

# Strategy for development cooperation with

# Kenya

January 2009 – December 2013



REGERINGSKANSLIET

Government Offices  
of Sweden

## Memorandum

*Annex to Government decision 20 January 2009*

**Ministry for Foreign Affairs  
Sweden**

### **Strategy for development cooperation with Kenya 2009-2013**

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#### **SUMMARY**

The overarching goal of Swedish development cooperation with Kenya is a Kenya in which all poor people have the opportunity to improve their living conditions, and where their human rights are realised.

The overall strategic dialogue issues are: economic growth, just and equitable distribution of resources and opportunities, a rights perspective in policymaking and policy implementation, the fight against corruption, and implementation of vital reforms to address the historical obstacles to development that lay at the root of the violent outbreaks at the beginning of 2008.

Development cooperation with Kenya will be focused on the following sectors: democratic governance and human rights, natural resources and the environment, and urban development. Aid will be provided for implementation of key reform programmes and support will at the same time be extended to civil society in order to generate pressure for their implementation.

The Swedish strategy is based on the Kenya Joint Assistance Strategy (KJAS) that therefore forms an integrated part of the cooperation strategy. In accordance with the stated process objectives, Sweden will work for the establishment of a mechanism for following up results and commitments set out in Kenya's poverty reduction strategy.

Although Kenya's development has moved in a positive direction in recent years, major challenges remain in a number of areas, mainly democratic governance, but also equitable distribution of government resources, more balanced development in the country as a whole and continued reduction of poverty in all its dimensions. The situation

following the 2007 elections highlighted issues which, though crucial to Kenya's development have remained unresolved since independence. These include the need for a new constitution and land reform, the problems associated with a society and a political environment based on ethnic and personal alliances, the need to end impunity for corruption and to address the problem of growing slum neighbourhoods in urban areas. Swedish development cooperation will focus on these issues.

The results analysis points to the need for sector concentration and more systematic performance follow-ups. It also emphasises that efforts to ensure that all programmes and projects are informed by a rights perspective have been successful and should continue. Sweden's comparative advantages lie in its extensive knowledge of Kenya, based on a long-standing presence and previous cooperation, its strong credibility with the Kenyan Government and civil society given its lack of a colonial past, the broad character of Swedish-Kenyan relations and a long history of development cooperation with the country. Together, these factors create conditions conducive to dialogue, even on difficult issues such as democracy, human rights and combating corruption.

Swedish aid to Kenya for the period 2009–2013 will amount to approximately SEK 350 million per year, excluding humanitarian aid, regional programmes and support via Swedish framework organisations.

## **Part 1. Aims and objectives**

### **1. Objectives and priorities**

The goal of Sweden's policy for global development is to contribute to equitable and sustainable global development. The objective of Swedish development cooperation is to contribute to an environment supportive of poor people's own efforts to improve their quality of life. A human rights perspective and the perspective of poor people on development must inform all initiatives, programmes and projects, in accordance with the policy for global development.

The overall goal of Swedish development cooperation with Kenya is a Kenya where all poor women, men, girls and boys have the opportunity to improve their living conditions, and where their human rights are realised.

Kenya's long-term vision of development as set forth in its statement of objectives, namely a globally competitive and flourishing nation with a high quality of life by 2030, lays the emphasis on the economic

dimension of development, although the strategy also includes reforms aimed at democratic development. The Swedish objective lays greater stress on poor people as actors, and on human rights. This difference in emphasis and approach between these goals are also reflected in the description of the different sectors below.

The process objectives for Swedish development cooperation, which are followed up through the Paris Declaration monitoring process, are:

- to promote the establishment of one common mechanism for following up performance and commitments within the framework of the KJAS and the Medium Term Plan 2008–2013 (MTP, the government plan for achieving Kenya's Vision 2030),
  - a transition to sector programme support in those sectors where Sweden is active, and an increase in the proportion of government-to-government support provided through programme-based approaches to 80 per cent
  - to seek to ensure that a larger proportion of all donors' development resources are channelled via Kenyan government systems, and that the share is increased to 66 per cent in accordance with the KJAS.
- In addition, Sweden will continue to strive to be a flexible, predictable donor that meets its commitments. It shall as far as possible adapt to and utilise national systems, and coordinate its activities with those of other donors.

Dialogue will be held in order to facilitate achievement of the overall development cooperation objective. The strategic dialogue issues are: economic growth, just and equitable distribution of resources and opportunities, ensuring that Kenyan policymaking and policy implementation are informed by a rights perspective, and implementation of vital reforms relating to the underlying causes of the events of early 2008. Corruption-related issues, including impunity in connection with corruption involving high-level officials and politicians, will also be pursued.

