

Jyrki Luukkanen, Peter Kuria, Mira Käkönen,
Kamilla Karhunmaa, Joni Karjalainen, Rasna
Warah, Colman Msoka and Kaisa Toroskainen

KENYA AND TANZANIA BEYOND 2015:

Exploring Domestic Debates and
Envisioning Development Futures

FINLAND FUTURES RESEARCH CENTRE
Report to the Ministry for Foreign Affairs of Finland



This report has been carried out under the BEYOND 2015 project (Kenya and Tanzania Beyond 2015: Exploring domestic debates and envisioning development futures), a commissioned research funded by the Ministry of Foreign Affairs of Finland. All views presented in the text are those by the Research Centre and its team, and do not represent the views of the Ministry.

Contributors to this report (in alphabetical order):

Kamilla Karhunmaa
Joni Karjalainen
Peter Kuria
Mira Käkönen
Jyrki Luukkanen
Lotta Maijala
Colman Msoka
Noora Stenholm
Kaisa Toroskainen
Rasna Warah

Research Leader:

Jyrki Luukkanen, D.Tech, Research Director, Adjunct Professor
Finland Futures Research Centre (Tampere office)
Turku School of Economics, University of Turku
Yliopistonkatu 58 D, 33100 Tampere, Finland
E-mail: jyrki.luukkanen@utu.fi
Phone: +358 50 337 0710

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FINLAND FUTURES RESEARCH CENTRE

Turku School of Economics

FI-20014 University of Turku

Turku: Rehtorinpellonkatu 3, FI-20500 Turku
Helsinki: Korkeavuorenkatu 25 A 2, FI-00130 Helsinki
Tampere: Yliopistonkatu 58 D, FI-33100 Tampere

Tel. +358 2 333 9530
utu.fi/ffrc
tutu-info@utu.fi, firstname.lastname@utu.fi

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LIST OF ABBREVIATIONS AND ACRONYMS

ACORD	Agency for Cooperation and Research in Development
AfDB	African Development Bank
AU	African Union
BRN	Big Results Now (in Tanzania)
CBDR	Common but differentiated responsibilities
CSD	Commission on Sustainable Development
CSR	Corporate social responsibility
EAC	East African Community
ECA	United Nations Economic Commission for Africa
EITI	Extractive Industries Transparency Initiative
FYDP	Five-Year Development Plan (in Tanzania)
HIPC	Heavily Indebted Poor Countries
HLPF	High-level Political Forum on Sustainable Development
ICC	International Criminal Court
MDG	Millennium Development Goals
MDG+	Millennium Development Goals Plus
MIC	Middle income country
MTPs	5-Year Medium-term Plans (in Kenya)
NSGRP	National Strategy for Growth and Reduction of Poverty (known more commonly in Tanzania as Mkukuta)
NEPAD	New Economic Partnership for Africa's Development
ODA	Official development assistance
PRSP	Poverty Reduction Strategy Paper
SAP	Structural Adjustment Programme
SCP	Sustainable consumption and production
SDGs	Sustainable Development Goals
TDV 2025	Tanzania Development Vision 2025
UN CSD	United Nations Conference on Sustainable Development (Rio+20)
UNGC	United Nations Global Compact
UN HLP	United Nations High-level Panel On Post-2015 Development Agenda
UNSG	United Nations Secretary-General
WSSD	World Summit on Sustainable Development

EXECUTIVE SUMMARY

On the road towards the post-2015 development framework, the “Beyond 2015: Exploring Domestic Debates and Envisioning Development Futures” report presents views from Kenya and Tanzania to complement the post-2015 debate that thus far has taken place mostly at the international policy circles. The report is based on over fifty interviews in Kenya, Tanzania and Finland and ten workshops carried out in the first half of 2013. The research has been commissioned by the Ministry for Foreign Affairs of Finland. All views presented in the text are those of the research team and do not represent the views of the Ministry.

MDGs, SDGs and African post-2015 expectations

The discussion around the post-2015 international development framework emerges from two tracks: the expiration of the Millennium Development Goals (MDGs), which are a result of the UN Millennium Declaration in 2000; as well as the initiative of Sustainable Development Goals (SDGs), with emphasis on a holistic approach to environment and development. In September 2013, the UN General Assembly decided to continue negotiations on a post-2015 development agenda through a ‘one-track’ approach, where the MDGs and SDGs would be merged.

The MDG experience has shaped the expectations of countries about ‘development cooperation’. The MDGs have focused on human development and social service delivery, and endorsed the principles of results-based management to monitor aid outcomes and achieve better aid effectiveness with quantitative targets and indicators. Over the years, the MDGs have received both praise and criticism. There have been high expectations and optimism on the ability of the MDGs to deliver poverty reduction, appreciating their value in public and political mobilization. A profound critique has been that the MDGs left untouched the systemic causes of poverty, including the impoverishing structures of the global economy, the drivers of inequality, the dynamics of global wealth accumulation as well as the main drivers of ecological damage in many forms.

Another key driver of the post-MDG discussion is the concern related to environmental sustainability. An important policy response to this has been the suggestion to address sustainability issues through a set of universal SDGs. The merging of the MDGs and SDGs raises several questions with regards to rights, responsibilities, and capacities related to North-South relations. Many Southern countries have raised concerns on how the principle of common but differentiated responsibilities should be interpreted in the post-2015 context and whether a new framework would undermine “the right to develop” of the poorer nations. Especially amongst LDCs there are concerns that the SDGs could divert the already declining resources from the more ‘traditional’ targets of ODA, such as healthcare and education.

In the post-2015 debates, the emerging positions of African countries, as reflected for example in the African Union reports, highlight the importance of Africa’s own strategic visions and African countries setting their own priorities that international frameworks should respect. There has also been a clear emphasis on putting economic growth and industrialisation back on the international agenda. The focus is not only

on growth, but also on economic transformation that would benefit the whole society with jobs, greater local value addition and retention, agricultural development and access to markets, and better infrastructure.

In practice, however, the measures taken by governments have focused on major infrastructure projects. African civil society groups worry that this way future development is not becoming more inclusive, equitable and sustainable. Concerns have been raised over governments not paying sufficient attention on how to ensure that people are not deprived of their livelihoods and that inequalities will not deepen. Another important discussion point for the post-2015 negotiations raised by both governments and civil society in Africa is the need of tackling illicit financial flows.

Tanzania: A preference for a MDG+ agenda

Many aspects of the MDGs were relatively effortlessly integrated into Tanzanian development policies. Both the issue-focus of MDGs (*socio-economic development*) and their approach (*outcome-based management*) were already present in Tanzanian development policies. Tanzania has long been viewed as a forerunner in international development policy processes; it also became the first country to produce a MDG Country Report in 2001. The MDGs have been especially prominent in Tanzania's National Strategy for Growth and Reduction of Poverty I and II (known as MKUKUTA I and II), with performance-based indicators for key targets set in the development policy. Also the Tanzanian Development Vision 2025 focuses on human development and macroeconomic indicators.

However, the more recent development plans, the Five Year Development Plan (2010) and Big Results Now (2013), have focused more on the productive sectors of the economy. Compared to earlier development policies where the influence of donors was strong, these policies have been viewed as more Tanzanian. They also indicate Tanzania's increasing interest to partner with non-traditional donors. For example the Big Results Now initiative is based on the Malaysian growth model. However, as the MDG-influenced plans are also still operational, the influx of overlapping policy approaches creates confusion at the expense of prioritization.

The MDG performance of Tanzania is mixed and raises several different concerns. As it stands, Tanzania is expected to achieve two of the MDGs on time: MDG 2 (*primary education*) and MDG 6 (*HIV/AIDS, malaria and other major diseases*). Tanzania will likely meet some of the sub-goals on MDGs 3 (*gender equality*), 4 (*child mortality*) and 7 (*environmental sustainability*). However, Tanzania will not meet MDG 1 (*hunger and poverty eradication*) or MDG 5 (*maternal mortality*). Despite successes in for example enrolment in free primary education, the MDGs have created an **overt focus on quantitative targets**. The MDG experience in Tanzania suggests that the post-2015 framework should look at the qualitative side of development.

Tanzania was amongst the first countries to initiate national post-2015 consultations, which took place during the first half of 2013. The results were synthesized in a National Report that presents ten goals for Tanzania to consider in a post-2015 framework. A majority of these goals are similar to the ones outlined by the MDGs. Also some new issues, such as governance, peace, security and sustainable development, are raised. The focus on social issues such as health and education was still seen as relevant in Tanzania. This

suggests that Tanzania is likely to **prefer an “MDG+” type of approach** to the post-2015 framework. The question of merging the SDGs with the MDGs was viewed critically. The fact that the MDGs have not yet been achieved has been emphasised. The post-2015 consultations have been criticized for lack of follow-up on the formulation of Tanzania’s national position, especially by the civil society actors. Whereas the new constitution, due in 2014, has been prominently discussed in Tanzania, the post-2015 consultations have not raised significant public debate.

Kenya: Challenges in the mainstreaming of MDGs and ambitious economic visions

The Kenyan government’s relationship with the donor community has undergone several incarnations during the last thirty years: from non-cooperation to grudging accommodating to deliberate re-alignment. Socio-economic issues such as education and healthcare have featured in Kenya’s national development agenda since the country’s independence in 1963. In this sense, the MDGs do not present a break from previous policies. However, the structural adjustment policies in the 1980’s and 1990’s resulted in cuts in social sector spending. The introduction of MDGs coincided with the beginning of Mwai Kibaki’s presidency that launched progressive reforms, including free primary education.

The first MDG event in Kenya was organized in 2002 and following it the MDGs were integrated into Kenya’s Economic Recovery Strategy (ERS) in 2003. The ERS laid the basis for Vision 2030 (released in 2008), which is Kenya’s main development blueprint today. It aims to transform Kenya into a “globally competitive and prosperous country with a high quality of life by 2030”. Vision 2030 is currently viewed as the main tool for incorporating and mainstreaming the MDGs into national development planning¹. While the MDGs have been considered a major criterion for resource allocation, the ERS and Vision 2030 are both growth-oriented development strategies focused on productivity and infrastructure rather than on social sector spending. The Vision 2030 includes large-scale infrastructural development projects such as the Lamu port or Konza city. However, there are no corresponding policies that articulate how such projects can run alongside environmental sustainability, deliver for poverty alleviation, and protect the rights of those who are affected by the projects. In sum, it is unclear how these ambitious projects will contribute to poverty reduction. Another challenge in the mainstreaming of the MDGs into development policies in Kenya is related to the perceived donor-driven nature of the MDGs. In Kenya, it is considered that the mainstreaming and acceleration requires continuous efforts and this is carried out by a separate MDG Unit.

After more than a decade since the introduction of the MDGs, it seems that Kenya has experienced progress on some of the targets, but not without stark shortcomings. Kenya is likely to achieve goal 2 (*universal primary education*), 3 (*gender equality*) and 6 (*combat HIV/AIDS, malaria and other diseases*) but is falling far behind with others, especially goals 1 (*eradicate poverty and hunger*), 4 (*reduce child mortality*), and 5 (*improve maternal health*). The success in MDG 2 can largely be attributed to the domestic efforts such as the introduction

¹ Kenya’s Vision 2030 has been translated in to action plans and implemented with the 1st Medium Term Plan (2008-2012) and 2nd Medium Term Plan (2013-2017).

of free primary education during Mwai Kibaki's regime in 2003 and significant government attention and resourcing ever since. In the case of MDG 6 efforts from development partners are significant, especially the US-led PEPFAR initiative on HIV/AIDS. As in Tanzania, despite high enrolment rates, education suffers from low quality, lack of teachers and a high amount of dropouts and an outdated curriculum.

Several problems remain in the health sector despite successes in MDG 6, and more attention and resource allocation would be needed from both government and development partners. This is especially so with the MDG on maternal mortality. A lack of commitment on financing the MDGs exists with both the government and development partners. In recent years, while the total government MDG spending has increased, the proportion of MDG allocations in government's budget has decreased. Although the donors have increased their MDG funding in recent years, they still remain below the promised levels.

A series of post-2015 consultations have been organised in Kenya, mainly by the government and NGOs. While the consultations have pointed to the importance of new concerns – e.g. employment, youth, energy, security and conflict and agriculture – in general, there seems to be a preference also in Kenya for the continuation of the MDGs in a modified and improved form, as “MDG+”. Stronger emphasis on addressing the **qualitative aspects** of education, health and social services was raised as a concern. The National Consultation also specifically pointed to the need for better data practices, including disaggregated data, and for more participatory approach in data monitoring and evaluation. With regards to integrating environmental issues into a post-2015 agenda, Kenya has recently taken a pro-active stance towards the SDGs. For example, the Second Medium Term Plan 2013-2017 (MTP) of the Vision 2030, released in October 2013, already includes a section on the SDGs. However, a strict SDG regime may not be easily aligned with many of the proposed developments under Vision 2030, especially the mega-infrastructure developments and the new focus on the extractives sector. It could be interpreted that the second MTP (2013-2017) opens the door for development partners to support the realization of SDGs in Kenya.

Generally, the post-2015 consultations and discussion in Kenya have not received wide public attention. The elections in 2013 and their aftermath, including the implementation of a devolved government, are understandably the main focus of domestic public debates. Part of the civil society organisations that could have been expected to be more active in post-2015 discussions have been less so, possibly because of their main concerns being diverted to the narrowing space for NGOs by the new government. In addition, the national post-2015 debates have limited outreach and only gain the attention of selected target groups.

Achievements and challenges in domestic resource mobilisation (DRM)

The role of domestic resource mobilisation (DRM), and the ability of countries to finance their own development, is an intensively discussed issue in the post-2015 discussions. In recent years, both Kenya and Tanzania have experienced significant economic growth, but this **has not translated into poverty reduction** and **remains far from inclusive**. Changes in the structure of the economy are needed in order to strengthen the productive sectors of the economy, create more employment and broaden the tax base for domestic revenue collection. In Tanzania, the lack of a functioning private sector that could advance such development is a major concern, as many industries lack linkages that would add local value and benefit the

economy as a whole. Also the extractives sector, in which both governments are showing increasing interest, lacks backward and forward linkages to the local economy, which suggests that it is highly unlikely to contribute to employment creation, or benefit the broader economy. In both countries it is necessary to carefully consider strategies for economic transformation to enable inclusive growth and pro-poor mechanisms of revenue collection and public spending.

Both countries have undergone **tax reforms**, which continue to spark heated public debate. Kenya has been one of the most efficient African countries to collect tax revenue. Then again, while it is able to finance its recurrent expenditure, typically half of the development expenditure has been externally financed. Although the Kenyan tax reforms including the introduction of a new VAT (value added tax) system have meant improvements there are also concerns that the taxation is not being developed into more progressive direction. There is room for improving the taxation so that the poorest segments of society would bear relatively lower burden than the richer ones.

Tanzania has in recent years also showed promising signs of improved domestic resource mobilization (DRM) albeit starting from a modest base. This is in part explained by a public realization of the unprofitable agreements with multinational companies particularly in the mining sector, and by the efforts that have been taken to improve their taxation and in tackling illicit financial flows.

Challenges in resource mobilisation have led to **increased debt-taking**. Many view that the debt levels in Kenya are still in sustainable level. But also concerns over the sustainability of the debt levels in both Tanzania and Kenya have been raised. Economic expediency is further driven by the pressure to advance the large infrastructure projects, which in turn may increase the urge to exploit natural resources. Cuts in public expenditure to control the debt have been proposed, supported by the IMF. Such decisions could have adverse socio-economic impacts due to deterioration in the quality of public services and further depreciation of public sector wages.

An important DRM aspect is how equitably and in a pro-poor manner the **budget allocations and government spending** are designed. In both countries, civil society has expressed concerns about the government's ability to spend its money efficiently, and in the right areas. Both countries have had difficulties in reaching the commitments in expenditure in health (Abuja Declaration, 15% of national budget), and agriculture (Maputo Declaration 10% of national budget). In education (Dakar Declaration, 9% of GDP), governments have invested particularly in free primary education to broaden school enrolment, but the spending gap to improve the quality of education remains considerable. In Tanzania, health sector spending has reached the Abuja Declaration thanks to considerable donor-funding. The benchmark of national government budget remains low. In Kenya health expenditure has been only 6% of national budget.

Both Tanzania and Kenya state in their country Visions that they have strong aspirations to become aid-independent, but both governments, and Tanzania more than Kenya, still experience serious budget deficits. Taking into account the challenges described above, **official development assistance (ODA) will still play a crucial role** in the short to medium term in both countries. Public-private partnerships (PPPs) have been promoted as a cost-effective form of development investments from both public and private sources. However, the **discussion about the PPPs largely ignores the environmental and social im-**

pacts of these investments, including in the case of large-scale infrastructure projects, and the potential regulatory measures that could be adopted to ensure that sustainability concerns in development cooperation are addressed in a systematic manner.

Concerns related to the interest in the extractives

In the past two years more hydrocarbons have been discovered in East Africa than anywhere else in the world. In both countries, high expectations are placed on the revenue potential from the extractives sector. Tanzania has a history in mining, complemented with recent findings of natural gas, whereas in Kenya, large-scale energy and mineral resource extraction is only commencing. The governance of the extractive industries, including illicit financial flows and low tax revenue from the industry, has been raised as priority issues also in the post-2015 debates. In Kenya and Tanzania, there are unsolved contradictions in policies about land, surface and mineral rights.

To address some of the concerns, Kenya and Tanzania have recently reviewed, or are reviewing, their oil, gas and mining legislation and policies to retain more of the resource rent domestically. The oil and gas industry are seen as important due to their ability to reduce the fuel import bill, increase government revenue and to release government funds to other areas of need. The changes aim to increase the government involvement in the industry and attract more investments, but it is unclear to what extent they address issues related to benefit sharing, contracts, ownership, and rights.

Unless the local economic sectors and activities are connected with the extractive industries, the industry is typically able to generate very little employment or value addition locally. Large-scale operations demand considerable technological expertise, which Kenya and Tanzania do not currently possess. More worryingly, emphasis and expectations on extractives-based growth can easily deviate investments from other economic sectors such as agriculture and support for SMEs. In mining, the role of artisanal miners has been downplayed although in Tanzania it employs at least 500 000-800 000 people compared to the formal mining sector that only employs around 15 000 people. If adequate attention was paid to this sector, artisanal mining could bring considerable benefits to the society and improve the tax base.

Ambiguity over contractual agreements has raised tensions in communities and also between the counties and central government. In addition, large-scale operations negatively affect the environment and local livelihoods. In large-scale mining, the principle of sustainably managing the extraction “from the process cradle to the grave” has been poorly followed. Governments have not paid enough attention to ensure that the companies pay for the decommissioning of their operations. Much more remains to be done to bridge the gap between the principles and actual practices in the extractive industries sector.

Voluntary international initiatives have addressed some of the remaining challenges in the industry. The Extractive Industries Transparency Initiative (EITI), which Tanzania has signed into, addresses the non-transparent manner of business between government and industry. This has mitigated some of the problems with tax governance but the lack of country-by-country reporting prohibits the monitoring of potential misuse of transfer pricing practices. Corporate social responsibility (CSR) schemes that have been ap-

plied in many mining projects have also been problematic. CSR schemes, which are often limited in their scope, should not be taken as a substitute for the development of legislation and policies of the industry.

