	-	-
% of senior management time with government officials	-	14.0	-	16.0	-	0.4
Infrastructure						
Share of firms with own generator (%)	-	70	-	55	-	35
Days to clear imports (longest in last year)	-	20	-	33	-	11
Telephone lines in largest city (per 1000 people)	78	78	23	20	-	37
Personal computers (per 1000 people)	1	5	-	1	-	3
Paved roads (%of total)	14	12	4.2	-	-	67
Finance						
Cost of capital (lending interest rate%)	28.8	15.0	-	-	-	16.7
Share of credit from financial institutions (%)	-	29	-	8	-	12
Credit to private sector (Stock,% of GDP)	34	30	13	29	-	7

Annex 2

Kenya Millennium Development Goals, 1990-2003

	1990	1996	1997	1998	1999	2000	2001	2002
Goal 1: Eradicate extreme poverty and hunger								
<i>Target 1: Halve between 1990 and 2015, the proportion of people whose income is less than one dollar a day</i>								
Poverty head count (%)	49.0	..	52.0	..	..	..	55.0	..
Population below \$ 1 a day (%)	..	..	23.0	..	..	..	..	..
Poverty gap at \$ 1 a day (%)	..	..	6.0	..	..	..	..	..
Income share held by lowest20%	..	..	5.6	..	..	..	..	..
<i>Target 2: Halve, between 1999 and 2015, the proportion of people who suffer form hunger</i>								
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	22.1	..	..	..	..
Nutrition, undernourished as percentage of total population	47.0	..	40.0	..	..	..	44.0	..
Goal 2: Achieve Universal Primary Education								
<i>Target 3: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</i>								
School enrolment, primary (% net)	..	..	..	65.8	64.9	68.2	69.9	..
School enrolment, primary (% gross)	95.0	83.7	85.9	90.2	89.0	93.6	96.0	..
Persistence to grade 5, total (% of cohort)	..	..	..	..	..	..	..	..
Literacy rate, youth total (% of people ages 15-24)	89.8	93.4	93.8	94.3	94.7	95.1	95.5	95.8
Goal 3: Promote gender equality and empower women								
<i>Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015</i>								
Ratio of girls to boys in primary and secondary education (%)	94.0	..	..	96.8	96.3	97.2	98.0	..
Ratio of young literate females to males (%ages 15-24)	93.4	96.6	97.0	97.4	97.7	98.1	98.4	98.6
Women age employment in non-agricultural sector as percentage of total non-agricultural employees	21.4	29.4	32.2	32.1	33.8	35.6	37.8	..
Proportion of seats held by women in national parliament (5)	..	..	..	..	..	..	..	..
Goal 4: Reduce child mortality								
<i>Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate</i>								
Mortality rate, under-5 (per 1,000 live births)	97	..	..	..	..	120	..	122
Mortality rate, infant (per 1,000 live births)	63	..	..	..	..	77	..	78
Immunization, measles (% of children under 12 months)	78.0	81.0	79.0	78.0	76.0	77.0	78.0	78.0

	1990	1996	1997	1998	1999	2000	2001	2002
Goal 5: Improve maternal health								
<i>Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ration</i>								
Maternal mortality ratio (modelled estimate, per 100,000 live births)	..	..	..	..	..	..	590	..
Births attended by health staff (%of total)	50.0	..	..	44.3	..	..	44.0	..
Goal 6: Combat HIV/AIDS, malaria and other diseases								
<i>Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDs</i>								
Prevalence of HIV, total (% of adult population)	5.1	..	11.6	..	13.9	..	15.0	10.2
Prevalence of HIV, female (% of women ages 15-49)	..	..	..	..	13.0	..	15.6	..
HIV prevalence among pregnant women, aged 15-24, all areas	..	..	..	..	..	..	21.8	..
Contraceptive prevalence rate (% of women ages 15-49)	..	..	..	39.0	..	..	..	..
Number of children orphaned by HIV/AIDs	..	..	..	..	..	..	..	..
<i>Target 8: Have halted by 2015, and began to reverse, the incidence of malaria and other major diseases</i>								
Malaria death rate per 100,000 all ages							63	
Malaria prevention, use of insecticide-treated bed nets in population<5 per cent							2.9	
Malaria treatment, percentage of population < with fever being treated with anti-malarial drugs				40.0			65.0	
Incidence of tuberculosis (per 100,000 people)	..	..	..	..	417	484	515	540
Tuberculosis cases detected under DOTS (%)	..	59.0	55.0	57.0	53.0	43.0	47.0	48.8
Goal 7: Ensure environmental sustainability								
<i>Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</i>								
Forest are (% of land area)	31.7	..	..	..	..	30.0	..	..
Protected area ratio to surface area	..	..	..	..	..	..	..	..
GDP per unit of energy use (1995 US\$ per kg of oil equivalent)	0.7	0.7	0.7	0.7	0.7	0.6	0.7	..
CO2 emissions (kg per 1995 US\$ of GDP)	0.7	1.0	0.7	0.9	0.9	0.9	..	..
<i>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water</i>								
Improved water source (% of population with access)	45.0	..	..	..	..	57.0	57.0	..
<i>Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers</i>								
Improved sanitation facilities (% of population with access)	80.0	..	..	..	..	87.0	..	..
Goal 8: Develop a global partnership for development								
<i>Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</i>								
Aid (% of GNI)	14.6	6.6	4.3	3.7	3.0	5.0	4.2	3.2
<i>Target 13: Address the special needs of the Least Developed Countries</i>								
<i>Target 14: Address the special needs of the land locked countries and small island developing countries</i>								
<i>Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</i>								