## **2. Direction and scope**

### ***2.1 Areas of cooperation***

Swedish development cooperation will focus on three sectors: *democratic governance, natural resources and the environment* and *urban development*. Accordingly, Sweden will seek to promote economic growth that benefits poor individuals and groups, and to foster social development,

sustainable management of natural resources and democratic governance. The above sectors have become increasingly relevant in light of the outbreak of violence that took place in early 2008, and correspond to the challenges that those events laid bare. This choice of sectors will enable Sweden to support Kenya's development work within the three pillars of the MTP, namely economic, social and political development. Sweden will seek to provide a cohesive programme in each sector.

### *Democracy and human rights*

Objective: A more efficient state that respects and promotes human rights and the rule of law.

The importance of strong and robust institutions and democratic, well-functioning parties to stable, democratic and sustainable development is even more apparent in light of the events in early 2008, which followed on the 2007 elections. Swedish support will accordingly focus on implementation of two reforms crucial to democratic and efficient governance that counteracts corruption: (i) institutional development and reform in the justice and legal sector, and (ii) improved public financial management. Sweden will also support reform measures and initiatives which will be needed to ensure that the two main reforms will deliver results, among other things by supporting the development of a democratic, responsible culture among political parties and those in power. Supplementary initiatives also include a results-oriented public administration (reform of the public sector) and support for the work of the committees and commissions set up to address the underlying causes of the crisis.

Sweden must promote a rights-based approach, support the government to base its activities on the perspective of poor people on development, seek to ensure protection for especially vulnerable groups and individuals, including children and individuals with disabilities, and promote equality between men and women within the administration and political decision-making. Sweden will also continue to promote greater political participation among women and young people by providing direct support and through political dialogue. Supplementary support will be extended to civil society in collaboration with other donors.

### *Natural resources and environment*

Objective: Improved management of natural resource utilisation with a focus on sustainable growth that benefits poor people.

Swedish efforts in this sector will focus on support for reform measures aimed at securing access to water resources, clean water, increased productivity and the commercialisation of agriculture.

Cooperation in the water sector will include reforms and investment aimed at promoting decentralisation, improving access to and the commercialisation of water, more effective supervision and management of water resources, and efforts aimed to reduce the impacts of climate change on water users.

Extension services coupled with better access to markets, inputs and financing facilitate the commercialisation of the agricultural sector, leading to better food security, economic growth and more productive jobs in rural areas. Support reforms, which are needed to ensure results in the water and agricultural sectors, and which Sweden will therefore support, will include land reforms (land rights) and environment. Civil society organisations will be supported with a view to promoting greater popular participation in planning, decision-making and policy implementation, and enhancing awareness of rights and responsibilities with regard to natural resources and the environment. The water and agricultural programmes give women and young people the opportunity to develop the necessary skills to take part in local committees.

### *Urban development*

Objective: Improved urban planning which allows for the participation of poor residents.

Much of the rioting at the beginning of 2008 started in the slum areas in the cities. Sweden will among other things support the Kenyan Government's efforts to improve living conditions and strengthen the right of the urban poor to equal participation in decision-making. Support will include contributing to the development of an urban policy, improved land-use planning in urban areas, and better planning of the urbanisation process itself, with particular focus on slum areas. In addition, Sweden will extend support to the Government and civil society for reforms aimed at providing greater access to affordable housing, and seek to strengthen the role of civil society in spurring demand for rights and services.

### *Other forms of support*

Swedish aid to civil society will over and above support to the above-mentioned sectors will also include support for HIV/AIDS. It will be aimed at strengthening efforts within civil society to prevent the further spread of the HIV/AIDS epidemic and mitigate its social effects, and supplements the government HIV/AIDS programme.

Kenya has traditionally pursued a generous refugee policy and has a history of active commitment to peace processes in neighbouring countries. Sweden supports this by providing humanitarian aid to refugees residing in Kenya. Refugee issues and migration are being integrated into several programmes; support for reform of the legislative process to some extent embraces legislation concerning refugee and migration issues. Efforts to ensure that development cooperation and direct support for human rights are informed by a rights-based approach have included human rights training programmes for border police. Support for gender equality and child protection includes efforts to combat human trafficking both in and outside the country.

Sweden will actively seek to ensure implementation of existing policies and instruments for promoting trade and growth.

### *Phase-out sectors*

By 2011, Sweden will have phased out support to the road sector as other major actors (the World Bank, the EU Commission and the US) are active in this area. Several donors (Denmark, the World Bank, USAID and the UK) have stepped up support to the health sector and Sweden will accordingly terminate aid in this sector at the end of 2008.