Investments in fossil fuels are undermining the potential of renewable energy

Extractive industries could dramatically change the energy landscapes of Kenya and Tanzania, and possibly lock both countries on a fossil fuel intensive development path. At the same time, improving access to energy has been less debated, even if it remains poor in both countries and affects the quality of life and the opportunities for the poorest. The governments of both countries are prioritizing increasing energy generation from gas, oil and coal to meet industrialisation aspirations, infrastructural development plans and demands by, for example, the extractive industry. There are also expectations with regards to the export potential of fossil fuels from the energy sector.

In 2014, Tanzania will double the country's power generation capacity of 1 500 MW to 3 000 MW using natural gas. Kenya in turn expects to increase its current capacity also of around 1 500 MW-1 700 MW to generate around 5 000 MW by 2017². In the new energy mix, coal is likely to play an increasingly significant role. Renewable energy technologies (solar, wind, geothermal, and biomass) are expected to remain part of the national energy mix in both countries. Yet, while Kenya has been more advanced in increasing the share of renewables, the recent political pronouncements suggest a decreasing interest in renewable energy compared to the drive for fossil fuel based energy. Previously the reforms in the governance of the power industry allowed independent power producers to support the growth of the renewables sector in Kenya. In 2013 the suspension of issuing new licenses for renewable energy until 2017 could undermine the scaling-up of renewable energy in Kenya. Achieving the industrialisation targets with renewable energy is viewed as both difficult and costly.

Both countries would benefit from supportive policies for renewable energy if they do not want the boom in natural gas and oil to create long-term lock-in in fossil fuels. Rural energy provision powered by renewables could be the best way to enhance access to energy in remote areas, and would benefit from more systematic planning and concerted efforts.

Conclusions

MDGs have shaped the way that most actors, both at the international level and nationally in Kenya and Tanzania, view the ongoing discussions related to a new global development agenda. In Kenya and Tanzania, the MDGs have influenced national policies and governance approaches. Social sector development is monitored in a more systematic and results-based manner. Also in both countries the MDGs have been integrated to key national policies, but the mainstreaming seems to present different challenges for both Kenya and Tanzania. Although the MDG framework has increased budgetary allocations and donor sup-

² Kenya expects to generate 17 000 MW by 2030.

port to the social sector, high resource deficits remain especially in the health sector, and poverty alleviation remains elusive.

The desire of citizens and governments to design their own priority goals for development and post-2015 has been strongly articulated in both countries. In Tanzania the formal consultations imply a preference towards the continuation of the MDG framework, albeit in a modified form. A key message from the MDG experience and the national post-2015 discussions in both countries is the need to address the overt focus of the MDG framework on purely quantitative targets for development, and a better definition of what is meant by the achievement of certain goals.

In Kenya and Tanzania, the merging of the MDG and SDG agendas raises certain concerns over a possible diversion of resource flows away from local development priorities. Despite an appreciation of global environmental goals, environmental concerns locally are mainly related to the sustainable management of natural resources, and social concerns stem from the tensions related to the equitable distribution of the derived benefits.

Another major issue to rethink is the role of the Global North. In the previous MDG framework the role of the North was narrowed to providing financing for the MDGs in developing countries. Simultaneously, various dimensions of a global partnership have not been addressed. Currently especially civil society actors are highlighting the responsibilities of the North in addressing impoverishing illicit flows and other unequal global resource flows, trade relations, and ecological debt by industrial countries.

Despite a more consultative post-2015 process than perhaps ever before (including selected national consultations and international online consultations), it seems that there still remains the possibility that the future development agenda is interpreted as an externally driven process that reaches only chosen local, regional or national groups. Therefore, new action-oriented messages should be developed and , new mediums for communication established closer to social platforms. The local political processes, such as Kenya's 2010 constitution and the consequent devolution process and Tanzania's constitutional review process (draft due in 2014, are the key arenas for local debate as well as political and civic engagement in national development. High expectations are placed on these political processes. Especially in Kenya, the messages of post-2015 discussions could be better embedded in the deliberations driven by the devolved local governments.

1. INTRODUCTION

1.1. Background and motivation

The Millennium Development Goals (MDGs) are a set of eight internationally agreed upon goals established as a result of the Millennium Summit of the United Nations in 2000. As the MDGs are expiring, the international debate is weighing the options on what will follow the MDGs as a global “development agenda”. Different actors, including the EU and the UN, are acknowledging that there have been drastic changes and new realities in the economic and political landscapes compared to the situation when the MDGs were initiated. The debate about the post-MDG agenda emerges from two institutional tracks within the United Nations System: 1) the MDGs, which were primarily set for *poverty eradication* and; 2) the initiative for Sustainable Development Goals (SDGs), which places a much greater emphasis on *environmental* concerns. The post-2015 Development Agenda has become an umbrella term for both of these processes (see Table 2.1). Member States at the United Nations (UN) and global stakeholders are currently discussing these processes and options, and there is an on-going debate on how the MDGs should and could be merged with the SDGs (SWP 2012). One issue that the discussions *are* in agreement on is the need for a post-2015 framework that is informed by the shortcomings of the MDGs.

In the post-2015 discussions to date most of the talk continues to take place at the international level, dominated primarily by United Nations officials and well-resourced international development and environmental organizations. In contrast, there have only been some country-specific reflections and analyses on the issue. The Ministry for Foreign Affairs commissioned research project “Kenya and Tanzania Beyond 2015: Exploring domestic debates and envisioning development futures (Beyond 2015)” aims to narrow this gap through analysing the experiences of the implementation of the current MDGs in Kenya and Tanzania, and examining how the development goals have been interpreted, integrated, improved or changed to better meet the new global and East African realities and development challenges post-2015. Both countries have developed their own country visions (Vision 2030 for Kenya and Vision 2025 for Tanzania) as blueprints for national development. The Visions, along with other policies, also act as the interface for the domestication of international policies, such as the MDGs. In relation to MDGs and post-MDGs agenda, a key question is how these domestic targets or goals have been functioning and how they would complement, support or synergise with the post-2015 development framework. The two countries, Tanzania and Kenya, also enable interesting comparisons respectively as one is a heavily aid-dependent least developed country (LDC) with a close relationship with donors; and the other is less aid dependent and has a more contentious relationship with donors. Both countries are part of the resurgent East African Community, with a common regional vision of being donor independent and middle-income countries within the next decade.

Both Kenya and Tanzania are in the middle of a rapid social, economic and political transformation. Both are witnessing new development dynamics arising from the boom on explorations, discoveries and

extraction of minerals and fossil fuels. They are also undergoing governance reforms. Kenya has a new constitution and is going through devolution where powers from central government are transferred to local counties. Tanzania is about to have a new constitution in 2014 – the process is still on-going. Interestingly the two countries also exemplify many of the key features and drivers that have been observed to differentiate the current development landscape from the one at the turn of the millennium when the MDGs were negotiated. Firstly, the rise of the BRICS (Brazil, Russia, India, China and South Africa) countries has had significant influence in shaping Tanzanian and Kenyan development dynamics, especially through the increasing presence and influence of China. Secondly, the emergence of other transitional economies and new development partners is changing the equation of Official Development Assistance (ODA) to the countries, especially as the role and influence of the more traditional donors has been diminishing.

1.2. Objectives and scope

This commissioned study is based on a call of research by the Ministry for Foreign Affairs of Finland (MFA) to increase understanding of Finland's partner countries' views on the MDG experience and possible post-2015 frameworks³ through, for example:

- Examining Finland's partner countries' views and insights – based on their experiences and performance – of the relevance, strengths and weaknesses of the MDGs; to reflect with the partner countries to what extent and for what reasons they have or have not achieved the MDGs;
- Identifying what the partner countries consider the major development needs in the post-2015 context, e.g. by answering the following questions:
- What kind of development framework would they be interested in and capable of committing themselves to in the post-2015 context?
- Which of the MDGs should be maintained as such or in a revised form in the post-2015 framework?
- What other development challenges have they faced that are not captured by the MDGs?
- Examining how the partner countries see the post-2015 framework setting process and their role in it?

In response to the above call of research, a more focused and detailed research plan was developed and agreed upon with the MFA. Hence, this commissioned study looks more specifically at:

³ See Terms of Reference

- **The past experiences and performance of achieving the MDG targets in Kenya and Tanzania**, with a specific focus on different stakeholders' views on the MDG framework, its relevance and what can be learned from the past experiences.
- **The domestic MDG related policies and discussions on post-2015 initiatives** and how they compare to the international MDG discussions and the proposed post-2015 framework:
 - In domestic discussions, specific attention is placed on views on ODA and the resourcing of development; the views and roles of Kenyan and Tanzanian key stakeholders and institutions in setting the post-2015 agenda; and the views on how the SDGs should or could figure in the new post-2015 framework.
 - Within the MDG and post-2015 frameworks, the research examines the stated needs, options and challenges in Kenya and Tanzania with regards to energy and environmental targets and taking into account the current dynamics and developments in the sector of extractive industries.

Kenya and Tanzania have been selected as two of Finland's long-term partner countries. Tanzania is Finland's longest-standing development partner and one of the largest recipients of Finnish development aid. Similarly, Kenya is a long-term development partner, but the only partner country in Africa that is not a least developed country.

The principal timeframe for the research and analysis is the year 2013, with relevant historical background given. As the post-2015 discussions are continuously advancing and new developments emerging, the analysis has attempted to take these into account as much as possible. However, it is not possible to fully address all the most recent developments and their consequences.

1.3. Methods and materials

The research began in early 2013 and consisted of a desktop review, fieldwork in March-April 2013, and was followed by analysis in the latter part of 2013.

The **desktop review** began with a look at the background history and politics of the Millennium Development Goals, of which there is plenty of academic literature and critique. This was followed by a review of the different post-2015 discussions and proposals, focusing on proposals and issues relevant to Kenya and Tanzania. An essential part of the desktop review was reading and analysing the Tanzanian and Kenyan policy documents, including the Vision 2025, Vision 2030 and the national post-2015 documents. This was complemented with donor, NGO, academic policy papers, and print and social media articles. The fieldwork for the research was carried out in March-April 2013 in Finland, Tanzania and Kenya. In terms of **interviews**, the research team conducted six interviews in Finland, twenty-five interviews in Tanzania and twenty-six interviews in Kenya. (For more details on workshops and interviews see ANNEX 1 and 2)

In Finland, the interviews carried out were with MFA representatives responsible for UN affairs, development policy and the Kenyan and Tanzanian country desks. In addition, interviews were carried out with Finnish civil society organisations (Kepa, Kehys) following the post-2015 agenda.

In Tanzania, the different interviewees consisted of:

- **Government representatives:** Ministry of Energy, Constitutional Review Commission
- **NGOs:** Children's Forum, Tanzania Youth Alliance (TAYOA), Agenda Participation 2000, Development Impact, Tanzania Youth Coalition (TYC), Getting Old is to Grow (GOIG), Tanzania Media Women's Association (TAMWA), Tanzania Association of NGOs (TANGO), Community aid and small enterprises consultancy (CASEC), Lawyer's Environmental Action Team (LEAT)
- **Academics and research centres:** Mzumbe University, University of Dar es Salaam, Policy Research for Development (REPOA), Uongozi Institute
- **Industry:** Confederation of Industries, Tanzania Chamber of Minerals and Energy
- **Development Partners:** World Bank, UNDP, Embassy of Finland, Embassy of Norway
- **International standards:** Extractive Industries Transparency Initiative (EITI)

In Kenya, the different interviewees consisted of:

- **Government representatives:** Ministry of Information and Communications, Vision 2030 Office
- **NGOs:** Young Men's Christian Association (YMCA), Kenyan Climate Youth, World Wildlife Fund (WWF), The Open Society Initiative for Eastern Africa, Action Aid, Columbia Global Centres Africa (formerly the MDG Center), Seed Institute (Beyond 2015 Co-Chair), Twaweza Communications, Tax Justice Network, Kenya Land Alliance (KLA), Centre for Enhancing Democracy and Good Governance (CEDGG)
- **Academics and research centres:** University of Nairobi, Jomo Kenyatta University
- **Industry:** Kenya Chamber of Mines, Inkubate Ltd.
- **Development Partners:** World Bank, International Finance Corporation (IFC), Embassy of Finland, UNDP
- **Development Consultancy:** NIRAS

In addition, **one national-level workshop was held in both Tanzania and Kenya**, bringing together a range of participants from ministries, academia, NGOs and donors. The invitations and programs to both workshops can be found in Annex 1 and information about the participants in Annex 2. The futures workshops included presentations to set the background of the MDGs and post-2015 discussions in Kenya and Tanzania. These were followed by futures exercises, moderated by FFRC staff, on four topics:

- Resourcing and financing of development and poverty reduction
- The Kenyan/Tanzanian model for the post 2015 framework
- Future of the energy sector and ways to address energy poverty
- Natural resources and extractive industries

The aim of futures workshops is not to present a general, consensual and singular view of the future, but to open a space for understanding the varieties and sources of different images of the future held by different people (cf. Dator 2009). In the workshop, the futures wheel was first used to identify a preferred future for the group and the elements that could help in creating such a future. The preferred future was then systematically analysed through a PESTEC table, which looks at the different aspects (Political, Economic, Social, Technological, Environmental, Cultural) of the preferred future. The PESTEC is used to look at the measures, steps and preconditions necessary for the preferred future.

In addition to the larger national workshops, **smaller and more thematic workshops** using similar or slightly adapted futures methodologies were held with different groups in the capitals and provinces: five in Tanzania and three in Kenya.

In Tanzania, the smaller workshops consisted of:

- Students of development studies at University of Dar es Salaam
- Representatives from different youth organisations at Tanzania Youth Coalition, Dar es Salaam
- Artisans, artists and musicians, Bagamoyo
- Youth groups in Arusha
- Small-scale artisanal mining brokers in Arusha

In Kenya, the smaller workshops consisted of:

- Community members in Lamu Islands
- Local and regional stakeholder forum in Narok county
- Students of environmental studies at Jomo Kenyatta University, Nairobi

The different research material presented above (policy documents, interviews, workshop material) has been analysed using content analysis, focusing on the different conceptual themes present in the material. The analysis looked specifically at stakeholder's reflections on the MDG experience and the domestic post-2015 discussions. The aim has been to contextualise these views within the broader international debate on lessons learnt from the MDGs and current post-2015 discussions.

The analysis in the different chapters of this report employs a qualitative case study methodology, while also drawing on the concept of policy narratives (cf. Leach et al. 2010). The history of development policy has largely been shaped by simplistic models of modernization and 'one size fits all' policies (cf. Ferguson 1994; Cowen and Shenton 1996). There is a tendency for especially powerful actors in development policy and practice to appreciate and focus on certain narratives of what development is and what it means. Such a generalizing approach can result in promoting one account over others, and closing down the space for alternatives. In this report, the aim is instead to appreciate concepts such as 'development' and 'sustainability' as contested issues, which can open up discussions on different preferred futures and how to achieve these (Leach et al. 2010). This was the approach employed also in the futures workshops organized in Kenya and Tanzania.

1.4. Structure of the report

The report is structured around different chapters addressing the above objectives in the context of Kenya and Tanzania. Chapters 3 and 4 are country-specific, whereas the latter chapters make some comparative remarks on the different contexts and situations in Kenya and Tanzania.

Chapter 2 sets the scene to the international debates on the MDGs and the post-2015 agenda by looking at the MDG negotiation process in the early 2000s, the literature evaluating the significance of MDGs and the entrance of the sustainability agenda and Sustainable Development Goals (SDGs) to the post-2015 discussions. The Chapter also looks at some recent formulations of an ‘African position’ within the post-2015 discussions.

Chapter 3 takes the discussion to the country-level and presents the Tanzanian MDG experience through an overview and discussion of Tanzania’s development policies and the role of the MDGs within them. While several shortcomings were identified in the MDG framework, Tanzania has integrated most aspects of the MDGs within national development policies, and is likely to favour such an approach in post-2015 discussions.

Chapter 4 looks more specifically at the role and implementation of the MDGs as well as their influence and related challenges of mainstreaming MDGs into Kenya’s national development policies. Also the Kenyan MDG performance and views behind it and the resourcing of the MDGs are discussed. The chapter also discusses the evolution of development cooperation in Kenya. The chapter suggests that the post-2015 consultations could be argued to be informative rather than transformative in nature.

Chapter 5 provides an overview of questions on resourcing development in Kenya and Tanzania. In their national visions (Vision 2025 and 2030), both Tanzania and Kenya have expressed a desire to be aid independent in the medium-term future. An overview of taxation and revenue collection, debt levels, government budget allocations and social spending as well as the role of ODA flows is provided and the prospects to improve domestic resource mobilisation (DRM) discussed.

Chapter 6 looks at the extractive industries and energy sector in Kenya and Tanzania, the related expectations of both governments to benefit from their natural resources and how these issues may be relevant to the discussions on post-2015 development framework. It discusses the importance of expectation management as well as several economic, social and ecological concerns along with analysing the possibilities and limitations of the sector to contribute to development locally and nationally. Also different governance mechanisms in this sector are reviewed in the light of their benefits, shortcomings, and identified improvement needs.

In the Conclusions, some comparative remarks and common issues for Tanzania and Kenya are brought forth with regards to views and domestic debates on the MDGs and the post-2015 discussions. These are followed by Recommendations aligned within the focus of the report.

2. THE INTERNATIONAL DEBATE ON MDGS, SDGS AND EMERGING TENSIONS

It is relevant to reflect how the Millennium Development Goals were negotiated and implemented when thinking of how the new global development agenda post-2015 should be built and how it should look like. The debate is connected to the discussion about the global development architecture and the transformations needed to promote sustainability. While the rest of the chapters in this report focus more on the local Tanzanian and Kenyan MDG experience, this chapter is based on a literature review and presents the international background to the MDGs and current debates on future post-2015 proposals. The chapter firstly outlines the history of the MDGs and their subsequent critique. Secondly, the Sustainable Development Goals (SDGs), which have been significant in shaping the post-2015 discussions, are introduced. The post-MDG and SDG debates are contextualized from the African perspective, and relevant aspects of the emerging African positions in the post-2015 negotiations are presented.

2.1. Negotiating and implementing the MDGs

The Millennium Development Goals did not arise out of thin air – rather, the development of the MDGs should be understood as a continuous process evolving through multiple channels and actors that had no clear beginning or end (Hulme 2009a). According to Hulme (2007) it is, however, possible to identify two key ideas that have been significant in shaping the MDGs: **human development and results-based management**. The MDGs were developed in the context of the 1990s, where the end of the Cold War had diminished the amount of ideologically-motivated aid, and aid levels were generally decreasing. At the same time, development was argued to have lost a decade in the 1980s to the structural adjustment policies of the International Monetary Fund and World Bank. By the mid-1990s there was, as Fraser and Whitfield (2009; 77) state, “widespread acceptance, including amongst donors, that the reforms prescribed by structural adjustment programmes had entailed high social costs and failed to generate growth”. Structural adjustment programmes (SAPs) were criticized especially by UN agencies and international NGOs for their steep social costs and disproportionate effects on the poorest. The MDGs with their focus on human development and the delivery of social services can be seen as a response to this particular strand of SAP criticism (Waage et al. 2010). At the same time, the MDGs were a reflection of the increasing popularity of results-based management, which had already been adopted in public policy by key donor countries, such as the UK and Germany (Hulme 2008). The MDGs were also influenced by the need of donors to develop a system able to monitor aid outcomes and improve the coherence of development approaches in order to resolve problems with aid effectiveness (Collier and Dollar 2004: 245).

