The stark realities of an ideological orthodoxy

KENYAN SOCIAL WATCH COALITION [1]

Kenya has embarked on privatisation without any discernible ideological reservations. Far from achieving the goal of good governance, privatisation so far has widened the gender gap, made water more expensive than oil and turned patients away from hospitals untreated. In fact, privatisation has spread economic risks throughout society while channelling economic gains to the few.

Kenya has embarked on privatisation without considering the public good of essential services or the ethics of the market. The ideological rationale underlying Structural Adjustment Programmes (SAPs) is the imperative of enhancing private sector participation in the public/social sectors. This entails the privatisation of state-owned enterprises and/or commercialisation of public utilities and social services. In practice, these policies have been implemented without regard for the social objectives to which the majority of the host economies claim unreserved commitment. The efficiency imperative thus invoked by neo-liberal radicalism, wielding market power and supported by the promotion of goals such as transparency and competition, has yet to translate into a corresponding social ethics.

Where GATT has failed to deliver economic benefits from trade in goods to the poor,[2] GATS seems poised to deregulate and commercialise essential service sectors including health, education, drinking water, social security, natural resources, a number of municipal services as well as the environment and culture. Increased poverty and obscene social exclusion is what will follow.

The lack of a substantive legal framework

A government policy paper, *Public Enterprises Reform and Privatisation*, outlines the basis upon which the government pursues privatisation as demanded by the Bretton Woods Institutions in exchange for a clean bill of economic health. It purports to provide modalities, scope and principles governing the country's exercise in privatisation. However, the paper's framework fails to address the following critical issues and concerns:

- Critical engagement with the ideological rationale for privatisation;
- Public consensus on the options for privatisations, e.g., public offer for sale, management buy out, deferred public offer, leasing and contract management, etc.;
- The extent and scope of external participation;
- Procedures for valuation of public assets to be sold;
- Institutional mandate.

Non-transparent logrolling practices within the bureaucracy have, for all practical purposes, insulated the policy process from key stakeholders and corresponding democratic oversight structures and institutions. While IFIs have sold to the government the idea that privatisation is an inherent part of good governance, good governance of privatisation itself has been grossly lacking. In fact, privatisation has spread economic risks throughout society while channelling economic gains to the few.

The sale of public enterprises by a tenth of their value

The policy stage for privatisation of public assets was set in 1986 through Sessional Paper No. 10, *Economic Management for Renewed Growth.* However, the process was not put into practice until July 1992 when the government announced measures for privatising the 207 existing state corporations.

A total of 159 firms have since been privatised. While a paltry KES 5.9 billion (USD 75.2 million) has so far been earned from the sales of public assets whose market value is estimated as approximately 10 times higher, KES 4.1 billion (USD 52.2 million) of divestiture accruing has been used mainly for settling debts.

The privatisation of Kenya Airways left the government with a debt burden of KES 4.5 billion (USD 57.3 million) owed to external lenders and KES 1.6 billion (USD 20.4 million) of private debt guaranteed by the government. This had the negative effect of drawing away financial resources from the provision of basic social services. The ongoing privatisation of Kenya Re-insurance Company has the makings of a terrible rip-off through which a profit-making public enterprise, valued at approximately KES 7.8 billion (USD 99.3 million), is to be sold for a song (KES 800 million, about 10% of its value) and to a regime-friendly business interest to boot.

Education: widening the gender gap

Despite proclamations in the National Poverty Eradication Plan and the Poverty Reduction Strategy Papers (PRSP) that education costs will be reduced over time to levels affordable by all parents under Universal Primary Education, the KePIM report reveals that parents are paying more to keep children in school. This increase has occurred due to a raft of cost-sharing measures, e.g. building and maintenance funds, including payment for postage at KES 30 (USD 0.40) per pupil in Mgombezi in Kwale District; fees for security guards at KES 50 (USD 0.64) in Nyasore in Gucha District; teachers' salaries; and holiday coaching as practiced in Riontweka, Gucha District.[3]

Across the gender divide the deleterious effects of the high cost of education are weighted against the female poor—29.8% with no education compared to 20.8% of the male poor. The rate of poor males with primary education in 2000 was 64.7%, secondary education 13.6% and higher education 1%. The corresponding figures for female poor were 61.1%, 8.4% and 0.1%.[4] This divide exists because when

1 As represented by the following: Edward Oyugi (Social Development Network), Oduor Ongwen (Econews Africa), Alloys Opiyo (Undugu Society of Kenya), the late Ooko Ombaka (Public Law Institute), Eve Odete (Action Aid Kenya), Andiwo Obondo (DARAJA), Mary Wandia (FEMNET), Wahu Kaara (KENREN), Lumumba Odenda (Kenya Land Alliance), Gichira Kibara (Center for Governance and Development), Jennipher Miano (Kenya Human Rights Commission), Kangethe Mugai (People Against Torture), Churchil Suba (Education Rights Forum).

2 The expansion of GATT at the conclusion of the Uruguay Round in 1994 has brought within the purview of the multilateral trading system under the WTO sectors hitherto excluded from the realm of international trade. In the same vein, liberalisation aimed at removing so-called «distortions» of government interventions, such as research and development, has undermined the social objectives of economic development.

3 Kenya Participatory Impact Monitoring (KePIM). *Perspectives of the Poor on Anti-Poverty Results from Six Piloted Districts*, p. 68.

4 Second Report on Poverty in Kenya Vol. II, *Poverty and Social Indicators.*

confronted with the dilemma of which child to keep in school, many parents marry off their daughters in order to raise money to pay for the boys' education.