### *Links to the Swedish Government's thematic priorities*

Both dialogue and cooperation areas are focused on the Swedish Government's three thematic priorities for development cooperation. Sweden's strong orientation towards democracy and human rights finds expression through dialogue, mainstreaming and direct support. One third of total Swedish aid is channelled to these areas. Swedish support also focuses on women's participation in the planning and designing of initiatives in all sectors. Substantial support is also extended to projects aimed at increasing women's political participation. A significant proportion of aid to the water sector is aimed at reducing the impact of climate change on those using water resources. Cooperation in the environmental sphere is aimed at improving the management of natural

resource utilisation, an area that will become even more important as the impacts of climate change intensify.

## *2.2 Aid modalities*

The various modalities of development cooperation are governed by Sweden's application of KJAS financing scenarios. Programme-based approaches will be the predominant form of government-to-government cooperation in the basic scenario. General budget support is not relevant at the present time. Should Sida find that conditions have changed, a review of the general budget support issue should be undertaken by the agency in consultation with the Government Offices (Ministry for Foreign Affairs) as part of the mid-term review. A decision to extend general budget support requires a formal government decision in accordance with Government Decision 2008-04-10 on changes to the guidance for assessment and management of budget support for poverty reduction.

Provided that the Swedish Government takes a formal decision to introduce a new system for financing development loans and guarantees, this form of support may be used in sectors receiving Swedish aid during the strategy period. The current portfolio composition, with approximately one third of aid going to Kenya's civil society and two thirds allocated via the Government, will be retained.

Continued humanitarian aid may be on the agenda in view of the large number of refugees from neighbouring countries, and the risk of natural disasters. Existing and new IDPs may also require humanitarian intervention if disturbances flare up again. Humanitarian aid may also be needed in the event of recurring drought and flooding.

A substantial portion of Swedish support to civil society is channelled through the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the United Nations Development Fund for Women (UNIFEM) as these bodies are effective, neutral channels with a wide reach. Moreover, UN bodies maintain broad policy dialogues with governments and can promote closer collaboration between the latter and civil society. The International Labour Organization (ILO) is a key partner during the phase-out of support to the road sector.

Kenya has taken significant steps towards improving public procurement. Sweden will increasingly be using the Kenyan public procurement system including audits and quality control. Rapid follow-ups of audits also reduce the risk of misuse of Swedish funds and



strengthen Kenyan systems. Sweden will continue to emphasise the importance of external audits.

## 2.3 Dialogue issues

The overarching strategic issues for dialogue are:

- Economic growth
- Just and equitable distribution of resources and opportunities
- Inclusion of a human rights perspective in all activities related to the development and implementation of Kenyan government policies
- Implementation of the important reforms needed to address the underlying causes behind the political and humanitarian crisis that erupted at the beginning of 2008.

Dialogue will be designed and developed in close alignment with Kenya's own policy priorities. It must be clearly linked to sectors which Sweden supports. Particular attention will be focused on a new constitution, a new electoral law and implementation of land reforms. The need to achieve reconciliation and nation building will also be addressed. The issue of corruption, including high level impunity, will also be pursued, as will greater political participation of women. Climate change will continue to occupy a prominent place on the dialogue agenda.

The overarching strategic issues will be pursued in sectors receiving Swedish support through dialogue, integration of issues in relevant programmes and targeted measures. Dialogue must be premised on Kenya's international and regional commitments. The platforms for dialogue will primarily comprise the sectoral and annual reviews of all development cooperation projects and programmes, and other inputs where possible.

To this must be added the ongoing broad political dialogue maintained mainly by the EU, which is often conducted without direct connection with Swedish initiatives. Forming part of this dialogue is the strategic partnership of the EU-Africa Strategy Bearing in mind positive previous experience, the possibility of undertaking broad-based dialogue projects with a view to promoting a national dialogue on these issues will be examined.

## 2.4 Scope (*volume*)

Expenditure on bilateral cooperation with Kenya will amount to approximately SEK 350 million per year. A mid-term review will be

carried out in 2011. However, over and above this assessment, and the annual consultations between Sida and the Ministry for Foreign Affairs, there should be continuous readiness to review the volume, direction and channels of cooperation should development in terms of democracy and human rights, as well as the issues that arose following the 2007 election, move in the wrong direction. A review of the development strategy may also be appropriate if the impact of the global economic downturn proves unexpectedly severe. If there is a return to the previous favourable trends in Kenya in terms of increased democratic space, democratisation at different levels of society, greater respect for and protection and realisation of human rights, as well as efforts to fight corruption, consideration may be given to increasing Swedish support. Any change in the volume of development cooperation requires a government decision.