The background to the MDGs can be found in a series of international summits from the late 1980s to the 1990s. These include, for example, the World Summit for Children in 1990 and the Rio Summit in

1992, which set important baselines for the educational and environmental goals of the future MDGs. The most significant antecedent for the MDGs and the discussions of poverty reduction in the new millennium, however, was *Shaping the 21st Century: The Contribution of Development Cooperation*, a report published by the OECD's Development Assistance Committee (DAC). In the report, several targets for development, termed the International Development Goals (IDGs), were set out. The IDGs came to strongly influence how the MDGs were shaped as a set of goals with quantified targets and indicators instead of having another form (Fukuda-Parr 2012). The interaction between the different international organizations, such as the UN and the OECD, over the late 1990s was contentious and heated, with both agencies struggling for the lead in the global aid policy processes (Hulme 2009a). It was with *We the Peoples: the role of the United Nations in the 21st Century* that the UN stated its role in the debate on global poverty reduction, and took a more human rights based approach to development than the OECD in its report. The document also formed the basis for the negotiation of the Millennium Declaration, which was unanimously approved at the UN General Assembly on September 8th 2000.

The Millennium Declaration is a broad, normative document which declares a strong commitment to certain universal values such as freedom, equality, solidarity, tolerance, respect for nature and shared responsibilities (Saith 2006). It is most often interpreted as a normative declaration that does not provide operative guidance for action. Following the approval of the Millennium Declaration in September 2000, there was a series of negotiations over how to measure and track progress on the broad goals set out in the Declaration. The negotiations were carried out by technical experts from the UN, OECD, IMF and WB rather than ministries and political representatives, and thus presented political negotiations over global public policy as technical issues over targets and indicators (Hulme 2009a; Fukuda-Parr 2012). In these negotiations, the IDGs strongly influenced how the broad values of the Millennium Declaration became specified into eight goals with measurable sub-targets (Fukuda-Parr 2012; Saith 2006).

The MDGs had a quick and rapid uptake after 2001 and have since become a global reference point for poverty reduction efforts. Global organizations, such as the UN and World Bank, set up monitoring facilities for measuring MDG progress, political leaders spoke of the importance of meeting the targets, and local and international NGOs restructured their programmes against the MDG targets. Since their uptake, however, the MDGs have faced both praise and criticism. The opinions range from those overtly optimistic on the ability of the MDGs to deliver global poverty reduction (Sachs 2005) to those who view the MDGs as a 'major distracting gimmick' (Antrobus 2003) or as a 'veil of neoliberal initiatives' (Amen & Bosman 2006; cf. also Amin 2006). Key proponents argue that the main limitations are low aid levels and material commitment from the international community (Sachs 2005). Some appreciate the MDGs for their value in political and public mobilization and see the potential for modifications and improvements (Fukuda-Parr 2008; 2012), including better-defined operational means for implementing the MDGs (Saith 2006). The more profound critique is based on a view that MDG processes are leaving untouched the systemic causes of poverty, including the impoverishing structures of global economy, and the 'fixes' MDGs are proposing do not address the key drivers of inequality nor the dynamics of global wealth accumulation that is causing impoverishment (e.g. Boullard et al. 2003, Harcourt 2007).

Despite disputes on the effectiveness of the MDGs for poverty reduction, the effect of the MDGs on international development policy discourse has been significant and it is difficult to imagine discussions on global development agendas that do not make reference to the MDGs. The MDGs have at least to some extent become institutionalized as a norm in global public policy, an achievement largely explained by the unifying characteristics of the MDGs. While global organizations, governments and NGOs disagreed on the policies for development (especially structural adjustment of the World Bank and IMF) of the 1980s and 1990s, the MDGs provided a unifying narrative for many of these widely varying actors. They allowed the different actors to “agree on the purpose of development while disagreeing on the means” (Fukuda-Parr 2012; 37).

The measures adopted to support the MDGs consist principally of finance, policy reforms and practical action. The rich countries are expected to focus on financing the MDGs whereas the poor countries are expected to formulate policies, programmes and projects to deliver on the MDG goals. After signing up to the MDGs, the rich countries reaffirmed their commitment to increase ODA funds to at least 0,7 % of GDP through the Monterrey Consensus in 2002. There is no unanimity amongst donors over the preferred aid modality with the MDGs, the donor practices have varied from general budget support to more tightly conditioned sectoral engagement through non-governmental networks. The poor countries in turn are expected to formulate policies, programmes and projects to demonstrate advancement on the MDGs. This includes measures for improving governance and reducing corruption. Aligning recipient country policies with the MDGs often became a condition for increased finance from the donor side. The recipient government is also expected to address and report on all the MDG indicators through regular reports.

Importantly, the MDGs were launched at the turn of the new ‘partnership era’ in development discourse and practice. This entailed new aid principles, of which the most important one was the Poverty Reduction Strategy Paper (PRSP) process of the World Bank. The PRSP process was intended to serve as a novel model of partnership-based cooperation. However, it did not signify the end of donor conditionalities to developing countries, since producing the PRSP was an integral part of qualifying for debt relief under the Highly Indebted Poor Countries (HIPC) initiative. The same time period marked an increased focus on ownership in for example the Paris Declaration in 2005. Ownership in the declaration rests on the idea that the recipient government would design its own policies and priorities, while the donor would support these through the recipient government’s existing development financing mechanisms. There remained, however, several ways for donors to influence policies extending from the final say over which policies to fund, to more subtly influencing the policy formulation process as stakeholders (Fraser and Whitfield 2009). Similar ideas are embodied also in the MDGs, where the meeting of the goals is supposed to be recipient-led, but at the same time the internalization of the MDGs to national policies and poverty reduction strategies is a condition for support from the donor side. The major responsibility for attaining the MDGs is placed on the recipient country, while in the same framework the rich countries do not bind themselves to very tangible commitments. The central paradox that Fraser and Whitfield (2009; 93) find in ownership more generally, applies also to the MDG framework: “it is characterized by an ambitious, externally defined

project for the transformation of African countries, but it requires local actors to drive the project and has little confidence that they are willing or able to do so.”

The relevance of the chosen targets and indicators within the MDG framework has been one reason for concern. The articulation and accountability of MDG 7 (environmental sustainability) and MDG 8 (global partnership for development) is seen to be undermined by vague and meaningless indicators (Hulme 2008). In particular MDG 8 that is supposed to address the responsibilities of OECD countries has been monitored with less precision than the other seven MDGs. In practice, there has been little oversight on the performance of donors compared to the relatively large efforts to monitor developing countries. At the same time, the monitoring mechanisms have been geared towards the international community rather than the recipient country’s population. As Olukoshi (2013; 16) states, the MDG architecture has “favoured a vertical accountability to the global at the expense of the local”. Whereas the progress of developing countries to report on the achievement of MDGs 1-6 has improved since the inception of the MDGs, aggregate headline figures problematically have hidden disparities based on ethnicity, gender, income and regionality (Vandemoortele and Delamonica 2010). In addition, the lack of baseline data and as well as the contested reliability of data from some of the developing countries that have limited statistical capacity has been articulated as a challenge that needs to be tackled (Jerven 2013). Finally, the MDGs represent Africa especially in an unfavourable light due to technical, statistical design and choices made in target-setting⁴ which partly obscures significant progress that has been ‘in line with or above historical or contemporary experience of other regions’ and thus makes some of the important achievements appear like failures (Easterly 2009).

Coming closer to the expiration of the MDGs, many acknowledge that the framework is a reflection of the era of its inception and there have been dramatic changes since. The MDGs emerged at a time when the world economy, development policy and aid were influenced by a neoliberal ideology that emphasized free trade and economic growth (Hulme 2009). The MDGs were a response to specific policies that had highlighted the social costs of development and eroded the delivery of basic social services. The MDGs do not depict a coherent analysis based on actual development priorities, but instead reflect an assembly of sector-specific and rather narrowly focused social targets (Waage et al. 2010). Development of the productive sectors, however, is visibly absent from the MDG framework (Lopes 2013, ECE et al. 2013)⁵. Some consider the aid-focused MDGs a distraction from tackling more fundamental global power structures and dynamics associated with capitalism and inequality (Saith 2006; cf. Hulme 2009), and more effective policies for development than aid (Easterly 2006, Kenny and Sumner 2011). These gaps or blind spots in the MDG

⁴ E.g. the decision on the baseline year and the decision to look at relative change in poverty rates instead of absolute change in poverty rates (cf. halving poverty from 10% to 5% looks more of a success than cutting poverty from 50% to 35%).

⁵ The total amount of ODA from donors to social infrastructure and services increased from less than US\$20 billion in 1990 to more than US\$60 billion in 2010 globally. At the same time, the amount of ODA allocated to production sectors increased only from US\$12 billion to US\$13.4 billion (ECE et al. 2013). (Of course, other international financial flows to and from developing countries are also significant to take into consideration in such calculations)

framework, as well as its more fundamental critique, have come to strongly influence the discussions on what should follow the MDGs as a global development agenda.

2.2. Post-2015 Processes: Sustainable Development Goals and Emerging Tensions

The post-2015 agenda discussions have been marked by a series of international processes and reports, to which also the SDG discussions belong. While the list of different processes and reports is extensive, some of the key ones are highlighted in Table 1 below.

Table 1. Post-2015 Processes and Reports

Process	Outputs and reports
UN HLP	A New Global Partnership (31.5.2013)
Open Working Group for SDGs	Interim report to the UN General Assembly (UNGA)
High-level Political Forum on Sustainable Development (HLPF)	UNGA has formally adopted the format and organisational aspects of HLPF (9.7.2013) Replaces the Commission on Sustainable Development (CSD)
UN Task Team on Post-2015	Realizing the Future We Want for All
Global Consultation on Environmental Sustainability in the Post-2015 Development Agenda	Final report: Breaking Down the Silos: Integrating Environmental Sustainability in the Post-2015 Agenda
UNSG	A life of dignity for all (26.7.2013)
UN-NGLS	Advancing regional recommendations on the post-2015 development agenda: A consultation with civil society (September 2013)

Some of the key issues that have arisen from the post-MDG discussions are the concerns related to environmental sustainability as the foundation for human welfare (cf. Rockström et al 2009). An important policy response to this has been the suggestion to address sustainability issues through a set of universal Sustainable Development Goals (SDGs). The institutional framework behind the SDGs stems from the Rio 1992 Earth Summit (UN CSD) and its follow-up events: the Johannesburg (WSSD 2002) and Rio+20 conferences (UNCSD 2012). One of the main outcomes of the Rio+20 conference was the proposal to establish a process to develop a set of ‘sustainable development goals’, which were to be universally applicable and coherent with the post-MDG agenda (e.g. Morrow 2012). The SDGs are being proposed as a bridging solution to the issues of climate change and biodiversity as well as plugging the sustainability gaps of the

MDGs (Evans and Steven 2012, UN 2013). While the full extent of the integration still remains to be seen, the UN General Assembly decided in September 2013 to continue negotiations on a post-2015 development framework through a 'one-track' approach where the MDGs and SDGs would be merged.

The issues related to the financing of the new post-2015 development framework are already being depicted amongst the most difficult areas of countries to find a negotiated solution. Global ODA flows have stagnated and actually dropped (between 2010 and 2012, ODA had dropped by 7%), and in the fifteen years since the MDGs, the landscape of the global economy has also dramatically changed. An increasing proportion of the poorest on the planet (in monetary terms), in need of support, are actually not only in the poor countries, but also within the middle-income countries (MIC). With the Western economies in stagnation, BRICS and other emerging economies have been experiencing steady growth increasing their role in development politics. At the same time, the pressure and demand for mobilizing domestic resources and efficiently utilizing them for development in the developing countries has increased (see Chapter 5).

The SDGs and the related green economy agendas form an arena in which longstanding questions of rights, responsibilities, and capacities related to North-South power relations are resurfacing (e.g. UN-NGLS 2013), especially the different views on whether and/or how the principle of common but differentiated responsibilities should be interpreted in the post-2015 context. In some policy texts the expectations related to the SDGs and green economy opportunities for developing countries are optimistic⁶. At the same time the merging of the two tracks presents several dilemmas. Some Southern countries like Brazil have been opposing the integration of the MDGs and SDGs, and the group of Least Developed Countries (LDCs) has expressed serious concerns on this. Some see risks in that the new framework would undermine "the right to develop" of the poorer nations. Within the current aid governance architecture, international development actors and finance will be influential in the implementation of SDG objectives and initiatives especially in the aid-dependent LDCs. There are fears among Southern actors of new protectionist trends, conditionalities and sources of international inequalities (Khor 2011). One of the concerns is that SDGs may divert (the already declining) resources from the more 'traditional' targets of ODA, such as health care and education. These are similar to the concerns in climate policy, that an increase in climate finance will reduce the availability of ODA for non-climate issues (See e.g. Stadelman 2010, OECD 2012)⁷.

The ways of integrating climate change objectives, currently negotiated in the UNFCCC, to the post-2015 agenda has also been under critical discussions. One of the underlying tensions is whether the post-MDG framework can address the issue of emissions that are negotiated separately under the UNFCCC

⁶ It has been argued that the SDGs could enable the developing countries to seize the opportunity to jump-start a transition towards a green economy by the sustainable use of their vast natural resources (UNEP, UNCTAD and UN-OHRLS 2011). In the past, the idea of 'environmental leapfrogging' (Watson and Sauter 2011) has gone further to suggest that developing countries could avoid the 'dirty' and fossil fuel based stages of development compared to the industrialized countries that already have an infrastructural lock-in on polluting technologies.

⁷ Climate change and environmental degradation bear consequences on all countries globally, but the developing countries disproportionately (WB 2010). For example, in Africa climate change adaptation could cost an additional USD 30-50 billion on top of traditional ODA (ACORD et al. 2013; 3).

structure with a possible global agreement in 2015⁸. Policy-wise in terms of national and international policies, the timeframe to mitigate climate change is closing (IPCC 2013). In order to find a joint effort to address climate change, some proposals (see e.g. UN Global Compact 2013) have suggested steps towards universal carbon pricing and downplayed the significance of the principle of ‘common but differentiated responsibilities’, that has been central e.g. in the Kyoto protocol. For instance, a report by the (UNGC) does not pre-determine a North-South divide and suggests an internationally coordinated price on carbon⁹. Such proposals could meet resistance from countries and groups that endorse the right to ‘traditional’ development paths or better articulations on the principle of common but differentiated responsibilities.

2.3. African positioning and the emerging voices from within

Both the international MDG experience and the post-2015 discussions up to date have influenced how African nations view and position themselves in negotiating a future development agenda. Looking even further, through history, many ideologies (socialism and neoliberalism), policies (PRSPs, MDGs) and sectoral level policy frames¹⁰ have been externally imported to African countries (see also AU 2013). Before and post-independence, foreign interest has played a major role and influenced the design of national policies. Later on, neoliberal structural adjustment programmes (SAPs) left many African countries disappointed (cf. Bracking 1999; Mohan et al. 1999). Criticism also includes that external policies (like the WTO trade rules) have compromised Africa’s right to develop and that foreign economic interests have failed to benefit Africans (e.g. Austin 2010). In addition, recent policy reports (see: e.g. AU 2013) hint that in the past, the policies of the North have been perceived as superior to the domestic visions in the process of facilitating development. These aspects form an important background for the emerging views from African governments and civil society actors on the post-2015 negotiations that are briefly described below.

The official governmental and African Union statements on post-2015 have highlighted the need for a reformed global development agenda. The vision and voice of the AU sees a radically different approach for an “integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena” (AUC 2009). Africa's strategic interests are put at the centre of the development agenda especially at the aid and non-aid policies interface, where the emphasis is on African countries designing their own policies to improve the lives of African citizens. A recent report on the Africa post-2015 position emphasizes areas of structural economic transformation and inclusive growth, innovation and

⁸ The issue of emissions is noted for instance by the UN System Task Team Report on the Post-2015 UN Development Agenda “Realizing the Future We Want for All”

⁹ A post-2015 report by the UN Global Compact (UNGC)

¹⁰ For instance: Finnish forestry experts designed the first forestry master plan for Kenya (1995–2020), see also Luukkanen 2003

technology transfer, human development, financing as well as partnerships that are able to realise these aspirations¹¹.

An important feature of many African countries is that they still remain (overtly) reliant on the single commodity export strategy (UNCTAD 2013b; AU 2013), which typically has struggled to catalyse larger socio-economic development. Partly for such reasons, the African Union has expressed strong concerns about illicit financial flows, not least because many African countries (including Tanzania and Kenya) have (or have recently discovered) natural resources. Also, countries with extractives industries have also been found to have high levels of illicit financial flows. In 2011, illicit financial flows from Africa were estimated at USD 52 billion, and the outflows-to-GDP-ratio for Africa (at 5.7 %) is the highest for any continent in the world (GFI and AfDB 2013)¹². According to conservative estimates (see: GFI 2013), cumulative illicit flows from Africa amounted to USD 865 billion between 1970 and 2008 (and the figure could be as high as USD 1.8 trillion). The African Union hopes to reduce illicit financial flows from Africa by half in the next ten years (AU 2013); and the African civil society has underscored how 60% of these flows are derived from commercial activities, and mainly from international trade-mispricing and transfer pricing (ACORD et al. 2013; Kar and Cartwright-Smith 2010). With capital movements internationally largely unregulated, apart perhaps from the OECD guidelines¹³, private sector flows have been limitedly monitored, and issues such as transfer pricing and tax evasion have not yet come under serious scrutiny. It has been argued that for decades, Africa has been a net creditor to the rest of the world (GFI and AfDB 2013; GFI 2013).

More generally, the AU vision statements emphasise the growth aspirations of African countries. These are present in the current Vision paper (AUC 2009) and also repeated in the AU Vision 2063 Draft Framework, which envisions an aid-free Africa and underlines how “Africa must do things very differently to take advantage of the current momentum” (AU 2013). These include also strategies for stronger industrialisation. Nkosazana Dlamini-Zuma, head of the AUC has stated that 'Industrialisation cannot be considered a luxury but a necessity for the continent's development' (Igbohor 2013). The strong focus on economic growth led by industrialisation is one aspect that raises questions on how well such an African position can be aligned with the future SDG framework.