	1990	1996	1997	1998	1999	2000	2001	2002
Debt service (PPG and IMF only,% of exports of goods and service)	35.4	27.8	22.1	23.2	25.7	18.7	15.8	13.6
<i>Target 16:</i> In cooperation with developing countries, develop and implement strategies for decent and productive work for youth								
<i>Target 17:</i> In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries								
<i>Target 18:</i> In cooperation with the private sector, make available the benefits of new technologies, especially information and communications								
Telephone mainlines (per 1,000 people)	8	10	10	10	11	10	10	10
Fixed line and mobile telephone (per 1,000 people)	8	10	10	11	11	15	30	52
Personal computer (per 1,000 people)	0	2	3	4	4	5	6	6

Annex 3

Kenya Selected Social Indicators

	Kenya, Latest Single Year			Sub-Saharan Africa	Low-Income Countries*
	1970-75	1980-85	1996-2002		
Population					
Population, total mid year (millions)	13.7	19.9	31.4	673.9	2,506
Population growth	3.1	2.5	1.9	2.3	1.8
Urban population (percent of population)	12.9	19.8	35.2	33.1	30.6
Total fertility rate (births per woman)	8.0	6.9	4.2	5.1	3.5
Poverty (percent of population)**					
National	--	--	52	--	--
Urban	--	--	49	--	--
Rural	--	--	53	--	--
Income					
GNI per capita, PPP (current international, U.S. dollars)	340	670	1010	1700	2110
GNI per capita, Atlas method (current U.S. Dollar)	250	300	360	450	430
Public Expenditure					
Health (percent of GDP)	--	--	8.7	6.0	4.4
Education (percent of GNI)	6.3	6.4	6.5	4.1	3.3

	Kenya, Latest Single Year			Sub-Saharan Africa	Low-Income Countries*
	1970-75	1980-85	1996-2002		
Net primary school enrolment rate (percent of population)					
Total	88	91	65	80	80
Male	93	92	65	86	85
Female	83	89	65	74	74
Access to improved water source (percent of population)					
Total	--	27	57	58	76
Urban	--	61	88	83	90
Rural	--	21	42	46	70
Immunization rate (percent under 12 months)					
DPT	--	63	84	59	70
Measles	--	70	78	57	64
Child malnutrition (percent under 5 years)					
	--	--	23	--	--
Life					
Life expectancy at birth, total (years)	52	57	46	47	59
Life expectancy at birth, female (years)	55	59	46	48	60
Life expectancy at birth, male (years)	51	55	45	46	58
Mortality					
Under-5 (per 1,000 live births)	156	115	122	175	123
Infant (per 1,000 live births)	92	77	78	104	80
Adult (15-59)					
Male (per 1,000 population)	467	416	578	519	310
Female (per 1,000 population)	379	339	529	461	259
Maternal (per 1,000 population)	--	--	590	--	--
Births attended by skilled health staff (percent)					
	--	--	44	--	--

Source: World Bank, World Development Indicators 2003

* Low-income countries are those that had a GNI per capita of 755 U.S. dollars or less in 2000

** These data are for 1997. Poverty rates for 1994 are 43.7 percent at the national level, and 29.0 percent and 46.3 percent in urban and rural level.