At present, approximately one third of all aid is allocated to Kenyan civil society, while two thirds is channelled via the Government. Approximately ninety-five per cent of the latter is included in the government budget.

### 3. Implementation

The risks attendant on strategy implementation include the existence of individuals or groups who may have an interest in impeding reform, potential political setbacks, and inadequate implementation of reforms designed to address the underlying causes of the crisis at the beginning of 2008. There is also the possibility that political activity will be focused primarily on preparations for the 2012 elections, a move that could diminish the incentive for politicians to vigorously pursue a poverty reduction policy and implement vital reforms. Corruption is an obstacle to development. The mid-term review in 2011 will examine whether progress has been made by the commissions and committees appointed after the national agreement of February 2008, whether the MTP is being implemented according to plan, and whether the programmes supported by Sweden have achieved the desired results.

Results in the areas covered in the mid-term review will be taken into account when assessing the scope and direction of Swedish aid to Kenya. *Performance in the programmes and projects supported by Sweden* will be evaluated to determine to what extent the stated objectives in each case have been met. *Efforts by the commissions and committees* to address the underlying causes of the crisis and the extent to which their recommendations have been *implemented* will be assessed against an agreed timetable. With regard to *improvement in living conditions* in the

country, indicators of poverty, inequality, gender equality and the ability of people to influence development in these areas will be followed up in the long term. Implementation of the MTP will be followed up in the short term.

The table below sets out the expected development scenarios in Kenya and their consequences for Swedish development cooperation in the period leading up to the mid-term review.

	<b>Objectives met or exceeded</b>	<b>Some objectives met, others not</b>	<b>Very few objectives met</b>
<b>Commissions and committees appointed to address the underlying causes of the crisis at the start of 2008</b>	An increase in total aid volume may be considered.	Political dialogue may be strengthened to support ongoing work. No change in total aid volume may be considered.	Total aid volume may be reduced. Changes in the direction or composition of support (see below), including intensified cooperation with civil society, may be considered.
<b>Implementation of Medium-Term Plan</b>	An increase in total aid volume may be considered. The ratio of programme support to total aid may be increased.	No change in total aid volume may be considered.	Total aid volume may be reduced unless the causes are external. Increased focus on support to agricultural and water sectors and support through civil society may be considered. The ratio of programme support to total aid may be reduced.
<b>Results for Swedish programmes and projects</b>	An increase in total aid volume may be considered. Aid volumes for individual programmes may be adjusted upwards.	No change in total aid volume may be considered. Aid volumes for individual programmes may be adjusted on the basis of results achieved.	Total aid volume may be reduced unless the causes are external. Support may be targeted at areas where there is a political will for reform, and through civil society.

The outcome of the work of the commissions and committees, and the extent to which their recommendations are implemented will be decisive for the structure and composition of Swedish development cooperation. *Negative development* could result in a reduction in the volume of aid

initially planned. Support for reform in the sphere of democratic governance may be reviewed as confidence in the Kenyan Government would presumably diminish. Increased aid in the water and agricultural sectors will be predicated on the provision of services to vulnerable groups. Support to and via civil society may assume increasing importance. If development should *exceed expectations* the possibility of stepping up the volume of aid for development cooperation may be considered. This would be the case if the work of the various committees and commissions leads to recommendations which are realistic and implemented effectively.

Swedish development cooperation in the three priority sectors will include financial support, dialogue, advice, capacity development, institution building and efforts to enhance the ability of individuals and organisations to demand government accountability. Where possible, Swedish actors, including NGOs and organisations associated with political parties, will be involved. Special efforts will be made to promote women's participation in and influence on development, as well as child impact analyses and child participation where possible.

### *3.1 Cooperation with other donors, including multilateral actors*

Cooperation with other donors is undertaken on the basis of a division of labour and within relevant sector working groups in accordance with the KJAS.

Reports on cooperation with multilateral organisations and the EU Commission will be delivered as part of the annual country reports; the aim of this is to contribute to Sida's overall report to the Swedish Ministry for Foreign Affairs in accordance with its appropriation directions.

### *3.2 Alignment, harmonisation and coordination*

The KJAS, adopted in September 2007, was drawn up jointly by most of the major bilateral and multilateral donors concerned, in collaboration with the Kenyan Government. Many other actors in society have also contributed to the framing of the joint strategy, including parliament, civil society and the private sector. The strategy will be gradually updated to bring it into line with the Government's new five-year MTP and the situation after the 2007 elections. The proposal on sector concentration in the Swedish strategy is in accord with the agreement in the KJAS. Sweden is in agreement with the analysis and aims set out in the KJAS and accordingly supports the joint strategy.