The perspective of African civil society has aligned with the AU statements on many issues, however the concerns on inclusiveness, sustainability and equitability of future development have been more strongly articulated. African-based CSO networks have criticized outputs from the likes of the High-level Panel on Post-2015 Agenda (HLP) for promoting growth- and market-driven development for not specifying how this growth should be qualified, tracked, and how distributive impacts will be attained while respecting people's rights (UN-NGLS 2013: 90-104; ACORD 2013). In order to address inequalities, they advocate

¹¹ In addition to this, innovative processes such as mobile money that allow an easy flow and access to capital are acknowledged within this framing

¹² Depending on the methodology, annual outflows from Africa have been estimated between USD 30 billion (conservative estimates), and USD 148 billion (according to the African Union)

¹³ OECD Guidelines for Multinational Companies and OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations

for a democratic developmental state that exercises fair and accurate taxation of transnational corporations and progressive taxation of citizens.

2.4. Conclusions

The experience of the MDGs has strongly shaped how most actors view the ongoing discussions related to a new global development agenda. Importantly, many from the developing countries felt that the MDG agenda was externally-driven and did not significantly consult developing countries. In the post-2015 agenda there have been attempts to address this by organizing consultations and initiating discussions at the international level well in advance of 2015. However, many tensions and concerns still arise, especially from the merging of the SDGs with the MDGs. While it is visible that African nations are through the AU advancing their own agenda, this could be in conflict with the SDG agenda and the concerns of local civil society and communities. Similarly, the changes in the development finance landscape from the ODA-driven MDGs are apparent and many questions remain unsolved. The subsequent chapters of this report will move from the international level to the national and local discussions in Tanzania and Kenya, and how the emerging questions and tensions are developing in their contexts.

3. MDG RELEVANCE AND POST-2015 DEBATES IN TANZANIA

Tanzania has often been viewed as a forerunner and poster child in responding to international development policy processes. At the turn of the millennium, Tanzania was the first country to produce an MDG Country Report in 2001. The review of Tanzania's development agenda prior to the MDGs shows that there have already existed various policies, strategies and initiatives that targeted goals similar to the MDGs, and thus the MDGs had a good footing given the past development initiatives in the country. In the post-2015 processes, as well, Tanzania was one of the first countries to initiate national post-2015 consultations. However, at the same time, there have been concerns over the ownership of these processes and how they have been linked to national development agendas and priorities. The influence of donors, particularly the World Bank and IMF, has been distinctive in shaping Tanzanian development policies and their implementation, especially since the SAP process in the mid-1980s (Harrison 2001). Tanzania remains a heavily aid dependent country and as such aid is at the centre of the Tanzanian political system, and the management of aid flows dominates the work of many government institutions.

The following section will first briefly introduce Tanzania's history and outline the context of Tanzanian national development policies prior to and since 2000, reflecting on how the MDGs fit into this context. Second, the MDG performance of Tanzania will be presented along with reflections on the Tanzanian MDG experience and how this could inform future development questions. The third section outlines the process, significance and concerns related to the post-2015 consultations in Tanzania.

3.1. Tanzanian development policies in the context of MDGs

After independence in 1961 and forming the United Republic of Tanzania (through the Union of Tanganyika and Zanzibar) in 1964, Tanzanian politics was long marked by one-party rule and the presidency of Julius Nyerere. The 1967 Arusha Declaration established the principles of Nyerere's *ujamaa* socialism, which focused on nationalization, communal agriculture and self-reliance (Harrison et al 2009). Importantly, already the Arusha Declaration called for the government to mobilize resources towards the elimination of poverty, ignorance and disease. As discussed later in the chapter, the basis for Tanzanian engagement with the issues of socio-economic development, similar to those in the MDGs, was laid already quite early.

Tanzania was subject to both economic and political crisis in the late 1970s and early 1980s. While Tanzania was able to secure IMF loans following the extensive impacts of the 1973/1974 oil crisis, after the second oil crisis in 1979 the IMF demanded extensive economic and political reforms as conditionalities to its loans (Harrison et al 2009). In the early 1980s, the impacts of the crisis had deepened and the performance of various sectors in Tanzania went down with the economy experiencing negative growth. While some donors, notably the Scandinavian countries, were still supportive of Nyerere's policies in the early

1980s, they soon began to side with the World Bank and IMF by the mid-1980s to demand for political and economic reform. By 1985 aid levels had fallen sharply and Nyerere stepped down as President. The new President, Hassan Mwinyi, quickly initiated negotiations with the World Bank and IMF to begin Structural Adjustment Policies (SAPs) and qualify for loans. From that point on, the country began to switch its policies and programmes from state-led socialism into neo-liberal policies. This included opening up space for the private sector, relaxing foreign trade regulations and foreign exchange control, and later on increasing private investments and property ownership. Some of the companies that had been nationalized following the Arusha Declaration were re-privatized. The state also withdrew from doing business and activities, which were no longer viewed as core state functions. At the same time, more space was opened for the private sector and other non-state actors, such as CSOs, to act in these areas. Tanzania continued as a one-party state, dominated by the CCM (Chama Cha Mapinduzi) till 1992. The importance of the CCM party in setting the government agenda has been significant through the party's heavy presence in the state up until and 1992 and beyond.

Following the SAP reforms of the late 1980s, Tanzania became increasingly viewed as a 'good adjuster' by international donors. The warm donor-government relationship continued until the mid-1990s, when both donors and the government felt increasingly dissatisfied with one another. Behind this was the uncovering of a corruption scandal within the Ministry of Finance in 1994, which led to donors implementing a harder line in aid and loan conditionalities (Harrison et al 2009). The government was not, however, satisfied with the more stringent donor conditionalities, thus resulting in an impasse in donor-government relations. The relations changed markedly after the publication of the Helleiner report in 1995, which gave recommendations for their improvement and marked the beginning of a new period of donor-government relations (Gould & Ojanen 2003). The publication of the Helleiner report marked the beginning of the Benjamin Mkapa presidency, which also created the political space for a new type of government-donor engagement.

Tanzanian Development Vision 2025: helping the domestication of the MDGs

The Tanzanian Development Vision 2025 (TDV 2025) was developed soon after the publication of the Helleiner report, with financial support and encouragement from donors. The process for the formulation of a new vision began in 1995 by a team of experts from the Planning Commission and was complemented by consultations with different stakeholders. In 1999, the Vision 2025 was ratified and adopted as the main development framework. The Tanzanian Development Vision 2025 (TDV 2025) is the most important framework policy document guiding the country's national development. The Vision spells out that by the year 2025 Tanzania should move from a low income into a middle income country.

The TDV 2025 focuses on growth and human development. It presents an outcome-based approach for following up performance. The more specific targets of the Vision are clustered into three groups:

- high quality livelihood
- good governance and rule of law
- a strong and competitive economy

The first target of the Vision 2025 addresses questions similar to the MDGs, whereas the latter two targets address macroeconomic questions related to economic growth and stability. The growth target for Vision 2025 is a sustained 8% GDP growth per year. The livelihood target of the Vision 2025 carries significant resemblance to the MDGs, with “access to primary health care” and “life expectancy comparable to the level attained by middle income countries” as the only two targets (out of nine) that are not present in a direct form within the MDG framework (see Table 2). The issues and questions arising from the MDG framework are thus not new for Tanzania, and had been adopted into the national development agenda prior to 2000. To some extent, the similarities between the two frameworks could also have served to depoliticise the domestication of the MDGs into the Tanzanian context as a donor and expert-led process since the issues raised in the MDG framework did not seem too new or different for Tanzania (cf. Olukoshi 2013). The Vision 2025 also demonstrates how elements of results-based management, which had been on donor agendas since the mid-1990s and formalized in the MDGs, had already also been incorporated into the national development framework in Tanzania (cf. Hulme 2008).

Table 2. Tanzanian Vision 2025 and MDGs compared.

Vision 2025: 3.1 High quality livelihood	Millennium Development Goals
Food self-sufficiency and food security	MDG 1 Target 1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger
Universal primary education, the eradication of illiteracy and the attainment of a level of tertiary education and training that is commensurate with a critical mass of high quality human resources required to effectively respond and master the development challenges at all levels	MDG 2 Target 2A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
Gender equality and empowerment of women in all socio-economic and political relations and cultures	MDG 3 Target 3A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015
Access to primary health care for all	N/A
Access to quality reproductive health services for all individuals of appropriate ages	MDG 5 Target 5B: Achieve universal access to reproductive health
Reduction in infant and maternal mortality rates by three-quarters of current levels	MDGs 4 & 5 Target 4A: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate Target 5A: Reduce by three quarters the maternal mortality ratio
Universal access to safe water	MDG 7 Target 7C: Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation
Life expectancy comparable to the level attained by typical middle income countries	N/A

Absence of abject poverty	MDG 1 Target 1A: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1.25 a day
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The development agenda in Tanzania after 2000 has been informed by a variety of processes, the first being the Poverty Reduction Strategy Paper (PRSP) from 2000/1 – 2003/04; the second the National Strategy for Growth and Reduction of Poverty (NSGRP, known more commonly in Swahili as MKUKUTA I) from 2005/6 – 2009/10, and NSGRPII which spans from 2010/11 – 2014/15 (MKUKUTA II). In addition, recent initiatives such as the Five Year Development Plan 2011-2016 (FYDP) and Big Results Now (BRN) from 2013 onwards are targeted plans assisting in the implementation of development policy.

PRSP and MKUKUTA key in the adoption of the MDGs

The localization and implementation of the MDGs began with the development of Poverty Reduction Strategy Paper (PSRP), which was a medium term strategy of poverty reduction developed by the Tanzanian government with consultations with local and international stakeholders (URT 2000a). The paper was developed in the context of Heavily Indebted Poor Countries (HIPC) initiative. The PRSP process was the first one after the inception of the MDGs to take place in Tanzania. The PRSP period is often described as opening a new era of development cooperation with an increased focus on human development and notions such as ‘partnership’ and ‘ownership’ (Fraser and Whitfield 2009). In Tanzania, the PRSP process did not mark such a significant change from previous donor relations, however. Tanzania was one of the first countries globally to engage in the PRSP process and there was a significant amount of pressure and expectations exerted on the process (Harrison et al 2009), thus heavily directed by donors, especially the World Bank and the IMF. At the same time, the link to USD 2 billion in debt relief meant that the Tanzanian government had few incentives to oppose the process. While the MDGs had already been globally accepted as the framework to development, they were not explicitly mentioned as a part of the PRSP. However, at the same time, the Tanzanian PRSP can be seen as the first policy that laid the foundation for the implementation of the MDGs in Tanzania. Compared to the previous SAPs of the World Bank and IMF, the Tanzanian PRSP contained a stronger focus on the social side of development and on the non-income aspects of poverty reduction (Gould and Ojanen 2003).

Following the PRSP was Tanzania’s National Strategy for Growth and Reduction of Poverty (NSGRP), which is more commonly known by the Swahili acronym MKUKUTA I. It is often referred to as a domesticated PRSP, as in comparison to the PRSP, no debt relief strategy was included and donors were able to give only comments to the document (Nilsson 2007). Key focus areas under the MKUKUTA were attaining an average GDP growth rate of 6-8 %, improved domestic revenue capacity, equitable allocation of public resources, better public service reform and social sector reforms. The MKUKUTA was adopted in 2005 and its main focus was geared towards strengthening the macroeconomic improvements and stability gained following the implementation of the PRSP. More than the PRSP, the MKUKUTA employs an outcome-based approach and can be interpreted as an example of how the out-come based approaches em-

bedded in the MDGs had been adopted into national development (cf. Hulme 2008). The human development aspects linked to the MDGs are mainly addressed in cluster II of the MKUKUTA, with the other clusters addressing growth and macroeconomic stability. According to the Tanzanian government, the MKUKUTA produced positive results to the economy as the economy grew at 7%, which was in line with the 6-8% target per annum. There were also improvements in public service delivery in the areas of health, education, water, energy, telecommunication and infrastructure (URT 2010). The first MKUKUTA expired and was reviewed in 2010 to be followed by its successor MKUKUTA II, which contained a greater emphasis on growth and productivity aspects. Similarly to the first one, the MDGs were incorporated into MKUKUTA II, but with even more detailed performance-based indicators for the key targets to be followed up and reported in the Poverty and Human Development Report¹⁴.

Five Year Development Plan and Big Results Now: Shifting towards more Tanzanian and growth-oriented development?

Shortly after MKUKUTA II was initiated, however, the government began work on a Five Year Development Plan (FYDP), which was released already in 2011. The primary motivation for the FYDP was the realisation that the long-term plans do not respond adequately to changing market and technological conditions in the region and the global economy, and do not adapt to changes in domestic socio-economic conditions. At the same time, the government realized that there were multiple national development strategies in place, leading to incoherence and a lack of focus in implementing the Vision 2025. The time-frame for achieving the goals of the Vision 2025 was deemed off-track. While the Vision 2025 was originally thought to be implemented through five year development plans, it was only after a review of the Vision 2025 in 2009-2010 that the process to initiate the FYDPs began. The review pointed out that despite achieving GDP growth in the early 2000s, the sources of growth had been narrow, and did not cover poor people in rural and peri-urban areas. Resulting from this, very little had happened in translating growth into poverty reduction (see also Kessy et al. 2013).

As an official from the Planning Commission commented, the main aim of the FYDP is to “*unlock the growth potential*” in Tanzania that was not sufficiently addressed in previous policies. While the PRSP has been seen as a donor-driven process (Gould and Ojanen 2003) and the MKUKUTAs as Tanzanian responses to the PRSP, the FYDP is viewed as more fully Tanzanian. As an interviewed academic involved in drafting of several of Tanzania’s development policies commented, “*Ten years later we reviewed the Vision, where are the five year development plans and pushed for it... Maybe we listened too much to donors on the PRSP, putting aside our own vision*”.

The latest development policy spearheaded by the government of Tanzania in early 2013 is called Big Results Now (BRN). BRN is based on the Malaysian growth model of focusing on key sectors with time and performance based indicators. The BRN priority areas are energy and natural gas; agriculture; water; transport; education and mobilization of resources. BRN is considered innovative by many, as it gives the

¹⁴ The latest Poverty and Human Development Report was published in 2011 (URT 2011)

government the opportunity to focus on a few key sectors rather than taking too many priorities. It is also presented as corresponding very well with the FYDP, as they both give priority to only a few sectors. At the moment, however, BRN was unfamiliar to many of those interviewed, especially civil society members. While the BRN process has so far been largely a closed-door process and unknown to the wider public, there have, however, been critical articles in the media specifically questioning the logic of borrowing foreign models of development and expecting them to work in untested contexts (Citizen 11 April 2013). BRN has also been criticized on the selection of the six focus areas, and for leaving out critical areas such as health. In August 2013, only two ministries – the Ministry of Energy and Minerals and the Ministry of Education had launched their BRN initiatives. Due to the novel nature of the initiative, many are still waiting to see its outcomes after a period of implementations.

As the BRN, based on a Malaysian model, demonstrates, the role of the traditional Western donors has in recent years been somewhat more limited. As a Western donor commented on the BRN: *“There were several months that it was not discussed and we wondered what is this. And I still wonder what this will mean in practice”*. Donors have been involved in the process at a much later stage, when the strategies had already been developed further by the Tanzanian government. DfID has, however, recently indicated its support to the initiative and ensuring that it is incorporated into the Tanzanian governments strategies. At the moment it is unclear how the latest strategies in Tanzania will relate to the other development policies: will they be a method of implementation for previous strategies such as the Vision 2025 or will they once again re-align national development priorities?

Views on the MDGs in Tanzania’s development framework

Since 2000 the MDG framework has influenced the different development policies of Tanzania in varied ways. On the one hand, many saw that the MDGs had been fully integrated into Tanzanian development processes through the MKUKUTAs and thus had been internalized in Tanzania. Even the continuity of the MDGs was taken as given, as a civil society representative commented, *“You see, we would continue anyways with the goals even if not reached in 2015, we have them in our own strategies as well”*. On the other hand, the MDGs were viewed as fitting into an array of different policies without clarity over which one had priority. Concerns related especially to the new Five Year Development Plan, and its relation to the other already on-going development plans, such as the MKUKUTA. A civil society representative captured the confusion well:

“if you have MKUKUTA, what about Vision 2025? Who is running that? Who is financing that, who is monitoring that?... You have the MKUKUTA and you have the 5 year plan. Now depending on whom you speak to, some will go for the 5 year plan, others are on the MKUKUTA... Now all the resources are going to finance the 5 year plan. Is it financing MKUKUTA? So the local debate now is, of these two, which one is which, and where should we put a lot of efforts?”

The FYDP, of the newer development policies, has been criticized by industry representatives as the most rushed development policy by the Tanzanian government so far, where consultation was limited and

partial. As the industry representative said: “*there was a kind of rushing when the Five Year Development Plan started, so there was a limited consultation of the private sector, so sincerely involvement of stakeholders in the Five Year Development Plan was very low*”. In the context of Tanzania, where consultation has been formalized since the early 2000s (cf. Harrison et al 2009), the lack of consultation and participation in the newer development policies was noteworthy.

The role of traditional donors has undergone changes since the early 2000s with the different development strategies in place. The role of donors, particularly the multilateral institutions, was marked especially in the first development strategies such as the PRSP, which were launched after the MDGs in 2000. In comparison, the role of traditional donors has been more limited in the newer development policies such as the FYDP and BRN. Also, the influence of non-traditional donors can be seen from the newer development policies. Big Results Now is based on the Malaysian model and Tanzania has actively looked towards East Asia in the new development policies. While the newer development policies could be interpreted as examples of stronger government ownership, where traditional donors are invited to participate only at a later stage, the limited consultations and the confusion over policy priorities point to shortcomings in ownership amongst a wider range of stakeholders.

3.2. MDG performance in Tanzania

According to the latest statements by the government of Tanzania (URT 2013), Tanzania is expected to achieve two of the MDGs on time: MDG 2 on primary education and MDG 6 on HIV/AIDS, malaria and other major diseases. Tanzania will likely meet some of the sub-goals on MDGs 3 (gender equality), 4 (child mortality) and 7 (environmental sustainability). In MDG 3, the ratio of boys and girls in primary and secondary education is achievable, whereas there are problems in tertiary education and the proportion of women in parliament. MDG 4 is largely achievable and infant and under-5 mortality is already above the 2015 target. However, the proportion of children vaccinated for measles remains below the target. Tanzania will not, however, meet MDG 1 on extreme poverty and hunger or MDG 5 on reducing maternal mortality. The trend is not that different from the African region as a block, as reports indicate that Africa is on-track on MDGs 2, 3, 6 and 8 and off-track on MGDs number 1, 4, 5 and 7 (The Citizen 31 May 2013). Table 3 below summarizes the Tanzanian MDG performance.