Labour layoffs and social insecurity

Privatisation has been associated with labour layoffs, retrenchments, social insecurity and increasing amounts of temporary and casual labour; and, contrary to what the World Bank wants us to believe, the putative performance of the formal economy in creating jobs continues to be abysmal. If privatisation is going to reduce poverty, it must be assumed that either the labour market is capable of absorbing laid off workers and/or that such losses are short term and that subsequent expansion under private ownership will compensate for initial job losses. Sadly, neither of these seems to apply. For instance, since August 2000, 40,000 civil servants, 12,000 employees of state corporations and 9,500 employees of public universities have been retrenched.

Health: «Take your dying husband away from here if you don't have money to pay the hospital»

Privatisation violates the spirit of the WHO-UNICEF Global Health Conference that endorsed the Alma Alta Declaration to advance health care to all by the year 2000. The declaration promotes mutually reinforcing principles that people are entitled to basic health rights and that society has the responsibility to ensure that peoples' health needs are met without discrimination.

Among the rural poor, up to 64% of babies are delivered at home compared with 47.7% for non-poor. Traditional birth attendants (TBAs) have become the most common source of assistance amongst the poor (44.4%) and non-poor (38%) in rural areas. Accessibility to and affordability of health services is difficult as indicated by the self-delivery in 20.5% and 11.4% among rural and urban poor respectively.[5]

The most dramatic effect of privatisation on the operation of health facilities has been the introduction, in 1989, of a pre-pay system, which requires that payments be made before the patient is treated. In Mtito Andei, Makueni, a doctor was overheard telling a woman accompanying her dying husband, «Take this person of yours away from here if you don't have money to pay the hospital».[6] In Mgombezi, Kwale, where the majority live on less than USD 1 a day, an average of KES 100 (USD 1.27) is required for each visit to the dispensary—that is KES 50 for the *Sindano* (injection), KES 10 for registration and the rest for *dawa* (medicine).

In the wake of increased privatisation, treating HIV/AIDS patients who can afford care has become a lucrative business. The patent law in the TRIPS agreement, at the behest of TNCs, prevents drugs from reaching poor people living with HIV/AIDS.

Water: more expensive than petrol

In Kenya, 56.7% and 59.6% of poor households draw drinking water from unsafe sources during the dry and wet seasons respectively. Unsafe sources include impurified well/rain water, lake/river/pond water, and water supplied by cistern trucks from either of the above sources.[7]

The key policy agenda governing the water sub-sector is the *Sessional Paper on Water Management*.[8] The priorities addressed in this policy recommendation include the rehabilitation of existing water supplies and the provision of affordable supplies, the utilisation of appropriate technologies and cross subsidisation of tariffs in order to improve accessibility.

The effect of the government's withdrawal from the provision of drinking water intrinsically violates the spirit of its social policy and, consequently, disqualifies access to safe water as a social need.

Whereas untreated water from springs, rivers and ponds is free—albeit potentially dangerous—for those who have to buy it from kiosks or water vendors, the prices range between KES 10-20 (USD 0.13-0.26) per 20 litre jerrycan, depending on location and time of year.[9] In Vihiga those who pay for piped water pay about KES 300 (USD 3.82), while consumers in Ngozini, Kwale, are paying KES 2.50-4 (USD 0.03-0.05) for a 20-litre jerrycan of water to access the piped water system.

When a litre of bottled drinking water costs twice as much as the same quantity of premium petrol, then the poor have good reason to doubt the benefits of privatisation of common public services, due to a combination of the privatisation policies and the failure of the government to provide adequate public service.

Effect of privatisation on children's education and health

The newly enacted Children's Act 2001 provides for, among other things, compulsory free basic education for every child and, in effect, incorporates into domestic policy the principles of the UN Convention on the Rights of the Child and the African Charter on the Rights and Welfare of the Child. In Kenya, however, enrolment, retention, completion and transition rates remain disturbingly low. Currently, only about 68.9% of children are in primary school, a sharp decline from 86.9% in 1999. This means that about 32% of children, about 3 million, do not attend primary school. Worse still, only about 47% complete primary school, and only 40% proceed to secondary school.

The 1999 population census revealed that private schools are concentrated in major urban centres where the number of parents who can afford to pay for private education is higher.

Concluding observations

The goal of good governance, in whatever sector, should be to develop capacities that are needed to realize development that gives priority to the poor, advances women, sustains the environment and creates needed opportunities for employment and other livelihoods. Sustainable human development places people at the centre of the development process and makes the creation of an enabling environment in which all people can enjoy a long, healthy and creative life the main objective of development.

Promoting sustainable human development will require the emergence of new forms of politics, new structures of power and new forms of expressing resistance against market totalitarianism. This must intensify in the new millennium as subaltern struggles such as those involving the Meru, Gikuyu and Maasai communities against the privatisation of Lewa Downs Wildlife Conservancy forest in Kenya,[10] maintain a dialogic transformation of the role of market fundamentalism and promise to generate the necessary paradigm shift. ■

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5 *Ibid.*

6 Kenya Participatory Impact Monitoring (KePIM), *op. cit.*, p. 45.

7 Second Report on Poverty in Kenya Vol. II, *op. cit.*

8 Government of Kenya (1999a) *Sessional Paper No. 1 on Water Resource Management and Development*.

9 The lowest price mentioned in Nyansore, Gucha was KES 10 and the highest in Elwak, Mandera was KES 25.

10 *The Daily Nation*, 22 August 2002, Nairobi, Kenya, p. 19-20.