Donor coordination has improved since 2002, and collaboration on the KJAS was helpful in forging a common line on the violent disturbances that took place at the beginning of 2008. However, Kenyan leadership in the donor coordination sphere remains weak, which may be partially attributable to the small size of total aid relative to the Kenyan government budget, approximately 5–10 per cent. The forthcoming Kenyan external aid policy is expected to lead to better donor coordination. Sweden will continue to support efforts to strengthen Kenyan leadership in the donor coordination process. The Swedish process objectives set out in the present strategy are based on the principles enshrined in the Paris Declaration.

#### **4. Follow-up**

Follow-up of the implementation of the Swedish strategy is based on the KJAS, whose indicators and objectives are in turn based on Kenyan policies and policy documents. The KJAS has in addition been supplemented by targets and process indicators for following up work on the underlying causes of the situation following the 2007 elections, and will be followed up jointly with other donors. Sweden will seek to ensure that annual follow-ups of the KJAS and the MTP are undertaken, and that these take the form of broad consultation under Kenyan Government leadership. If this is not implemented, separate annual reviews of Swedish development cooperation will be carried out. The process objectives are followed up through the Paris Declaration monitoring process.

Until recently, Kenya has focused more on drawing up well developed plans and strategies than on following up implementation. However, improvements have been noted in connection with the follow-up laid down for the previous strategy for increased welfare (2003–2007). Among other things, public sector reforms, which have generated greater pressure for performance follow-ups, can help enhance prospects for following up results at impact level.

### **Part 2. Background**

#### **1. Summary country analysis<sup>1</sup>**

Kenya's continued development is conditional on achieving a satisfactory solution to the historical obstacles to development that surfaced following the 2007 elections. More than 1 000 people were killed in the

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<sup>1</sup> The country analysis is based *inter alia* on a joint analysis carried out by the donors concerned, prior to drafting the KJAS.

disturbances and over half a million Kenyans lived as internal refugees for a time. The underlying causes of these unexpectedly strong and violent disturbances may be traced to the unresolved issues that have dogged Kenya since its independence. These include major disparities in levels of prosperity between and within regions due to a historically inequitable distribution of the most important productive resource, namely land, weak institutions, a labour market unable to absorb young people, an antiquated constitution under which winners of elections wield total power, and a political system, including election campaigns, marked by strong ethnic overtones based on patron-client relationships. A coalition government took office in April 2008 following mediation talks led by the African Union (AU) and Kofi Annan, and a national agreement on the way ahead was drawn up.

Despite healthy economic development and a significant reduction in material poverty, social divides and economic and other dimensions of poverty will continue to pose major challenges to the country's development. Since the start of the 2000s, Kenya has focused successfully on poverty reduction through sustained economic growth. Export earnings have risen, growth has been healthy and stable, and tax revenues have remained at just over 20 per cent of GDP. Since 1997, economic poverty has fallen by 6 percentage points to 46 per cent in 2005/06, and a number of social welfare indicators, such as HIV/AIDS prevalence, have improved. Some of the Millennium Development Goals, e.g. universal primary education, appear to be within reach. However, income distribution has worsened somewhat in the same period, albeit marginally, and the Gini coefficient now stands at 0.45 (on a scale of 0-1). Households with many children and those headed by women are poorer than the average.

Inadequate democratic governance including public financial management coupled with corruption pose significant obstacles to development and poverty reduction. Since 1990, the democratic space in Kenya has grown and democratic institutions were strengthened after the 2002 election. However, the political system in Kenya is still organised around ethnic identities and solidarities, and bound up with the personal standing of individual leaders, a state of affairs which primarily serves the interests of the elite. Patron-client relations are a characteristic feature of the public administration and contribute to corruption. Inefficiency and corruption in the public sector undermine the Government's position and hinder investment. This restricts the ability of citizens – particularly women and children – to influence development and demand accountability, and gives rise to ethnically charged conflicts. Women are under-represented in political assemblies

and the public administration. The judicial system still has serious deficiencies and human rights violations by the police, including extra-judicial killings, continue to be perpetrated. Although anti-corruption legislation has been strengthened since 2003, and some progress has been made in terms of combating corruption, there have been a number of serious setbacks in recent years, mainly in connection with impunity from prosecution and punishment in large-scale corruption cases.

Kenya is a country of origin, transit and destination for migrants. The refugee situation is a constant destabilising factor, particularly on the Kenya-Somalia border. Poverty can lead to the radicalisation of local groups. In the countryside and cities, poor young people are recruited to rapidly growing organised crime syndicates. Kenya is preparing new legislation against terrorism, the rise of militias, money laundering and human trafficking.