Table 3. MDG Performance in Tanzania

MDG	Indicator	Baseline 1990	Current status	2015 Target	MDG Achievability
1. Eradicate extreme poverty and hunger	1.1 proportion of population below(\$1,PPP) (based on national income poverty line)	39	33.6 (2007)	19.5	Not achievable
	1.1 Proportion of population below(\$1, PPP) (based on national food poverty line)	21.6	16.6 (2007)	10.8	Not achievable
	1.8 Under-5 Underweight (%) (weight-for-age below – 2SD).	28.8	16.8% (2009)	14.4	Not achievable
	1.8 Under-5 Stunted (%) (height-for-age below – 2SD)	46.6	38.9% (2009)	23.3	Not achievable
2.Achieve universal primary education	2.1 Net enrolment ratio in primary education (%)	54.2	95.4 (2010)	100	Achievable
	2.2 Gross enrolment ratio in primary education (%)		112.7	100	
3.Promote gender equality and empower women	3.1 Ratio of girls to boys in primary school (%)	98	101	100	Achievable
	3.2 Ratio of girls to boys in secondary school (%)		105	100	Achievable
	3.3 Ratio of females to male in tertiary education (%)		68.0	100	Achievement probable
	3.4 Proportion of women among members of Parliament (%)		30.3	100 (50%?)	Achievement probable
4.Reduce child mortality	4.1 Under-five mortality rate (per 1,000 live births)	191	81 (2010)	64	Achievable
	4.2 Infant mortality rate (per 1,000 live births)	115	51 (2010)	38	Achievable
	4.3 Proportion of children vaccinated against measles		85	90	Achievement probable
5.Improve maternal health	5.1 Maternal Mortality Ratio (per 100,000 live births)	529	454 (2010)	133	Not achievable
	5.2 Proportion of births attended by skilled health personnel (%)	43.9	50.5% (DHS 2010)	90	Not achievable
6.Combat HIV/AIDS, malaria and other diseases	6.1 HIV prevalence, 15-24 years		2.5 (2008)	<6	Achievable
	HIV prevalence, 15-49 years	6	5.7 (2008)	<5.5	
7.Ensure environmental sustainability	7.8 Proportion of population using an improved drinking water source (:% of rural population)	51	57.1 (2009)	74	Not achievable
	7.8 Proportion of population using an improved drinking water source (“% of urban population)	68	83 (2009)	84	Achievable
	7.9 Proportion of people with access to improved sanitation (Rural/Urban)		2010 DHS 13.3%		Not achievable
8.Develop a global partnership for development					Achievement probable

Tanzania is struggling especially with MDG 1 and MDG 5, where all of the sub-indicators seem unachievable by 2015. Agricultural productivity is identified as one of the severest constraints affecting the lack of progress on **MDG 1** (MDG Country Report 2010). While GDP growth in Tanzania has been relatively high, and GDP grew from 4.9% to 7.1% in 2000 to 2007, the proportion of people below the basic needs poverty line fell only from 36% to 34% (Mashindano et al. 2013). Mashindano et al. (2013) discuss several reasons why growth, which has been in the target range of development policies such as MKUKUTA, has not translated into poverty reduction. Firstly, population growth in Tanzania has been rapid, with the current population standing at 45 million according to the 2012 census. Projections estimate the population to be at 51 million by 2015, posing higher demands on societal infrastructures and services. Secondly, budget allocations to important sectors such as education and agriculture have not been sufficient. Although education allocations have increased in absolute terms, they have not increased in percentage terms. In education problems relate especially to poor quality, which is discussed further below. In agriculture, the government budget allocations have increased in both absolute and percentage terms. However, while agriculture comprised 26% of the GDP in 2009, it received only 7% of the budget allocation. The limited growth of agriculture is often identified as one of the main reasons why growth in Tanzania has not translated into poverty reduction. Agriculture is the main source of employment in the country and also where the largest proportion of poor people are employed. As growth and investments are largely occurring outside the agricultural sector, it is not contributing significantly to improving the lives of people involved in agriculture. The final reason behind the mismatch of growth and poverty reduction is the rising cost of living in Tanzania, which can be divided into food inflation and the rising cost of services. Food inflation has had an impact especially on the poorest in Tanzania. In the provision of free services, such as primary education, there are often hidden costs involved. In education these include informal payments to teachers and the cost of, for example, school uniforms.

MDG 5 on maternal mortality is the one that is lagging significantly behind in Tanzania and the African region generally. In Tanzania, only 43 per cent of pregnant women receive the recommended minimum of four antenatal visits and about half of births are attended by qualified health professionals (Commonwealth Foundation 2013). In Tanzania, maternal mortality is shaped by a complex array of issues, not merely the availability of medical care. Especially important are the effects of malnutrition and the ability to access health care. Improvements in these are affected by low incomes and limited female education, especially in rural areas (MDG Country Report 2010). The structural questions that may be affecting the lack of progress on maternal mortality are actually quite similar to what are discussed more in detail in Chapter 4 on Kenya. The differences between the urban and rural population in Tanzania are visible in all of the MDGs, with rural areas lagging behind in all of the MDGs. This is visible also in MDG 7, where there are stark differences in the proportion of urban people having access to safe drinking water (83% in 2009) in comparison to the rural area (57%).

In the context of developing countries generally, the MDG agenda has to a great extent been restricted to reporting on the achievements in the first six goals on human development, while discussions on the reporting requirements of developed countries on **MDG 8** on global partnerships are non-existent. The

‘determination to deliver’ in monitoring and reporting on goals 1-6 as Olukoshi (2013) calls it, is present in Tanzania as well. Thus the emphasis on MDG ‘achievement’ in Tanzania has also been on goals 1-6. Reporting and discussions on MDG 8 in Tanzania are limited and for example, the Poverty and Human Development Report and the National Synthesis Report on the Post-2015 Consultations contain no analysis of MDG 8. The MDG Country Report (2010) does report on Tanzanian progress towards MDG 8, but contains limited discussion on the role of donors in achieving their commitments for MDG 8. Civil society has, however, been more critical of achievements on MDG 8. A civil society review of the MDGs in Tanzania stated that it is unlikely for Tanzania to meet MDG 8 (Commonwealth Foundation 2013). Civil society views point out to limitations on sides of both donors and the Tanzanian government. For the government, concerns are raised over debt levels. The report points out that it is generally difficult for civil society to assess donor-government relations, however, there are concerns over donor conditionalities and late disbursements.

3.3. Reflections on the MDG relevance in Tanzania

The Tanzanian MDG experience and stakeholders’ views on the implementation of the MDGs provides a platform for reflections on the options and challenges for future development frameworks post-2015. The key concerns raised specific to the MDG framework in Tanzania were an initial lack of consultation, limited discussion on global structures, an overemphasis on quantitatively defined targets and confusing links with national development processes.

Amongst the majority of the interviewees, the set-up of the MDGs was viewed largely as an internationally driven, top-down process, in which developing countries had a limited role. The international agenda was deemed external and difficult to follow, especially for civil society actors. As one civil society actor commented, the potential for Tanzanian civil society to take an active role in the process was limited: *“The international processes always come down to them when something has already started and to catch up with what has happened takes time”*.

Resulting from the general view that the MDGs were externally-driven, many felt that the MDGs as a development framework did not significantly address global questions and their influence on Tanzania. As a civil society representative commented: *“There are 8 MDGs. In reality, we are not talking of all eight and putting equal emphasis on them. In Tanzania, we are talking about MDGs 1-6 but partnership and global trade are not discussed.”* As discussed above, the official Tanzanian reports on MDG performance have also mainly reported and discussed achievements on MDGs 1-7.

A key globally identified shortcoming of the MDGs has been the outcome-based emphasis on quantitative results (cf. Saith 2006; Jerven 2013). In Tanzania, this has been demonstrated in the provision of primary education. In the first half of 2013, Tanzanian public debate was centered on the shocking news of 65% of students failing the Form 4 exams. While the explanations for Form 4 failure are varied and complex, for many it sparked a discussion on the overemphasis of quantity over quality. One reason behind the decrease

in the quality of education is that the rapid expansion in school enrollment has not been met by infrastructural investments and investments in supplies. Another concern is the quality of teaching and the actual time spent by teachers in schools. Recent World Bank estimates say this could be significantly lower than expected in Tanzania (Reinikka 2013). The low pay of teachers is a significant factor affecting this. The emphasis on measurable outcomes can already be found in Vision 2025, but was more fully developed and articulated in MKUKUTA I, following the inception of the MDGs. Concerns how quantity had come to replace quality was directly linked by many to the outcome-based approach of the MDGs and also identified as one of the first priorities to be corrected in any post-2015 framework. As a civil society representative working on children's issues commented: *"Qualities! The MDGs were a purely economist thing. Numbers are not applicable. It's not about the number of students, but the quality."*

Another issue in education that has been critiqued in the MDG framework is the focus on only primary education. In Tanzania, the Constitutional review process has provided an opportunity to discuss locally relevant concerns related to education. One recommendation arising from the review is to extend compulsory education from primary school up until advanced secondary education.

3.4. Outcomes and concerns of post-2015 consultations in Tanzania

Tanzania post-2015 consultations

Globally Tanzania has been a forerunner in carrying out post-2015 consultations within the country. In effect, Tanzania began the national post-2015 consultations even prior to the UN initiation of the consultations. Yet at the same time, there have arisen concerns over the extent and representativeness of the consultations, the capacity of civil society to follow the process and the official communication of the whole process.

Post-2015 consultations have been carried out by the Economic and Social Research Foundation (ESRF) with Children's Dignity Forum and the University of Dar es Salaam (UDSM). Parallel consultations have been carried out by NGOs, such as Restless Development and TANGO (see Table 4). Following the consultations, the Planning Commission released a National Synthesis Report of the consultations in May 2013. Tanzania also hosted the regional East African consultation on energy in October 2012. The Table 4 below outlines the different national post-2015 consultations held in Tanzania.

The findings from the national consultations have been consolidated into the National Synthesis Report, published in May 2013 by the President's Office Planning Commission. The report states that *"the MDGs are still relevant as there is an unfinished business, but there is a need to go beyond MDGs to take into account new and emerging issues and aspirations"* (URT 2013; iv). The report outlines ten key goals to be considered for a post-2015 development framework, which are (URT 2013; v):

- Eradicate extreme poverty, hunger and inequality
- Achieve decent and productive employment
- Ensure quality service delivery

- Eliminate gender inequality
- Combat diseases
- Reduce child and maternal mortality
- Promote sustainable development
- Improve governance
- Enhancing effective development cooperation
- Promoting peace and security

Table 4. Post-2015 Consultations in Tanzania.

Target audience	By whom	Region	Report
Vulnerable groups: youth, women, disabled, elderly and people living with HIV/AIDS	ESRF with Children's Dignity Forum	Mtwara and Dar es Salaam	National Post-MDGs' Development Agenda Consultations Report: on CSOs, LGAs and vulnerable groups
Zonal consultations with district councilors; local government; CSOs, farmers and pastoralists	ESRF	Zones of mainland Tanzania	National Post-MDGs' Development Agenda Consultations Report: on CSOs, LGAs and vulnerable groups
Higher learning institutions; government officials; private sector	UDSM	Bagamoyo and Arusha	Report on the National Consultation Workshops for the Private Sector, Officials from the Central Government and Representatives from Higher Learning and Research Institutions
Youth	Restless Development and UNFPA	Iringa, Dar es Salaam, Morogoro, Lindi, Manyara, Arusha, Dodoma, Mwanza, Simiyu, Kilimanjaro, and Mara	The World We Want: Tanzanian Youth Perspectives on Development Beyond 2015
Civil Society Organisations	Tanzania Association of NGOs (TANGO), CIVICUS: World Alliance for Citizen Participation. Funded by Commonwealth Foundation	National	A Civil Society Review of Progress towards the Millennium Development Goals in Commonwealth Countries
Online Consultation	Tanzania Knowledge Network (TAKNET) and ESRF	Online	Post MDG Development Agenda: What future do we want and how can we achieve it?

Based on the interviews, concerns related to the post-2015 discussions in Tanzania can be separated into those focused on the consultation process and those over the content of the outcomes of the consultations. Generally in Tanzania there seemed to be little discussion over the post-2015 agenda and few civil society groups were directly involved in negotiating and discussing questions related to post-2015 (see also Commonwealth Foundation 2013). As a civil society person said *“Awareness has not been that high among civil society on post-2015... The few NGOs that are dealing with the agenda mainly do it from their international branches and not really from the country”*. Similarly, a Finnish NGO worker commented that Tanzanian NGOs did not have sufficient resources to follow the post-2015 consultation processes and give due comments on the government’s reports. For several, the post-2015 discussion raised questions whether a new process is necessary and what has changed for new consultations to be relevant? As an NGO worker said: *“Tanzania had review reports on MDGs, so we know where the gaps are. Why not build the new framework based on this knowledge on the existing gaps. This new consultation process does not really make sense to me... We do not need a completely new process... I don’t think that our development landscape is really that different now”*. The role of the government in carrying out the consultations was criticized for lacking a proper communication of the follow-up and inciting more discussion over the content. At the same time, many acknowledged another, much more significant process, which was ongoing at the same time as the post-2015 consultations: the drafting of the new Tanzanian constitution. For public discussion and for civil society, the constitutional review process was seen as much more significant and relevant in shaping the development future for the country.

Another concern that has been raised in Tanzania generally is the nature of consultation and participation. Tanzania is often criticized for having established a workshop culture and inviting consultation from civil society, yet at the same time filtering and editing the voices and opinions from consultations (Harrison et al 2009). The post-2015 process in Tanzania appears to contain some of these elements, and the National Synthesis Report presents consensus view on a post-2015 development agenda. The limited scope of consultation was acknowledged even by the consultants carrying out the consultations: *“It is true that we were given guidelines [on the consultation] by the UN through UNDP which went through the government, the planning commission, and which was given to us. There was very limited flexibility, I must say that”*. However, at the same time, the extent of the online post-2015 consultations in Tanzania has been higher than for other countries in the region, such as Kenya. In Tanzania, around 32 000 votes were cast, and a majority of these respondents were between 16-45 years of age, and more than half of the respondents had at least some secondary level education. In their answers, they prioritize education, job opportunities, healthcare, protection against crime and violence, affordable and nutritious food as well as clean water and sanitation¹⁵. An obvious bias in the range of voices and opinions in the online consultation is that they come largely from the educated middle-classes with internet access and literacy. Similar differences can be found as in the regional consultations. The online consultations contained much more debate on aid dependency and natural resource manage-

¹⁵ World We Want National Consultations: The World United Republic of Tanzania Wants: <http://www.worldwewant2015.org/regions/160400>

ment whereas the regional consultations outside of Dar es Salaam pointed to the importance of fundamental development issues such as service delivery and food security.

The outcomes of the consultations presented in the Synthesis Report point to the Tanzanian government's position as promoting reformed MDGs or an "MDG+" approach. Based on the interviews carried out this view is largely in line with many NGOs in Tanzania. Many saw the MDG process in Tanzania as an incomplete one, which should build on past successes and failures: *"So in MDGs we could concentrate on what is working in the MDGs, and build on that for maybe the new MDGs"* Similarly, as mentioned above, the MDGs were already seen as incorporated into and followed up in Tanzanian development policies through the MKUKUTA, and it would seem pointless to abandon these efforts halfway. This has been the approach the Tanzanian government has adopted in its public statements on the MDGs as well. While discussions over the quality of the goals have to some extent been incorporated in the national Synthesis Report through discussions on the quality of education, the goals presented in the Synthesis Report still reflect an outcome and goal based approach. As such, they do not differ from the MDG framework greatly. Since the publication of the Synthesis Report in May 2013, Tanzania has taken a more active role in stating its preference for continuing the MDGs. Even after the UN General Assembly decided in September 2013 to continue negotiations on a post-2015 agenda with a one-track approach merging the MDGs and the SDGs (see Chapter 2), Tanzania has publicly stated it will continue with the MDGs (e.g. The Citizen 5 November 2013).

The question of SDGs and merging the MDGs with the SDGs raised doubts amongst both civil society and government. The Synthesis Report acknowledges the shortcomings of the current MDG7 in terms of addressing environmental issues. However, in for example climate change, the national priority lies explicitly in adaptation to climate change whereas mitigation and a stronger commitment to the already on-going international climate processes such as the Kyoto Protocol are seen as the concern of the industrialized countries. Since the publication of the report, the Tanzanian government has taken an ambiguous approach to the SDGs. On the one hand, it has stressed the importance of continuing with the MDGs, whereas on the other, the importance of especially natural resource management has been continuously stressed. Similarly, civil society organisations wanted to keep the MDGs and SDGs as two different issues: *"I don't think it is a good idea to combine MDGs and SDGs. This would just create confusion. These are two different things that have been created in two different contexts and processes... SDGs may become a limiting factor for the weaker nations. They may bring conditionalities to us. And conditionalities do not make us progress."* The fear of increased conditionalities for aid seemed to be the highest concern behind the merging of the MDGs and SDGs. At the same time, environmental concerns did feature especially in the consultation with vulnerable groups (ESRF 2013). The environmental issues identified through the consultations highlighted especially food security and climate change impacts on agriculture as concerns for the vulnerable groups. In comparison, the extractives sector and how it could be incorporated into a future development agenda was highlighted much more in the consultations with higher learning institutions.

Tanzania post-2015 futures workshop

In reflection to the official post-2015 debates in Tanzania, a futures workshop in Dar es Salaam was organised to discuss contemporary development themes. The summary of this discussion is described below in Table 5.

Table 5. Tanzania Beyond 2015 futures workshop (Dar es Salaam – April 11, 2013)

Envisioning local benefits, economic development and transparency
<p>“Beyond 2015” futures workshop in Dar es Salaam examined Tanzania’s national futures through three themes: the resourcing or financing for development and poverty reduction; the use and distribution of natural resources-based wealth; and energy poverty. Three visions until the year 2030 were formulated:</p> <p>Financing 100% of our own development</p> <ul style="list-style-type: none"> • Main issues: Government transparency, locally-relevant education, promotion of entrepreneurship and SMEs, wider tax base (end of tax exemptions, taxation of multinational companies) • Supportive steps: 10% annual GDP growth, formalisation of informal sector, investments in science and technology (R&D), local investment, public-private partnerships, removal of import duties, sustainable use of resources, mindset change, removal of trade barriers <p>Natural resources equitably contribute to sustainable economic development</p> <ul style="list-style-type: none"> • Main issues: Fair benefit-sharing through revenue transparency and tax collection directly from production (i.e. royalty) through involvement of locals in negotiations, mining contracts passed by the parliament and transparent to citizens, also employment and skills creation • Supportive steps: Environmental management (Environmental Impact Assessments, regulation, compensation of harm), promotion and fostering of culture of questioning and transparency, government a major shareholder in extractive industries, investment back in the country, natural resources to benefit future generations, preference of high technology, protection of Tanzanian culture and historical sites, well-defined CSR in the mining policy <p>Accessible, affordable energy produced for the majority of urban and rural population</p> <ul style="list-style-type: none"> • Main issues: Agency of local communities, diverse energy sources for all groups and customers, energy sector decentralisation: removal of state monopoly to resolve TANESCO-related problems of distribution, maintenance, generation, management and responsibilities • Supportive steps: Access to legal documents in Kiswahili and local languages, management of natural gas (domestic use vs. export, re-investment of revenue), household-relevant energy infrastructure, renewable energy against deforestation, government and donor transparency

3.5. Conclusions

In Tanzania, the MDGs have been integrated into national development policies and strategies. This began with the implementation of the PRSP, but was more fully advanced in the following MKUKUTAs, which formalized an outcome and goal based approach to socio-economic development. For many, the MDGs did not represent a break from previous development policies, and the focus on education and poverty was traced back even to the Arusha Declaration of 1967. Both aspects have shaped the Tanzanian positioning towards the MDGs and also the post-2015 discussions. While there were many concerns with the overt focus of the MDG framework on quantity over quality, many saw that the focus on social issues, such as health and education, was relevant. Therefore many referred to the MDGs as still an ‘unfinished project’. This is in line with the ‘Tanzanian governments’ official position, as well. While making some acknowledgements towards the sustainability agenda, Tanzania has firmly stated its preference for continuing to implement the MDGs post-2015. Time wise, the implementation of the post-2015 agenda, whatever form and shape it takes, will coincide with Tanzania’s second Five Year Development Plan. If Tanzania continues to implement international policies as it has up to date, the second FYDP is a likely platform for the localization of a post-2015 development agenda.