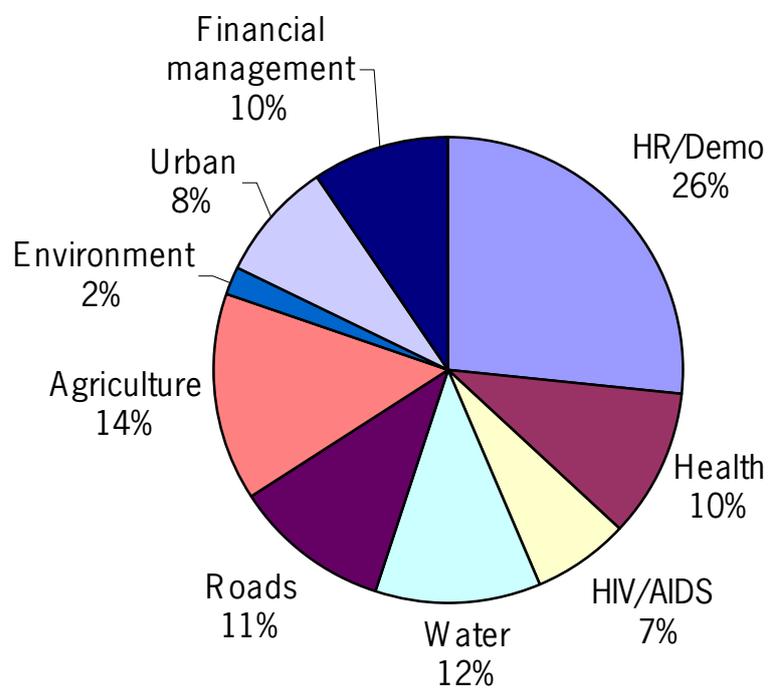
Annex 4

Strategic Documents Received

1. Shared Responsibility: Sweden's Policy for Global Development
2. Looking Back, Moving Forward: Sida's evaluation Manual
3. Sida's Anti-corruption Strategy
4. Improving incomes among rural poor
5. Sida's Rating System
6. Pulling Apart: Facts and Figures on Inequality in Kenya

Annex 5

Distribution sectors/programmes



Sector/Programme

Sector/Programme	Million Sek
HR/Demo	73,5
Health	28,9
HIV/AIDS	18
Water	32
Roads	30
Agriculture	40
Environment	5
Urban	22,7
Financial management	26,5
Total	276,6

Annex 6

Draft, Country Plan Kenya For 2005

Alloc Ac-count Title	Dev/No Dev Coop Agreem	Main Sector	4. Status	Agreem. ID	Agri Period	Contribution ID and title	Resp. Unit = right to use funds	Total number of Sida HQ weeks in the field	Dept. and Unit to supply the field weeks	Planned Strategic Activites per contribution during 2005	DAA Total = approx. agreement amount	Disbursed amount 2004	FC2005	FC2006	FC2007	FC2008	FC2009	FC2010	
01 Kenya	DEV AGR	1. DEMO GOV	A		2004-2005	Legal Sector Reform Programme/bridging	311	3	DESA (PS)	Incl. Legal Aid Scheme, judiciary, police + prisons. Focus on access to justice + women & children. SWAp. Assess. 2003-4 SWAP foreseen	30 000	15 037	15 000						
			P		200506-2008	Legal Sector Reform Programme	311	3	DESA (PS)	SWAP foreseen	50 000		5 000	15 000	15 000	15 000			
			P		200406-200606	31220001 Diakonia, Youth	311		DESA	Possible cooperation 2004-6 on social movements & youth + old agr. finalised June 2004	6 000		3 000						
			A		2004-2006	31240010 HR&Civic Education - UNDP	311	2	DESA (PB)	Legal Aid, Paralegals, Advocacy on HR and Civic Education via UNDP	30 000	10 000	9 000	11 000					
			P		2004-2005	31240030 Women's Rights CSOs- UNIFEM	311		DESA	via UNIFEM	39 000	12 000	12 000	15 000					
			P		2004-2006	Child Protection- SCS	311		DESA	via Save the Children, Sweden	6 000	2 000	2 000	2 000					
			P		2004-2006	31240040 Rights of the Child and adolescents, UNICEF	311		DESA	support to CSOs and Gov via UNICEF	46 000	15 000	14 000	17 000					

Alloc Ac- count Title	Dev/No Dev Coop Agreem	Main Sector	Agreem. ID	Agri Period	Contribution ID and title	Resp. Unit = Fight to use funds	Total number of Sida HQ weeks in the field	Dept. and Unit to supply the field weeks	Planned Strategic Activites per contribution during 2005	DAA Total = approx. agreement amount	Disbursed amount 2004	FC2005	FC2006	FC2007	FC2008	FC2009	FC2010
4. Status																	
A				2004-2006	Mainstreaming in action	311		DESA	Shift towards implementation mode, Evaluation planned	2 000	462	1 000	500				
A				2004-2004	Personnel & Consul- tancy fund	311											
A				2004-2004	Programme Devt. Funds	311			Prog.Devt Studies, consul- tancies etc	9 000	6 410						
P				2005-2005	Strategic fund	311			Personel and consultancy fund, PDF, specific projects, ITC	12 500		12 500					
A				2004-2006	31210036 EPPP-En- gendering Politics	311			Engendering the Political process	54							
1. DEMO GOV Total																	
2. Sociala Sektorer			A	A3100086 200007 - 200506	31102001 Reform Secretariat, Health	311				90 000	26 803	14 000	0				
			A	31102003 200007 - 200506	Collab Moi Univ -Linkop, Health	311			DDA included in the above contr.	0	1 800	900	0				
			I	A3100086 200507 - 200806	31102001 Integrated Rural Health Services Programme	311	4	Reg Lu- saka (3) + Hälsa (1)	Including support to the develop and impl of revised Strat.Plan	75 000	15 000	30 000	30 000				
			A	200401 - 200612	HIV/Aids Direct support	311	4	HIV/AIDS team Lu- saka (3) +sekt. HQ (1)	Support through AMREF to CBOs. Will incl. women's rights, cultural campaigns, adolescents etc	53 000	13 021	14 979	20 000	5 000			
2. Sociala Sektorer Total										218 000	41 624	44 879	50 000	35 000	0	0	0