At the same time, Kenya's substantial diaspora of over two million people represents an untapped potential for the country's social and economic development in terms of investment capacity, remittances, contributions to charity, strengthening of voluntary organisations and generally promoting the national interest.

Continued economic growth is contingent on better natural resource management. More environmentally sustainable development and improved natural resource management will also mitigate the detrimental impact of climate change, to which poor individuals and families in rural areas are particularly vulnerable. Agriculture accounts for 25 per cent of GDP and is the principal income source for the great majority of poor people. Women constitute the majority of the labour force in this sector. The high population growth rate is putting the country's natural resources under immense pressure. Some 80 per cent of Kenya's surface area is wholly or partially infertile. The country is increasingly prone to drought and flooding, a trend which is expected to worsen as climate change intensifies.

If the potential of Kenya's cities is not realised, economic development could be in danger of stagnation. Kenya's urban centres already account for more than 65 per cent of GNI. Due to rapid population growth and high urbanisation rates, the proportion of inhabitants living in cities has more than quadrupled in less than 50 years, and is expected to reach 60 per cent by 2030. Despite a decrease in urban poverty in the last ten years, more than half the urban population live in slum areas. Unclear land ownership coupled with limited access to rights, basic social services, infrastructure, housing and financial services have created major income

disparities in the cities and discourage investment. The situation is particularly difficult for women and children. The urban problem is a significant factor in the HIV/AIDS pandemic.

In 2007, the Kenyan Government presented its long-term vision – Vision 2030 – and the first of a series of five-year plans, the Medium Term Plan 2008–2012. The over-arching goal of Vision 2030 is to achieve a globally competitive, prosperous nation with a high quality of life by 2030. Like Vision 2030, the Medium Term Plan 2008–2012 includes specific reforms related to the underlying causes of the violent outbreak that took place in early 2008. Both documents lay strong emphasis on growth as a necessary precondition of poverty reduction. Gender equality occupies a prominent place. However, recent developments suggest that institutional reform, increased democratisation and equitable distribution of public resources must be given greater emphasis in the implementation process if Kenya is to achieve continued favourable – and sustainable – development. Sweden considers that Kenyan ownership of both documents is relatively strong, although further consultation would have been beneficial.

There is a danger that the global economic downturn will have a long-term negative impact on Kenyan exports, investment, remittances from the diaspora and development aid, among other things. A growing current account deficit, sluggish economic growth and diminishing tax revenues would put the government budget under immense pressure.

## 2. Summary results analysis

The previous country strategy spanned the period 2004–2008. By 2007, a total of SEK 1.1 billion had been paid out.

Year	2004	2005	2006	2007	2008*	Total 2004–2008**
Volume SEK million	183	275	352	282	369	1 461

\* *forecast*

\*\* *forecast*

The over-arching objective was to contribute to Kenya's efforts to reduce poverty. The results at sector level (see below), based on a mid-term review conducted in 2006, were satisfactory in many respects and poverty in Kenya decreased during the strategy period. Swedish development cooperation with Kenya was deemed to be in line with stated aims and objectives.



As shown by the mid-term review, the work of integrating a *rights perspective* is on target in most sectors receiving Swedish support and have yielded results. The dialogue on income distribution was meaningful and helped place the issue on the public agenda. Sweden also contributed substantially to improvements in donor harmonisation.

Sweden's objective in supporting pro-poor growth was to promote *high, sustainable, pro-poor growth in Kenya and contribute to an environment in which communities and individuals could more readily pursue their livelihoods and develop*. Development in Kenya has moved towards this objective. Livelihood and development prospects for people directly affected by road sector and agricultural support were substantially improved. Support to the agricultural sector resulted *inter alia* in new, broader demand-driven, advisory services. Some 2.5 million small farmers were organised into community groups and given support to process and sell agricultural products.

The objective of aid for social development was to *promote just and equitable social development with respect to sex, ethnicity, disability or age, and to contribute to the establishment of a pluralistic society*. A sector programme support document for the health sector was drawn up with bottom-up planning and a strong emphasis on women's rights. Aid from UNICEF contributed to improved child protection and participation, greater co-determination and participation by women and increased awareness of HIV/AIDS issues. The prevalence of HIV/AIDS fell from 14 per cent at the end of the 1990s to less than eight per cent in 2006. Reforms and investment in the water sector resulted in decentralisation, increased access to water for 600 000 people and a subsequent improvement in the health of poor people in rural areas. The issue of water resources was also highlighted, both in the political arena and in advocacy work.

The objective of aid for sustainable management of natural resources was to seek to ensure *long-term, sustainable protection, care and management of and access to natural resources*. Programmes and projects in this sector helped bring about more sustainable natural resource management and counter conflicts arising in connection with natural resources. There was an increase in the amount of information on environmental legislation and policy and a new environmental policy was drawn up. A new land policy was also drawn up with the participation of various regions and special interest groups.