At the same time, Tanzania’s role as a ‘donor-darling’ seems to be undergoing changes. The influence of traditional donors has been less marked in the formulation of the newer development policies, and Tanzania has actively ‘looked East’ for new development models. Yet, at the same time, the logic of looking East was questioned and as one of our interviewees commented, Tanzania needs to find a “*third way - or fourth, or fifth way*”. Finding a Tanzanian way was related especially to financing development (see Chapter 5) and how to manage the extractive industries (see Chapter 6). These views were, however, mainly present in the online consultations and the consultations with higher education institutions and the private sector. The consultations with vulnerable groups and rural areas still stressed the importance of basic services, health, education and food security.

4. EXPERIENCES WITH MDGS AND DOMESTIC DEBATES AROUND POST-2015 IN KENYA

This chapter looks at the experiences related to and the relevance of the MDGs in Kenya. It also explores the views of different stakeholders on the post-2015 development framework. The chapter first sets the context for the MDGs and how they have been adopted in other policies in Kenya. The adoption of the MDGs coincided with the new government of Mwai Kibaki, and as such renewed focus to the delivery of social services. Secondly, the chapter discusses the current status of the different MDGs in Kenya. Thirdly, the performance of Kenya in attaining the MDGs as well as the probable reasons behind the successes of some goals and the factors contributing to non-advancement of others, are discussed. The chapter then moves on to the post-2015 framework, including the consultation processes and their outcomes. The process of MDG implementation and the identified blind spots of the framework can be seen as the foundation for the current debate and views. The chapter ends with a discussion on how the new SDG agenda may align or contradicts with the government's priorities.

4.1 MDGs in the context of Kenya's national policies

The MDGs are meant to bring about social change in terms of human development. It is worth remembering that socio-economic issues such as education and healthcare have featured in Kenya's national development agenda since the country's independence in 1963. The government's first development blueprint, the 1965 Sessional Paper No. 10 "African Socialism and Its Application to Planning in Kenya" (see Box 1 for an overview of Kenya's key development policies), aimed for poverty eradication and the improvement of literacy levels and healthcare services. The 1970s in turn were characterized by market-based policies and state interventionism. At the end of 1970s and beginning of 1980s Kenya became increasingly reliant on World Bank and IMF loans. Structural Adjustment Programmes (SAPs) that encouraged privatisation and a reduced role of the state in service delivery followed. This led to a significant rise of people "unserved" by the state, plus high levels of poverty and inequality.

As a consequence, in 2000, when the world governments were adopting the MDGs, Kenya's political and economic prospects looked grim. More than half the country's population remained below the poverty line, and levels of inequality were among the highest in the world (State of East Africa 2006). Similar to other developing countries, the adoption of the MDGs can therefore have been interpreted to address the social and human development crisis that had been precipitated by the SAPs.

Key development policies and strategies in Kenya

Sessional Paper No. 10 of 1965: Aimed at addressing the inequalities from the pre-independence period, in the areas of education, poverty and services. The Sessional Paper balanced market-based policies with state interventionism. Its implementation was affected by the political and economic crisis, including the oil crisis and fiscal deficit. In the 1980s, the ensuing economic crisis led to increased reliance on World Bank and IMF loans. The policy was geared at encouraging public investments in the most productive areas and sectors of the country and the economy, which left many marginalized groups out of the benefits of development, leading to high levels of inequality.

Sessional Paper No. 1 of 1986: Was aimed to re-orient national development priorities in response to the economic crisis of the 1980s. The introduction of SAPs reduced the role of the state in service delivery. However, SAPs failed to deliver economic growth or industrialization. The Sessional Paper was developed on the background that development was not only influenced by domestic challenges but also external factors, particularly the realities of liberalisation and globalisation. In addition, the poor implementation of economic policies, mismanagement, and weak institutions of governance were creating a challenge for development. These realities led to the drawing up of Sessional Paper No.1, which proposed several fiscal and monetary reforms aimed at economic recovery and growth through market liberalisation.

Economic Recovery Strategy for Wealth and Employment Creation 2003: Aimed to accelerate economic growth and employment by infrastructure, equity, poverty reduction and improved governance. The growth strategy focused on sectors that generated employment most rapidly, including agriculture, tourism, trade and industry, ICT, forestry and mining. This strategy would form the basis of Vision 2030. However, the promise of inclusive growth and reduced donor dependence has not been realized as anticipated and poverty and inequality levels remain at similar levels prior to the implementation of the policy.

Vision 2030: is Kenya's long-term development blueprint (2008), and the ERS successor, to make Kenya a middle-income and “globally competitive and prosperous nation with a high quality of life” by 2030. The Vision constitutes of three key pillars: economic, social, and political. Infrastructural development, fostering of ICT, public sector reform and macro-economic stability are the key enablers for the development of the three main pillars. The Vision has a heavy focus on infrastructure development, including a new port in Lamu and road networks linking the country to Ethiopia, South Sudan and central Africa. The Vision 2030 has been operationalised for implementation by separate five-year Medium Term Plans (see below).

The First Medium Term Plan (MTP) 2008-2012: “Globally competitive and Prosperous Kenya” aims to realise higher and sustainable growth of the economy in a more equitable environment, accompanied by increased employment opportunities. A large part of the financing and investment of the programmes and projects is expected to come from the private sector through the Public Private Partnerships (PPPs).

The Second Medium Term Plan (MTP) 2013-2017: “Transforming Kenya: Pathway To Devolution, Socio-Economic Development, Equity And National Unity” coincides with the term (2013-2017) of the Jubilee Government. Its emphasis is on the full implementation of devolution in the context of a rapidly growing economy, promoting equity, inclusiveness, and employment to meet the needs of the youth. The 2nd MTP aims to build on the successes of the 1st MTP, particularly in increasing the scale and pace of economic transformation through infrastructure development, and emphasizes priority sectors under the economic and social pillars of Vision 2030. As an addition, the 2nd MTP includes the extractive sectors of mining, oil and gas. The 2nd MTP also already includes a paragraph about the emerging international sustainable development goals (SDGs) and aims to articulate how they will be adopted to the Kenyan development policies.

Box 1. Key development policies and strategies in Kenya.

The first major MDG-related activity in Kenya took place in September 2002, with a national stakeholders' workshop on the MDGs. The objective of the workshop was to seek consensus and promote understanding of the significance of the MDGs and their links to national development planning frameworks. This led to the establishment of a national MDG Task Force to spearhead the MDG campaign and prepare the first status report on the MDGs in Kenya.

In 2003, the new government of Kenya's third president Mwai Kibaki (2002-2013) introduced several progressive reforms, including free primary education, boosting enrolment by about one million children who might otherwise not have received any education. While this renewed attention to the education and health sectors does coincide with the first years of MDGs, it is difficult to attribute this merely to the MDGs. It is likely that the leadership of Kibaki was also influential. Kibaki had played a significant role in the drafting of Kenya's first constitution and together with Tom Mboya was instrumental in developing the Sessional Paper No 10 of 1965, which had literacy, education, health and poverty eradication as key developmental goals. Donors were supportive of Kibaki's government (in comparison to Moi's) and contributed funds to his campaign promises of ending corruption and introducing free primary education, among others.

Around the same time, in 2003, the government launched the five-year Economic Recovery Strategy (ERS), which was to steer the country away from economic stagnation through accelerating economic growth; poverty reduction through job creation; investment in people and social protection; improving governance and the physical infrastructure. The MDGs became embedded in the ERS and Kenya's first MDG Country Report was produced in 2005. To align with the ERS the Cabinet directed in 2005 that the MDGs were to be provided for in the specific budgets of ministries, departments and sectors with adequate funds for implementation (GoK 2005). In the Budget Strategy Papers, the MDGs were considered a major criterion for resource allocation. The official MDG Report (*ibid.*) suggests that in the areas of health, education, agriculture and infrastructure, this shifted resource allocations to MDG-related programmes and areas with 'a pro-poor focus'. The links between the ERS and the MDGs as mapped out by the Planning Commission's MDG Unit are presented in Table 6. The focus of the ERS is largely on macroeconomic stability, growth and infrastructure, and less on the 'human development' objectives. From the Table, it is also possible to question how extensively the MDGs were actually mainstreamed in the early 2000s. For example, it is not always self-evident that investments into infrastructure directly translate into poverty reduction. The focus areas of the Economic Recovery Strategy could be a reflection of the government's priorities on growth and productivity rather than social spending or the assumption that economic growth addresses the social dimensions of development (see policy instruments in Table 7 and Box 1 on the different eras and relationship between the government and donors).

Table 6. MDG Equivalents for the ERS Pillars as presented in MDG Status Report 2005 (p. 10)

ERS Pillars	MDGs Equivalent
Rapid growth with macroeconomic stability	Investments- public and private; foreign and domestic-with strong national facilitation and regulation.
Rehabilitation and expansion of infrastructure	Transportation (roads and rails), housing, energy, water and sanitation.
Investment in human capital	Education; gender equality; child mortality; maternal health; HIV, TB and malaria; health systems.
Strengthening institutions of governance	Declaration to improve governance.
Revitalizing productive sectors: Agriculture, Tourism Trade & Industry	Approaches to meet the Millennium Goal on hunger, create jobs and increase incomes.

In 2008, the Vision 2030 was launched which replaced the previous ERS. The Vision was designed to introduce long-term planning and to limit the influence of narrow and self-interest driven party politics in the development planning. The Vision 2030 is also viewed as the main document incorporating and mainstreaming MDGs to the national development policies and planning. The Vision aims to transform Kenya into a “globally competitive and prosperous country with a high quality of life by 2030”, and independent of aid. It is aiming for an annual growth rate of 10% through a focus on six priority sectors that constitute 57 % of the Kenyan GDP: tourism, agriculture, wholesale and retail trade, manufacturing, IT-enabled services (previously known as business process off-shoring) and financial services. It also seeks to improve health, education, housing and the environment, and to lessen inequalities by increasing the participation of women, youth and vulnerable groups in all sectors of the economy. These MDG related social dimensions of development and poverty are thus articulated in the Vision but somewhat similar to the ERS the Vision main priority is the acceleration of economic growth.

Table 7. Donor-government relation in Kenya 1980–2013.

	Government-donor relationship	Domestic political and economic environment	ODA/Fund levels
1980s	Relatively high dependence on aid, particularly World Bank and IMF loans.	Balance-of-payment deficit and declining economy increase borrowing. SAPs introduced, followed by austerity "with a human face". Government cracks down on political dissidents and makes Kenya a one-party state.	ODA levels treble, rising from \$396 million in 1983 to \$1.8 billion in 1990. Aid focused on alleviating consequences of austerity.
1990-2002	Grudging accommodation of donor demands to introduce political reforms. Donors suspend balance-of-payment support to Kenya in 1991. Some countries tie aid to political and economic reforms.	Multi-party democracy re-introduced in 1991, followed by elections in 1992. President Moi retains power but fails to improve economy. Opposition groups unite to oust ruling party. Governance and democracy NGOs become increasingly vocal. Mwai Kibaki wins the 2002 elections in a landslide victory.	ODA declines, from \$914 million in 1990 to a low of \$310 million in 1999.
2003-2007	Government's increasing engagement with non-traditional donors and emerging economies, particularly China. Kibaki's "Look-East" policy takes shape. Government emphasizes self-reliance, infrastructure development and increased domestic revenue collection to reduce aid dependence.	Economic recovery strategies see economic growth rates rise. Performance contracts improve public service delivery. Chinese engagement with Kenya focused mainly on large-scale infrastructure development. However, low and middle income groups do not share in the growth. Inflation and high cost of living bite low and middle income groups hardest.	MDGs provide new impetus to ODA, which more than doubles from \$523 million in 2003 to \$1.3 billion in 2007. Initiatives such as PEPFAR inject large amount of funds into the health sector, particularly for HIV/AIDS.
2007-2012	Donors re-focus attention on governance and reconciliation issues after 2007/8 election-related violence, thereby regaining some of the influence they lost in the first Kibaki administration.	New coalition government focuses on bringing about a new constitution while bringing the economy back on track. Vision 2030 to make Kenya a middle-income country begins implementation. New constitution adopted in 2010.	In 2010-2011, ODA increases substantially to nearly \$2.5 billion.
2013	Donors take a back seat as the new government of Uhuru Kenyatta takes a more cautious approach towards Western donors. Uhuru continues with strengthen's Kibaki's "Look-East" policy.	Some donors threaten sanctions if Uhuru Kenyatta and William Ruto, both ICC indictees, win the 2013 elections, but recant their positions after their victory. Devolution begins in earnest as resources as devolved to 47 counties. However, wrangles between senators and governors and failure of some counties to use funds appropriately may derail the devolution process in the near future. Civil liberties increasingly under threat as parliament passes regressive media bills and as civil society organisations face increasing pressure from the government	Donor levels presumed to be at 2012 levels as no country has threatened to withdraw funding yet though the ICC trials of President Kenyatta and Ruto may impact economy and prove to be politically destabilizing. In August 2013, Kenya signs a deal worth \$5 billion with China.

4.2 Influence and challenges of mainstreaming MDGs to national policies

As described above, the MDGs have been included in the main national policy papers. The mainstreaming has had its challenges. According to many of the interviewed stakeholders the challenges in the early period related to how the MDGs were introduced as a donor-driven process in spite of Kenya's political commitment to the Millennium Declaration. As a senior development expert stated: *"Well, they are not saying they were thrown to their faces because they are signatories to it... but it was not... or the eight development goals were not drafted on the background of a profound discussion among common men on what they were supposed to achieve. And there is a certain will in this country... that this should not happen again [with post-2015 framework-setting]."*

Since the early stages there have been many efforts to sensitize various stakeholders and advocate for the MDGs to be considered and incorporated in terms of government policy, planning, and budgeting. It appears that the MDGs and these efforts have led to increases in budgetary allocations especially to primary education as well as child and maternal health. As shown and reported in the various MDG Update reports, the government has been adopting parts of the MDG framework into national programmes where they have seen a strategic fit. It also seems that 'results-based planning', a key component of the MDGs, has been influential. Results-based planning is visible in, for example, the Vision 2030 and further articulated in the shorter term MTPs. According to the MDG Progress Report (2010), MDG mainstreaming has contributed to a more rigorous and performance-focused planning approach, which has in turn contributed to a strategic approach to many of the goals; and specifically the goals on health and addressing poverty. The MDG process also seems to have fostered an improved data collection on the social sector that previously was not monitored, thus enabling better resource allocation and evidence-based policy-making¹⁶. MDGs and the use of quantitative data could have supported social sector development, but a robust system of data collection has progressively evolved in Kenya, also beyond the health sector.

At the government level, the MDGs are at the core of government policies, but have a supportive Project Implementation Unit (PIU), mainly a donor-funded unit under the Ministry of Planning. The MDG Unit has operated as a full department since 2010, and is now under the Ministry of Devolution and Planning. However, the MDG-PIU unit was established under a tripartite agreement between the Finnish government, the UNDP and the Government of Kenya, and is supported by all three. The unit has been supported in two phases with Phase II coming to a close in 2014. The unit's mandate is to mainstream, coordinate and accelerate the MDGs in Kenya. The importance of the MDG Unit cannot be under-rated, the unit is strategically located to guide the evolution process of the MDGs into the next development framework.

Another way to look at the extent of how the MDGs have been mainstreamed is through a closer review of Vision 2030. The MDGs are presented as being incorporated into the Vision 2030, but it is not

¹⁶ This is also in line with the African Union's Social Policy Framework (SPF), which was endorsed by all African heads of state in 2009 supported by the World Bank and echoed in the United Nation's Social Protection Floor Initiative.

clear what role they played in its development, and to what extent the two are consistent. The Vision is predominantly about accelerating economic growth, focused on massive infrastructure development, including a new port in Lamu (see Box 2, railway line, road networks linking the country to southern Sudan and central Africa, and new ICT cities as part of the flagship projects. How these development paths can run alongside environmental sustainability (Goal 7 and the future SDGs) has not been explained. While the government has indicated its commitment to sustainable development and respect for environmental integrity, and considering that natural resources contribute 45% of the GDP (IMF 2010), Vision 2030 does not necessarily give environmental sustainability (cf. MDG 7) the prominence it deserves.

What also remains without clear articulation are the plans for the equitable distribution of the accrued benefits from the projects or the measures needed to make infrastructure projects deliver in terms of poverty reduction. As one of the experts interviewed in our study noted:

“It is clear that we need new infrastructure and the Vision has contributed to the feeling of optimism on this. And a lot has been done and lot is still there at the store. But the big question remains how people are able to tap into the benefits and promises related to the infrastructure projects. We don’t have any assessment on this, and no indicators related to that. My feeling is that no trickle down has been happening, at least not yet.”

The Vision lays emphasis on public-private partnerships (PPP), including in healthcare services, posing serious concerns for future accessibility of quality services. Another interviewed informant, representing an NGO working on good governance, stated:

“The projects like the Lamu Port and many of the elements in the Vision represent the development paradigm of the 1970’s with big bulky things guided by aspirations of bureaucrats who want to do Big Projects. I feel that these easily end up being part of the problem rather than the solution. My take on this is that I say yes to development but not without considering how, for whom and with what kind of costs.”

Lamu Port and Lamu-Southern Sudan–Ethiopia Transport Corridor - LAPPSET
<p>The Lamu Port and Lamu-Southern Sudan-Ethiopia Transport Corridor (LAPPSET) is a key flagship Vision 2030 project. The transnational transport and infrastructure project aims at linking South Sudan and Ethiopia to a planned deep-water port in Lamu archipelago on the Kenyan northeast coast. According to the national project profile, LAPPSET is expected to foster socio-economic development in East African countries by enhancing regional trade and also by opening up regions of Northern Kenya that have long suffered from particular underdevelopment due to a poor infrastructure. The project was muted back in the 1970s but was recently brought back to attention by the former Kenyan president Mwai Kibaki. Ultimately, the LAPPSET project aims at contributing to a larger vision of opening up a land bridge between Cameroon and Kenya and thus significantly transforming Africa’s maritime trade by joining the Indian Ocean to the Atlantic.</p> <p>The LAPPSET corridor will form Kenya’s second transport corridor and thus cut over-dependence on Kenya’s current main port of Mombasa. Construction of the port of Lamu began in March 2012 when the project’s vision was launched by the Kenyan President Mwai Kibaki, the late Prime Minister of Ethiopia Meles Zenawi and President of South Sudan, Salva Kiir. Lamu was seen as an ideal location for a port already in the 1970s with its natural depth and a wide entry point allowing multiple ships to enter the port simultaneously. An agreement on the construction of the oil pipeline linking Lamu with the oil fields of Southern Sudan was signed between the two nations in January 2012. South</p>

Sudan has agreed to finance the oil pipeline while Ethiopia has expressed its financial support for the railway line.