Alloc Ac-count Title	Dev/No Dev Coop Agreem	Main Sector	Agreem. ID	Agr Period	Contribution ID and title	Resp. Unit = Fight to use funds	Total number of Sida HQ weeks in the field	Dept. and Unit to supply the field weeks	Planned Strategic Activites per contribution during 2005	DAA Total = approx. agreement amount	Disbursed amount 2004	FC2005	FC2006	FC2007	FC2008	FC2009	FC2010	
4. Status																		
	5. URBAN	P		2005-2007	Min of Land, Urban system informal sett.	311	3	URBAN	Support to land tenure guidelines. Ministry of Lands to develop Land info system& communication	49 000	15 800	17 900	15 300					
	A		31104001-02	2003-2005	Urban - land info system informal sett.	311			Extention	4 500	2 874							
		P		2005-2007	Urban through Civil Society	311	1	Urban	Participatory methods for Urban management	20 000	3 000	7 000	10 000					
5. URBAN Total																		
	99. Un-specified	P		2005-2007	Financial management Programme incl. Anti corruption	311	3	POM	Assessment	45 000	15 000	15 000	15 000					
		P		2004-2007	Support civil society capacity for dialogue on dev. issues	311				5 000	1 500	1 500	1 000					
	A		A3100094	200211 - 200412	31000112 IFMIS	311			To be extended		6 332	0	0					
		P		2005-2007	31000112 IFMIS	311	4	2 Deso, 2 Info	Fin. management, software licences, user training, roll-out to other ministries and districts.	30 000	10 000	15 000	5 000					
99. Unspecified Total																		
DEV AGR Total																		
									SAK Weeks others: Afra:2	1 267 515	163 969	343 679	373 900	309 300	219 000	0	155 000	
									INFO:2 POM general:2	80 000	6 332	26 500	31 500	21 000	0	0	0	
									60.+ 6 weeks total 40	1 267 515	163 969	343 679	373 900	309 300	219 000	0	155 000	

Alloc Ac- count Title	Dev/No Dev Coop Agreem	Main Sector	Agreem. ID	Agri Period	Contribution ID and title	Resp. Unit = right to use funds	Total number of Sida HQ weeks in the field	Dept. and Unit to supply the field weeks	Planned Strategic Activities per contribution during 2005	DAA Total = approx. agreement amount	Disbursed amount 2004	FC2005	FC2006	FC2007	FC2008	FC2009	FC2010
	NO DEV	1. Demok- ratis sambands- tyrning, MR och konflikt- foreb.	A	2004-2006	72601168 RWI Kenya 2004-6	726	DESA	Support to Kenya programme and part of Nairobi office	9 882	4 164	2 817	2 900					
			A	2003-2004	31230023PAT 2003				9 882	4 530	2 817	2 900	0	0	0	0	0
		1. Demokratisk samhälls- tyrning, MR och konflikt- foreb. Total															
		3. Infra- struktur, näringsliv, urban utveck- ling och finansiella system	A	200211 - 200512	31000113 Majina Ufanisi	311	URBAN	Grassroot initiatives (water and sanitation, slum dwellers federation)	5 722	2 754	0	0	0	0	0	0	0
		3. Infrastruktur, näringsliv, urban utveckling och finan- siella system Total							5 722	2 754	0	0	0	0	0	0	0
		99. Un- specified	A	200409 - 200808	31350000 POSoil Conservation /Health	212			1 898	1 800	1 800	1 800					
			A	200409 - 200808	31350001 PO MR/DEMO	212			1 543	1 600	1 600	1 600					
			A		21200007KTA2000 Kenya	395											
			P	2004-2006	NPO	311			10 700	2 591	3 500	4 500					
		99. Unspecified Total							10 700	6 426	6 900	7 900	0	0	0	0	0

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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