The objective of aid for democratic governance was to *support democratic governance in Kenya, including legal security for poor individuals, particularly women and children*. Support for reform was channelled via three programmes: public financial management, reform of the government administration, and reform of the justice sector and institutions that promote efforts to fight corruption and promote human rights. An integrated system for financial follow-up was introduced. Performance-based contracts for senior civil servants are now used and the public administration has become more accessible and responsive to members of the public, who in turn are more disposed to demand accountability from public officials. Plans and programmes aimed at improving access to the judicial system have been drawn up and key personnel categories have been trained. According to recent evaluations, there is a greater awareness of human rights issues on the part of public authorities. Thanks to support to civil society organisations citizens, even in rural areas, have become more aware of their rights and increasingly vocal in their demands that these rights be met. Greater co-determination for poor urban residents has improved services in slum areas. The Government has also expanded its budget allocation for projects and programmes aimed at reducing the negative impact of rapid urbanisation.

The strategy was implemented with some few exceptions: (1) the judgement that preconditions for budget support for poverty reduction were not present meant that this type of support was not provided during the strategy period, and (2) insufficient demand on the part of the Kenyan authorities meant that support for trade-related private sector development and enhancing negotiating capacity in trade talks was not extended.

The overall conclusions are that Sweden must continue to take a long-term view of when reform measures can be expected to yield results, and that it is therefore vital to identify milestones. Efforts to ensure that all Swedish development cooperation is informed by a rights-based approach has yielded results and should therefore continue. The mid-term review also referred to the need for sector concentration, and more systematic performance and results-oriented follow-up and evaluation of all Swedish aid. Sweden will therefore take part in efforts aimed at further developing and strengthening the KJAS results evaluation model and its correspondences with Kenya's own follow-up and evaluation systems.

### **3. Summary analysis of other donors' interventions and roles in the country, including multilateral actors and the European Commission**

Many donors traditionally extend aid to the social sectors and private sector and infrastructure development. Most provide some form of support for democratic governance. The bulk of the US aid portfolio is allocated to HIV/AIDS programmes, Japan specialises in support for natural resource management, education and private sector development, the UK's primary focus is health and education, Germany's principal concerns are natural resource management and health, while Denmark will in future be contributing to private sector development, health and natural resource management. The European Commission has concentrated its efforts on private sector development, infrastructure and rural development. The World Bank programme targets infrastructure, water, agriculture, natural resource management, health and education. The UN bodies have a broad programme embracing all sectors. The African Development Bank's programme includes support for agriculture, infrastructure, energy, water, health and education, and good governance.

### **4. Summary analysis of Sweden's role in the country**

#### ***4.1 Conclusions on Swedish and EU policy decisions and processes relevant to development cooperation***

Donor coordination within the EU group will be aimed at realising synergy gains and at dialogue and follow-ups on common indicators of democratic governance. Swedish development cooperation complements the work of the European Commission by virtue of its broad-based support for democratic governance in accordance with the principles laid down in the EU Code of Conduct on Complementarity and Division of Labour. Close cooperation with the Commission takes place in the field.

#### ***4.2 Coherence for development***

Kenya and Sweden have a common interest in promoting peace and stability in the Horn of Africa, particularly in Somalia and the Great Lakes region. Sweden supports justice sector reforms incorporating direct anti-terrorism measures, including training for officials in the police service engaged in these types of issues, and measures to strengthen efforts by the immigration authorities to improve immigration policing.

Swedish trade relations and direct investment can reduce poverty if jobs are created thereby, and values such as labour law, democracy, corporate

social responsibility in the private sector as well as capacity development and technological development are supported and encouraged. Sweden will promote trade by providing support for governance reform measures aimed at improving the investment climate, commercialisation of agriculture, and capacity development for trade in agricultural products targeted at small farmers. In addition, Kenya benefits from various regional programmes designed to boost trade and regional integration in the East African Community (EAC). Development in Kenya would benefit if the EU were to reduce its agricultural subsidies and lower tariff barriers on African goods. The Economic Partnership Agreement (EPA) will give Kenya access to the EU internal market, which will favour exports. The country will also benefit from the linkage between trade and development that forms a key element of the agreement. Kenya also stands to benefit from the ongoing work of the International Commission on Climate Change and Development, as the country's dependence on the natural resource sector makes it highly vulnerable to climate change. Swedish and EU migration policies, including their policies on labour immigration, may also affect Kenya. While increased immigration can promote development inside the country through return flows of capital and knowledge, it can also contribute to greater vulnerability *inter alia* through brain drain and human trafficking.