In addition to the East African countries involved, the mega-project has piqued interest of many external stakeholders. With some 25 billion dollar estimations, the LAPPSET project's financial demands are comparatively large especially when compared to the national budgets of the partner countries. Thus, the Kenyan government has approached private equity firms, long-term lenders and banks to invest in the initiative. For example China, India, South Korea, Turkey, Brazil and the European Union have been approached in hope of mobilising investments. The World Bank has also contributed to the project by financing the feasibility study and design of the transport corridor linking Kenya to South Sudan, although Kenya has mainly looked to the East for major infrastructure support. China has been particularly active in the project with the China Communications Construction Company (CCCC) being responsible for the berth construction of Lamu Port. Also President Kibaki's Look East Policy and the changing geopolitical dynamics have guided Kenya's interest to seek support from the Asian markets rather than the West. Now, with the new Kenyan president Uhuru Kenyatta holding office, there have been speculations of how the LAPPSET project will develop; where the main financiers come from and whether the project will be completed by 2030.

The port of Lamu is due to open in 2016 but to date only the Lamu headquarters have been completed and concerns over the visible delays have been expressed. China is also involved in a competing port construction project in Bagamoyo to target the same landlocked markets in East Africa. Even so, the objective of the LAPPSET project is to open up northern Kenya and provide a reliable transport corridor for Ethiopia and Southern Sudan. The following components are planned to be constructed:

- A standard gauge railway line;
- A new road network;
- An oil pipeline, crude oil pipeline and refined oil pipeline from Lamu to Jubaa and Ethiopia;
- An oil refinery at Lamu with capacity of 120,000 barrels per day;
- A modern oil terminal at Lamu port to facilitate tanker loading and offloading;
- A refined petroleum products pipeline from Lamu connecting to the existing Mombasa-Kampala pipeline;
- International airports at Lamu, Isiolo and Lokichoggio;
- A free port at Lamu (Manda Bay) including three berths to handle container, conventional and bulk cargo vessels,
- Lamu Port Management Building, Lamu Port Police Station and staff housing, and dispensary and a club house;
- Three resort cities in Lamu (at Manda Bay), Isiolo and on the shores of Lake Turkana; and
- 1,420km 220 KV double circuit electricity transmission line along the LAPPSET Corridor

A tsunami of change in Lamu

The project will cover 28,500 hectares on land and sea (10,000 hectares on land and 18,500 hectares on sea). Compared to a population of 101,539 (2009 census), "the metropolis would grow to 500,000 people over the next three years", an increase of almost 500 per cent, and in ten years' time, the city is expected to inhabit 1.25 million people which "to put it mildly –it is like a tsunami", according to the statement of a government official during a workshop called "Envisioning Lamu Metropolis".

Understandably, the project has provoked civil society reactions. Findings from our research and field visit indicate that most civil society organisations from the Island of Lamu felt that "the government of Kenya has not paid attention to our demands to involve us in the consultation process". A representative of the 'Save Lamu' association further stated that: "In principle, people are not against the port, (but) our main concern has been the lack of consultation. It is a way of getting people to feel that the project concerns them and (allows them to) take ownership of it". One of the activists during the field excursion was far more critical in his remarks: "first, the port does not have

an EIA, and yet the dredging activities have started, and the headquarters have already been constructed. The port is also in the middle of the channel that supports all traffic to and from the many isolated islands. The people use the channel to access healthcare; (but) it is also used by tourists for visiting the marine park. The local boats ferry students to and from schools. Importantly, the channel is the lifeline for hundreds of fisherfolk”.

During a local futures workshop, most respondents were of the view that the government has a deliberate policy of impoverishing the local inhabitants, “the government has a policy of impoverishing the people from the coast, we would like a future where we control our destiny”. The “government has been creating settlement schemes in the coast for people from upcountry with the legal title to the land, (and) yet the locals have remained as squatters”. This disenfranchisement has made youth from the region to cross over the border to Somalia to join “al Shabab” and the fervent secessionist campaign of “Pwani si Kenya” – which signifies that the Coast does not belong to Kenya. Consideration of this security issue is critical for the planned developments because they may create a high level of disaffection and, ultimately, protracted insecurity.

Also, the loss of cultural identity is seen as a major threat. In the unique Lamu area, multiple indigenous peoples will be affected by the project. According to a member of the UN Permanent Forum on Indigenous Issues, many indigenous groups will experience significant changes in their lifestyles due to the LAPPSET project. In an opinion article by Hadija Bwanaadi, unanswered questions include: “will we simply be following a script written in Nairobi or will local stakeholders hold sway to envision the county in their own way and to ensure that whatever is developed is sustainable environmentally and socially?”, after attending a meeting by the Physical Planning Office (PPO) that discussed the detailed roll-out of the Lamu project plan.

The Kenyan government has come out strongly in support of the project. The government has also developed a plan to deal with issues such as land tenure conflicts. In August and September 2013, 2 000 title deeds were issued to Lamu residents. However, within a few weeks of the issuance, it was claimed that many of these deeds had already been sold to speculators at a throwaway price. Most of the interviewed people who had sold their land blame economic hardships (Daily Nation, September 13, 2013, “A week later, villagers in Coast sell their land”).

Main sources: Daily Nation (2013), LAPPSET Tracker, Monde Diplo (2013), The East African (2013),

Box 2. The situation in Lamu.

4.3 MDG performance in Kenya

After more than a decade since the introduction of the MDGs, it seems that Kenya has experienced major achievements, but not without stark shortcomings. Kenya is performing well particularly with goals 2 (universal primary education), 3 (gender equality) and 6 (combat HIV/AIDS, malaria and other diseases) but falling far behind with others, especially goals 1 (eradicate poverty and hunger), 4 (reduce child mortality), and 5 (improve maternal health) (ECA et al. 2010). The progress on the MDGs in Kenya is summarized below in Table 8.

Table 8. MDG Performance in Kenya (UNDP MDG report 2013) (UNDP Country Report 2005) (The World Bank 2011)

Millennium Development Goal	Indicator	Baseline Kenya (1990)	Current Kenya	2015 target Kenya	Remarks
Goal 1: Eradicate extreme poverty and hunger	Not achievable No progress made during past 5 years				
	1.1. proportion of population below \$1,PPP (based on national income poverty line)	44.7% (1992)	34-42%	21.7%	Not achievable
	1.2 Proportion of population below \$1, PPP (based on national food poverty line)		48,7-45,6% (1997-2006)		Not achievable
	1.3 Under-5 Underweight (%) (weight-for-age below – 2SD)	20.1%	22.-22.9% (1997-2006) 16.4% (2009)	16.26%	Not achievable
	1.4 Under-5 stunted (%) (height-for-age below – 2SD)		36.9-34.7% (1997-2006)	3.09	Not achievable
	1.5 Achieve full and productive employment and decent work for all		High		Not achievable
	1.6 Global Hunger Index, UNDP Regional Report 2013	20.7	19.3 (2012)	≥ 4.9	Not achievable
Goal 2: Achieve universal primary education	Achievable , progress on this has been made during the last decade, including the very recent years				
	2.1 Net enrolment ratio in primary education (%)		95.7% in 2012	100	Achievable Primary completion rate 83.2 (2008) to 97.8% in 2009
	2.2 Gross enrolment ratio in primary education (%)		116% in 2012	100	
Goal 3: Promote gender equality and empower women	Not achievable , but some progress has been made during past 5 years				
	3.1 Gender parity index for gross enrolment ratio in primary education (2015 target = gender parity index between 0.97 to 1.03)		0.96 -0.99 (2008-2012)		Achievable
	3.2 Gender parity index for gross enrolment ratio in secondary education		0.85 - 0.88 (2008-2012)		Achievable
	3.3 Gender parity index for gross enrolment ratio in tertiary education		0.67- 0.78 (2008-2012)		Achievable

	3.4 Proportion of women among members of Parliament (%)		19% in 2013		Not achievable
Goal 4: Reduce child mortality	Not achievable , during recent years the results have been very poor even to the extent of regressing				
	4.1 Under-five mortality rate (deaths per 1,000 live births)		100.6-72.9 (2004-2012)	90% <1	85% 2012 likely achieve target of 90%
	4.2 Infant mortality rate (per 1,000 live births)		(NNMR ¹⁷) 31% 2009)		Not achievable
	4.3 Proportion of children vaccinated against measles			100	
Goal 5: Improve maternal health	Not achievable , during recent years the results have been very poor even to the extent of regressing				
	5.1 Maternal Mortality Ratio (per 100,000 live births)			147	Not achievable, in recent years maternal mortality rate has actually been increasing.
	5.2 Proportion of births attended by skilled health personnel (%)		42-56% (2003-2007)	100	
Goal 6: Combat HIV/AIDS, malaria and other diseases	Achievable , good progress has been made on this one				
	6.1 HIV prevalence, 15-24 years	3.8% - 2.9% (2007-2011)			Probably achievable
	6.2 Prevalence, 15-49 years (estimated number of new HIV infections per year per 100 people)	7.4% - 6.3% (2007-2011)			Probably achievable
Goal 7: Ensure environmental sustainability	Not achievable , the results have been mixed <ul style="list-style-type: none"> • In terms of water supply first some progress was made but in recent years the results achieved have been poor • Forest cover has increased somewhat. • The CO2 emissions have been reduced, but may increase in future 				
	7.1 Proportion of population using an improved drinking water source (% of rural population)		54% (2011)		Not achievable
	7.2 Proportion of population using an improved drinking water source (% of urban population)		82.7% (2011)		Not achievable

¹⁷ Neonatal mortality rate

	7.3 Proportion of people with access to improved sanitation		19.4 % - 22.6 % (2003-2008/2009)	81	Not achievable
Goal 8: Develop a global partnership for development	Most likely not achievable . The challenge is that there is lack of data/record, except for the national data on market access, ICT penetration and access to mobile phones which have shown good progress but are not very indicative for the achievement of the main elements of the Goal 8.				

In terms of the perceived MDG successes, Kenya has performed well in combating HIV/AIDS and other diseases (**MDG 6**), in part thanks to intense donor funding geared towards these issues. Especially the US-led PEPFAR initiative has geared significant funds towards the attainment of MDG 6 in Kenya¹⁸. Kenya is also on-track to achieving **MDG 2** on education. This is attributed to a great extent to the introduction of free primary education during Kibaki's first presidency in 2003. Also in the recent years it has received the highest proportion of government's funding allocations to the MDGs. Kenya is not very likely to achieve **MDG 3** on gender equality. Yet, some progress has been made there. Gender parity in primary education has been high during this decade and even in recent years it has somewhat increased. The public sector appointments of women have somewhat increased, possibly assisted by the new Constitution of 2010, which guarantees a representation of at least two thirds of either gender in all public sector appointments. Still the last elections (2013) were not very encouraging in terms of women's representation as only 19% of parliamentarians are currently women.

Much of the assessment of Kenya's MDG progress, however, depends on how one counts "success". For example, despite success in MDG 2, there are many concerns still remaining in the education sector. The concerns over MDG 2 relate to regional disparities and the low quality of education. While primary school enrolment has increased, there has been a dramatic fall in the quality of education (Bold et. al. 2011a, Bold et. al. 2011b). In Kenya, schools have become overloaded, with a perennial deficit of teachers (in 2013 standing at a deficit of around 80,000 compared to 60,000 in 2008), and the private schools that have mushroomed to meet the shortfall have received mixed ratings (ibid.). Further, secondary schools are suffering from a high (and increasing) number of dropouts (Achoka 2007). Similarly, despite success in MDG 6, many challenges in improving the health sector still remain, as indicated by the problems with maternal health. The current challenges in the health and education sectors also speak for paying more attention to the quality of the services, not simply to the quantitative targets. In the Kenyan context it is of increasing importance to discuss how health service delivery will be affected by the devolved county structures. One of the key lessons learned, at least according to the Kenyan MDG update reports, has been the realisation

¹⁸ The United States is the largest bilateral donor to Kenya, and more than half of the U.S. aid comprises of PEPFAR, the President's Emergency Plan for AIDS Relief, which is channelled through the U.S. State Department. The U.S. aid figures have increased more than five-fold: from USD 119 million in 2003 to more than USD 700 million in 2011

that development goals are inter-connected, dependent on multiple actors and sectors and the success level depends on how all these different factors are synergistically working together.

On the MDGs that Kenya is lagging behind, the most concerns have been raised on MDG 1 on poverty and hunger and MDG 5 on maternal mortality. In terms of poverty eradication (**MDG 1**), absolute poverty has decreased only marginally and inequalities between the counties remain stark. Between 2006 and 2010, the Human Development Index of Kenya fell from 0.535 to 0.470, showing a decline in the quality of life. The HDI started to increase again in 2009 and in 2012 it had improved to 0.519. At the launch of the Global HDI, the AfDB leadership pointed out, “that despite the impressive economic advances shown in the report, inequalities remain in gender, location (rural versus urban areas) and wealth (the rich and poor)” (HDR 2013; see also Standard Media 2013). Absolute poverty figures have declined, but remain considerably higher than in other countries in the region: currently 47.8 per cent of Kenya’s population still lives below the poverty line (HDR 2013). Income inequality is high between regions (PBO 2013), and again, considerably higher than in other East African countries.

Maternal health and maternity services (**MDG 5**) are in precarious condition. According to WHO (2012), the main causes of maternal mortality include haemorrhage, infection, high blood pressure, unsafe abortion, and obstructed labour. Other research (Magadi et al 2001; 2004; Rush 2000) has pointed to the importance of women’s health and nutrition prior to pregnancy. Further, in Kenya, cultural practices like early childhood marriage have also been shown to influence the likelihood of maternal mortality. The disparity due to different social conditions, provision of obstetric care, health-related behaviour, nutritional or health status, or a combination of these factors might add to the list of many variables that influence the likelihood of meeting this MDG (see Rush 2000). Specifically in Kenya, the causes of maternal mortality have been associated with maternal age, antenatal clinic attendance and educational attainment (Magadi et al. 2001).

Maternal health has been poorly funded both from the government and from the side of development partners. To accelerate the meeting of the maternal mortality goal in Kenya, the Jubilee government introduced in June 2013 free maternal care, which increased the access to maternity facilities by between 10-50%. A “Beyond Zero” campaign aims to improve maternal health care and deploy mobile clinics across the country to provide better prenatal, delivery and postnatal services to the underprivileged. The World Bank currently estimates that Kenya’s maternal mortality ratio is 360 per 100,000 live births¹⁹ (compared to less than 10 in most of the developed world). However, the Demographic Health Survey -2008-2009 (KNBS 2010) has previously shown that the main reasons for women not delivering in a health facility were related to: too far away services (42 %); consideration that it was unnecessary (21 %); inability to access services in time for labour (18 %); high cost of services (17 %). While significant, the government’s initiative of free maternal care will mainly assist those whose barrier to the service was cost, while still not addressing the other equally important aspects mentioned above, and which the Beyond Zero initiative aims to address. This also highlights the importance of considering the various aspects and the synergies between oth-

¹⁹ Modelled estimate

er goals when attempting to address maternal mortality. As an interviewed donor partner to Kenya commented, "*Free maternity service as a government programme, is quite a challenge. You need more staff, medicine, financing, you need everything. It's not so easy. There are no facilities and services available for that.*"

In Kenya, as elsewhere, the greatest challenges in assessing MDG progress have been with MDG 7 (to ensure environmental sustainability) and MDG 8 (global partnerships) (AfDB-ADF 2008). The success of **MDG 7** is often viewed from the narrow perspective of environmental health and sanitation as opposed to the broader concept of ecological integrity, it has also been measured against the increased forest cover, but whose statistics have been found wanting. MDG 7 also presents the disparities between rural and urban areas in e.g. access to clean drinking water. All in all Kenya has one of the lowest access rates to clean water sources in the whole world. Concerted actions are needed and some have already been taken especially in addressing the water supply situation in the urban slums. **MDG 8** reporting has been equated with mobile technology as a measure of its success, this is hardly indicative of global partnerships. Kenya's MDG Status Reports and updates by the MDG Unit have, however, discussed the constraints to achieving the MDGs, including the inability of developed countries to fulfil their commitments in ODA and the unfair global trading systems. At the same time, the MDG Unit has further pointed out in an interview that it was tired of making references to the non-attainment of MDG 8 by the North and has therefore instead focused on reporting Kenya's achievements in ICT with regards to the goal.

A relevant issue that has been raised discussions on MDG performance in Africa generally and also in Kenya specifically is the reliability of statistics. For example in maternal mortality, according to Betran et al. (2005) the goal aiming at reducing by three-quarters the maternal mortality ratio between 1990 and 2015 has significantly increased the demand for measuring maternal mortality at national and subnational levels. However, only a few countries have comprehensive registration of deaths and causes of death, which can result in a significant underreporting of maternal deaths. On the other hand, Kenya has shown progressive improvements in the use and publication of data by the government through the Open Data Initiative, launched in 2011, which makes e.g. census, expenditure and public service data available through an online portal.

4.4 Resourcing the MDGs in Kenya

In Kenya, it is estimated that financing poses a serious challenge to the achievement of the MDGs²⁰. In 2005, the MDGs Project Implementation Unit (PIU) undertook a Needs Assessment and Costing Study to estimate the resources required to finance the MDGs in the country. The study estimated that the country needed to spend US\$ 61 billion between 2005 and 2015 – or USD 5.547 billion annually to achieve the MDGs by 2015 (GoK 2005, 38–40; see also: Wanjuhi and Tervo 2013, 11). In essence, the study identified

²⁰ How Kenya has succeeded in achieving the MDGs is affected by the amount of resources dedicated by both donors and the Kenyan government to the key MDG areas.

fundamental challenges, of which the lack of resourcing was beyond a single actor (government, development partners, private sector, faith-based organisation or others) and was a major constraint to the successful implementation of MDGs. The Needs Assessment and Costing Study (GoK 2005) suggested that the bulk of MDG related expenditures should be financed mainly by donor support in the form of grants in the initial years, and that the Kenyan government could finance these costs to a maximum of 22% in the first year, and then increasing the amount in subsequent years. The total government budget for the MDG related expenditure has increased from USD 3.5 billion (financial year 2002/3) to USD 12.6 billion (financial year 2012/13). However, the government allocations to MDGs increased slower (21%) than allocations to all sectors (89%) and the proportion of MDG allocations has decreased from 20% in 2008/9 to 15% in 2012/3 (Wanjuihi and Tervo 2013, 11).