#### *4.3 Other relations with Sweden*

Some 50 Swedish-related enterprises have operations in Kenya. The Swedish Trade Council office in Kenya was recently upgraded to full Trade Commissioner Office and Swedfund International AB plans to open a new office in 2009. A systematic exchange of experience is taking place between the Embassy and the large number of Swedish NGOs on the ground, as well as with the Swedish Trade Council and Swedish enterprises established in Kenya. Other ties between Kenya and Sweden not necessarily financed out of development cooperation funds should be encouraged. This applies, for example, to the Kenyan diaspora in Sweden and to Kenyans who return to their country after a period of study, work or other form of stay in Sweden.

#### *4.4 Sweden's comparative advantages – conclusions on Sweden's role*

Its long-standing presence in Kenya and the diversified forms of support extended to both government and civil society have given Sweden a sound understanding of the challenges facing the country and an extensive contact network. Because of its lack of a colonial past, Sweden is perceived as independent in what is on the whole a fairly politicised development cooperation environment. The breadth of previous Swedish development aid programmes, which have included democratic governance and support to the productive and social sectors, has

afforded an insight into what is required if comprehensive reforms are to have an effect on service provision. The fact that Swedish development cooperation is based on a rights perspective – in which prominence is given to participation issues, accountability, transparency and non-discrimination – is seen as a comparative advantage both by the cooperation partner and other donors, as made clear in the 2006 review. Among donors, Sweden is regarded as a reliable and flexible donor, both at government level and in civil society, that meets its commitments and has a long-term strategic perspective. Sweden's interest in broadening relations with Kenya, politically, commercially and culturally, is also a strength.

## **5. Considerations concerning the objectives and direction of future cooperation**

The major challenges facing Kenya are to be found in the spheres of democratic and institutional development, in the need for all Kenyans to enjoy the fruits of the economic growth now taking place, and in the thus far unresolved historical issues surrounding among others the land question, ongoing rapid urbanisation and the constitution. If economic development is to continue, have a wide impact and lead to reduced poverty and sustainable development for all Kenyans, Kenya must prioritise these issues. Over the years, Sweden has acquired extensive knowledge of these areas through its cooperation with both government and civil society. The overall goal of Swedish development cooperation with Kenya is a Kenya where all poor people have the opportunity to improve their living conditions, and where their human rights are realised. In order to achieve this goal, Sweden will focus its efforts on the following sectors: democratic governance, natural resources and the environment, and urban development.

Government institutions need to be strengthened if human rights are to be realised, by ensuring that prosperity is equitably distributed throughout the country. Democratic development must continue to be encouraged. In particular, an end must be put to the destructive patron-client approach to politics – often with ethnic overtones – that prevails in Kenyan society. Greater awareness among citizens of their rights and continued enlargement of the democratic space means they can demand accountability from government at both central and local level. Sweden has acquired experience through a broad programme aimed at promoting democratic governance, and can play an important role *vis à vis* the Government and in donor coordination.

The majority of Kenya's poor inhabitants live in the countryside and are dependent on agriculture and other natural resources for their livelihood. The rural poor are among those most vulnerable to climate change. Sweden has a large fund of expertise in this area and is proactive in efforts to enhance aid effectiveness, and can thus contribute to the development of improved forms of cooperation. With continued integration of a rights perspective in Swedish aid programmes, cooperation will also serve to underpin the democratisation process.

Although urban poverty has decreased over the last ten years, income gaps are widening and slum areas are expanding. The first months of 2008 show what a dangerous powder keg slum areas can become. Despite the urban issues, only a few donors are active in this sector. Sweden has begun work on developing cooperation with different actors in the urban sector, and aims to improve planning and access to adequate housing through support for reform measures.

The situation following the election and the way in which it was resolved present Kenya with a unique opportunity to come to grips with some of the perennial problems that have hampered development since independence. The role of development aid in this context is to support and generate demand for reform. Swedish development cooperation must be characterised by a proactive approach so that it can continue to adapt aid initiatives to changing conditions – while keeping within established parameters – and seize opportunities to support changes as they occur.

The aim in all sectors must be to work *with* change and to further reforms already under way, as well as reforms related to the underlying causes of the events following the 2007 election.

It is generally considered that Kenya can absorb significantly more aid than it receives at present. There is no discernible risk that Kenya will develop an unsustainable dependence on aid since approximately 90 per cent of the central government budget is financed by the country's taxpayers. The significance of aid lies in the fact that it accounts for a large proportion of the investment budget, supports and sustains the forces of reform and brings new ideas and approaches into play.



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