Earlier studies suggest that Kenya subscribed to the Millennium Declaration with a conviction that partnerships were to be built around mobilizing resources and instituting policy measures to implement the MDGs (Mbuthi et al. 2007). Yet, in spite of donor promises, Kenya is still facing a financing gap to meet the MDGs (MDG Unit 2012). This has led to resentment towards donors in some of Kenya's ministries, and the feeling that donors are not sufficiently committed to delivering resourcing for the MDGs. As a high-level ministry official commented: "*The MDGs were simply delivered to us without consulting and without real resourcing*". Some of the donors will, however, have a more critical view on this, emphasizing the role of the Kenyan government in administering funds. Unlike in Tanzania, aid in Kenya has not typically been provided through a general budgetary support, because previously, when donors allocated funds through sector-wide approaches, it has led to the misuse of funds. Thereafter, many donors have operated within a project modality. A key challenge related to the project approach in supporting the MDGs is the fact that it fragments financing and planning efforts, creates coordination challenges between the different initiatives targeting separate MDGs as well as delays by the government to sign development projects such as those supported by the EU and USAID. The project modality also might create competing organisational structures and lead to the duplication of actions, and thus the silo approaches might miss synergies and supportive opportunities. As discussed above, the largest allocations of MDG support from development partners has been for the Goal 6 – and this has also been translated into success. At the same time, other health sector goals have not significantly benefitted from donor support.

Out of the different MDGs, the government focus in terms of resourcing has been on primary education (42% of proportional MDG allocations in 2008/9 and 45% in 2012/2013) whereas the biggest proportional reductions have been in the health related sectors (Goals 4-6) decreasing from 20% in 2008/9 to 11% in 2012/13 (Wanjuihi and Tervo 2013). In total, Government spending (both recurrent and development) for the whole education sector (not only primary education) seems to have ranged between 23.7% and 29.6% over the last five years (PBO 2013; Institute of Economic Affairs 2013) and the education sector has consistently received among the largest budgetary allocations in the government. Spending for primary education comprised 9.9 % of the education budget, whereas spending on the new 'one laptop a child' pro-

gram was 40 % of total education spending (PBO 2013)²¹. In comparison it seems that the other critical goals are highly under-resourced. However, especially in education, the importance of the quality of services over quantity has become critical in recent years. While looking at the budgetary allocations to different sectors might oversimplify the full picture, it could be relevant to discuss in detail the possible correlation between the reduced government funding emphasis on the MDGs in recent years *and* the perceived lower-than-average performance in MDGs in Kenya. Especially significant seems the correlation between a very low funding emphasis to maternal health from the government as well as the development partners *and* the stagnation, or even regression of the maternal health indicators.

4.5 Post-2015 consultations in Kenya

Post-2015 agenda and national consultations

A series of post-2015 consultations have been carried out mainly by CSOs and the government in Kenya (Table 9). The MDG Unit held post-2015 dialogues in 12 counties in April 2013 and a National CSO Consultation in June 2013. The results from these consultations were presented and discussed further at a National Stakeholders Forum to produce the National Consultation Kenya Report. These consultations should form the basis of the national Kenya position for the post-2015 negotiations (at the time of the writing this report, it had not been publicly discussed). The National Consultation highlighted several points for Kenya to bring into the post-2015 negotiations (Republic of Kenya 2013; 15):

Table 9. National post-2015 consultation report.

National Post-2015 Consultation Report of Kenya
<p>The Kenya national consultation report emphasizes five themes:</p> <p>1. Agriculture and food security; 2. Employment and enterprise; 3. Health; 4. Universal education and gender; and 5. Environment – that have been elaborated into specific areas in policy recommendations:</p> <ul style="list-style-type: none"> • Economic growth; • Inclusion, empowerment and meaningful active participation; • Human rights approach; • Equality and equity in the delivery of services; • Tackling challenges of rural-urban migration; • Appreciation and use of local knowledge in the solutions to development problems; • Adequate investment in infrastructure development to support all sectors; • Governance – as a standalone goal or target; • Peace and security; • Conflict management; and • Mainstreaming of old age and disability.

²¹ Out of total education budget of 130 billion shilling, Kshs 12.9 billion was dedicated to free primary education and the school feeding program. In turn, Kshs 53.2 billion was allocated to the ‘one laptop a child’ program.

On the other hand, the Second Mid-Term Plan 2013-2017 (MTP II) of Kenya, the tool for implementing Vision 2030, already has included a section on the SDGs, and here, the interpretation of priorities – under a section about ‘MDGs and Harmonisation with the Global Sustainable Development Goals (SDGs) in the post 2015 period’ – is slightly different. The 2nd MTP lists ten (10) goals that are supposed to indicate the integration of the SDGs and the post-2015 agenda to the national political agenda, as listed in Table 10:

Table 10. SDGs in the 2nd Medium-Term Plan (2013–2017) (Government of Kenya)

SDGs in the 2nd Medium-Term Plan (2013-2017)
<ul style="list-style-type: none"> • Ending extreme poverty and hunger; • Achieve development and prosperity for all without ruining the environment; • Ensure learning for all children and youth; • Achieving gender equality and reduce inequalities; • Achieve health and wellbeing at all ages; • Increasing agricultural production in an environmentally sustainable manner, to achieve food security and rural prosperity; • Make cities productive and environmentally sustainable; • Curb human-induced climate change with sustainable energy; • Protect ecosystems and ensure sound management of natural resources; and • Improve governance and align business behavior with all the goals

Other national dialogues on post-2015 (see Table 11), including ones organised by the SEED Institute have focused on the rights based approach in development and post-2015 (funded by the Ministry for Foreign Affairs of Finland). The special interest civil society organizations, especially youth groups, have also held different discussions. OAYouth Kenya Chapter held a three-day African Youth Conference on the post 2015 development agenda in Nairobi to make youth voices count in the post-MDG and post-2015 debates. Our research team attended a post-2015 workshop in Nairobi organised by Kenyan youth NGO groups and coalitions in April 2013, which aimed to design an interactive mobile platform through which to raise awareness about the post-2015 agenda and involve the youth across the country²².

²² In the workshop, there was intense discussion how to reach the marginal communities and whether different people would have equitable access to text messages as means of communication. These groups, however, voiced the concerns about the dependency of the implementation of the technological platform on donor funding.

Table 11. Post-2015 Consultations in Kenya.

Target audience	By whom	Key messages
World We Want – The World Kenya Wants (online discussion)	UN and civil society	Out of around 6 100 online votes submitted, almost 75% were between 16-30 years and 85% had received or finished secondary education. These respondents prioritized education, healthcare, jobs, clean water and sanitation, honest and responsive government as well as protection against crime and violence (Data from 19.12.2013)
Women	Women Post-2015 consultation report (UN Women)	N/A
Private sector	Inclusive and Equitable Growth (Sweden, Kenya Association of Manufacturers)	N/A
CSO deliberation	Government of Kenya (Nakuru, June 2013)	Traditional knowledge; infrastructure; needs of disabled, elderly and youth; gender-based violence; governance; creation of sustainable opportunities; rights-based approach
National consultations on the Post-2015 Development Agenda (in 12 counties)	Government of Kenya, MFA Finland, UNDP (June 2013)	Economic growth, inclusion, human-rights, equality and equity, rural-urban migration, infrastructure, local knowledge, governance, peace and security, conflict management, old age and disability. 1. Agriculture and food security: climate-smart agriculture, infrastructure, marketing, 2. Job opportunities: agro-based growth, peace and security, 3. Education and gender: quality, universal access (and include ECDE and post-primary education), gender-based violence 4. Health: quality, access, rights-based approach, non-communicable diseases, traditional knowledge, maternal and unborn health, 5. Climate change, forest cover to 10%, waste management, disaster preparedness
National CSO Deliberations Workshop Report	Global Campaign Against Poverty Kenya (3.-4.6.2013)	To be transformational, global post-2015 agenda should: 1) Be guided by human rights, equity and non-discrimination, inclusion, empowerment, participation and joint responsibility for social change. 2) Be universally binding but contextualized and integrated to national development frameworks to appreciate local knowledge, using disaggregated development criteria and indicators. It should strengthen South-South cooperation, promote public-private partnerships, “end dependency” in ODA and seek fair terms of trade. 3) Focus on poverty, needs, opportunities, rights, education quality, infrastructure, water and sanitation, healthcare, secure income, decent work, distribution of resources, while reducing natural resource consumption of developed countries.
Rights-based approach to Development - Workshop Report	SEED Institute (April 2013)	Southern voices want post-2015 to be ambitious, realistic, global and agreed by international consensus. Southern voices fear that post-2015 process is only a technocratic exercise (like the MDGs). The agenda should take into account local development contexts, address causes of poverty, include environment and climate change, and include areas neglected by the MDGs to connect development movements and keep governments accountable. If

		good governance succeeds, priorities are: 1. Food security and agriculture, 2. Health, 3. Security, 4. Education, 5. Infrastructure, 6. Environmental sustainability, 7. Poverty reduction, 8. Trade and industrialization, 9. Gender Equality, 10. Empowerment of Vulnerable Groups
Disability Sector National Consultations	EDAN, SSI, VSO, UDPK, HI, UN Millennium Campaign (Africa, 23.-24.1.2013)	The disability sector states as priorities that 1. Disability should be included with with clear indicators in post-MDG agenda, 2. Improve conditions for children with disabilities and their families, 3. Implement provisions of Disability Act, 4. Seize collaborations and Partnerships, 5. Gender and disability, 6. Demystify terminologies, 7. Focus on refugees and disability, 8. Elderly people, 9. Focus on early childhood and post primary education, 10. Employment and disability, 11. Environment for disabled people, 12. Accessibility to health
Report on the Youth Consultation	Youth groups (16.11.2012)	Quality education, involve local resources and communities, establish social enterprises, establish linkages between government agencies, commit to intergenerational activities, engage the youth in politics

Substance-wise, certain key messages do seem to emerge from those discussions that have taken place. In general, there seems to be a preference in Kenya for the continuation of the MDGs in a modified and improved form, which might be interpreted as a “**MDG+**” type of approach. The goals in which Kenya is lagging behind (such as maternal health and maternity services) have been presented as in need of strong future commitment and action. Furthermore, despite some progress in reducing the number of people living in absolute poverty, it still remains high. The same goes for intra-country inequality. A concern arising from the MDG experience is that many feel that the problem with the MDGs has been the overt focus on the quantitative aspects of the targets, which do not necessarily reflect or give justice to the challenges on the ground. Stronger emphasis on addressing the **qualitative aspects** of education, health and social services was a recommendation that was repeated in many of our key-informant interviews.

In the national MDG-related events and discussions, both the state and civil society actors have emphasized the need for **new topics** such as employment, youth, energy, security and conflict and agriculture (which are also seen as key areas of importance and included in the SDGs – within the MTP II). Another message from the consultations is the hope that individual countries, including Kenya, are able to design their own priority goals, in line with their own national visions (in line with the AU Vision 2063). The National Consultation also specifically pointed to the need for better data practices, including disaggregated data, and for more a participatory approach in data monitoring and evaluation (cf. Easterly 2009; Jerven 2013).

Kenya post-2015 futures workshop

In reflection to the national and civil society post-2015 debates, our research team also organised a futures workshop in Nairobi to discuss four development themes: financing for development, natural resources, energy issues and what should be expected from a future national and international development vision. The summary of this discussion is described in Table 12.

Table 12. Kenya Beyond 2015 futures workshop (Nairobi – April 25, 2013)

Equitable growth under devolution process and the Constitution (2010)
<p>“Beyond 2015” futures workshop in Nairobi examined Kenya’s national futures through four themes: the resourcing or financing for development and poverty reduction; the use and distribution of natural resources-based wealth; energy poverty; and the post-2015 framework²³. Four visions until the year 2030 were formulated:</p>
<p>Sustainable financing for development</p> <ul style="list-style-type: none"> • Main issues: Community involvement in decision-making, implementing the Constitution (2010), invest and skills leverage of <i>jua kali</i> economy (informal sector) and SMEs, fair revenue-sharing to include citizens, governance for development • Supportive steps: Control of the public sector wage bill, cultural preservation and promotion, embracing ICT and technology, environmental policy, elimination of negative social practices, women empowerment, elimination of the dependence mindset (including NGO handouts), private sector which is not dominated by the wealthy, reduce interest rates below 5%
<p>Prosperous extractive industry that adds value, creates employment and protects environment</p> <ul style="list-style-type: none"> • Main issues: Mining policy that jointly addresses land use and mining, benefit-sharing and local rights, strengthens local processing systems for employment creation, and recognises the economic value of pastoralism in respect of their lifestyles • Supportive steps: Education of marginalised communities about rights in resource-rich areas, environmental management (clean-up of mining activities, deforestation, industry-relevant higher education, land and water degradation, environmental accounting, material recycling), fair land use, protection of cultural heritage and indigenous governance systems
<p>Accessible, affordable and locally accommodated energy for all</p> <ul style="list-style-type: none"> • Main issues: Access and affordability of energy • Supportive steps: Access to clean technologies in rural areas, acknowledgment of cultural factors, appropriate regulation, breaking the electricity monopoly, policies or subsidies for renewable energy, tackling impacts on environmental health, sustainability perspective
<p>Vision 2030 adjusts or incorporates the international development agenda after the MDGs</p> <ul style="list-style-type: none"> • Main issues: Avoiding national vs. county level conflicts, contextualising development beyond MDGs, post-2015 agenda to complement Vision 2030, tailoring the post-MDG agenda • Supportive steps: Access to technology, equitable wealth creation, equitable voice of all stakeholders, gender issues, laws that reflect public policies, nationally relevant measurement of progress, social media that supports cohesion, youth employment locally

With regards to the SDGs, at the international level there has been a general agreement at the UN that instead of a two-track process, one focused on MDG+ and the other on SDGs, there is going to be a one-track process, which integrates the MDGs and SDGs (see Chapter 2). Here, the Kenyan position towards the SDGs could be interpreted from many viewpoints. On the one hand, as described above, there seems to general agreement on continuing with the modified MDGs, while taking into consideration some environmental aspects and the significance of economic growth. However, in general, developing countries have been wary about merging the MDGs and SDGs, as this could lead to diminishing resources previously

²³ The futures workshop was organised to identify drivers of development that are conforming to or defining the future trends in Pride Inn Hotel, Nairobi. The workshop methods were designed to encourage ‘out-of-the-box’ thinking and to stimulate new development futures scenarios

meant for targeting poverty reduction. There are fears also that eventually not enough global resources would be allocated to the “externally imposed” environmental sustainability standards.

During 2013, the Kenyan Permanent Representative to the UN, Macharia Kamau, took a positive stance towards the SDG agenda, claiming that it would bring together poverty eradication and fuse it with the equally urgent agenda on sustainability. In his opinion piece to the Daily Nation (27 June 2013) he stated, “I have come to fully appreciate the following: That it is singularly imperative that African governments and civil society do not stand aside in this global, historic effort to design and adopt the SDGs”. He goes on to add, “Yes, the unfinished business of the MDGs must be completed in the next couple years; this is not negotiable. But after that, the world must and will commence on the SDGs”.

Adhering to a strict SDG regime could create obstacles towards some of the proposed developments under Vision 2030, especially the mega-infrastructure developments and the new focus on the extractives sector. How these development paths can run alongside environmental sustainability has neither been explained in the Vision 2030 nor in the new MTP that includes the SDGs. Nor have plans for the equitable distribution of accrued benefits been articulated. In the area of renewable energy, the new focus on the SDG agenda does not seem to be influencing the government’s decisions on energy policy. In the recent past Kenya has made progress in renewable energy. It has been one of the pioneering developing countries with a feed-in-tariff system and made progress e.g. in wind energy and especially geothermal energy. In 2012, the percentage of energy from geothermal stations was 20%. Very recently, however, the government seems to have reversed the course by stating that it will no longer give renewable energy licences on solar or wind until 2017 (Bloomberg 27.11.2013). The government argues that the energy mix that will eventually lower the cost of energy cannot be achieved, if solar and wind are included at the current purchasing power agreements (PPA). Therefore, about 80% of the additional output required will be met through coal, liquefied natural gas and geothermal. This is justified by the needs to reduce electricity costs. But as the SDGs and renewable energy are articulated in MTP this could signify that at least there is room for development partners to be active in this sector.

Local development debates in Kenya – case Narok and Turkana

Narok County, 144 kilometres from Nairobi, is one of the poorest areas in Kenya in spite of natural resources, rich farmlands and tourist attractions such as the Maasai Mara Game Reserve (The Star 2013). A workshop about the future local, national and international development frameworks was organised with the local community leaders in Narok. In order to learn about local perspectives and future expectations, the workshop participants represented diverse backgrounds. A summary of these debates is described in Box 4.

Citizenship and education matter in Narok county

The following **five points** summarize the main discussions in the Narok workshop:

- The **process of devolution** has brought new responsibilities such as budgetary power to counties. This is an opportunity to bring decision-making closer to citizens from the central government. Citizens and community leaders have high expectations of the county leadership to champion the process and manage this challenge.
- In the county-level, and especially natural resource-rich areas (such as Narok) transparent decision-making in political matters is important for accountability. **Civic engagement, education and empowerment** can support the way citizens perceive their local politics and make them active stakeholders in shaping it.
- High poverty levels in the Narok area could in part be explained by the fact that only a small percentage of revenue remains in the area. For instance, although there are many farmers in Narok, farmers mostly sell raw produce whereas processing is made outside Narok. **Value addition** to agricultural produce is only possible in the capital (Nairobi) or large cities in Kenya. The structure of the hospitality industry in Narok is also similarly skewed. Since colonial times, regional politics has shaped Kenya's economic landscape (see also: Wrong 2009).
- Another fact is the limited connection of **the Maasai and other groups with nomadic lifestyles** with the state machinery. This may encourage the state to re-think some of its development strategies to better adapt the variety of lifestyles of its citizens.
- Similarly, also **certain international development projects have failed** in their interaction with the local decision-makers. In Narok, local politicians complained that they had received little communication of the project aims and implementation of an on-going multi-million World Bank infrastructure project.

See also: Wrong (2009), The Star (2013)

Box 4. Kenya Beyond 2015 local workshop (Narok – April 21, 2013)

Our research team also examined another controversial development debate, namely related to the Turkana County (see below Box 5), a semi-arid region of 77 000 km² in the Northwestern Kenya. Inhabited by some 850 000 people and bordered by Uganda, South Sudan, Ethiopia, and Lake Turkana, for Turkana people, their nomadic lifestyle has provided access to resources as a survival strategy in a drought-stricken environment. The area is known for its particularly strong winds, and the Lake Turkana Wind Project, a World Bank supported plan, is expected to provide electricity to the national electricity grid in the future, and to become the largest wind farm in sub-Saharan Africa.

The dilemma of development interventions in Turkana

Respect of Turkana people lifestyle. A development expert from Turkana was concerned of the ability of the pastoralists to defend their right to a mobile lifestyle. Also, the expert doubted the approaches and suitability of the government and non-governmental organisations to the local needs. When conducted by non-local development experts, the relevance of development policies or the representativeness of consultations may be limited, and may reflect pre-determined strategies forced upon pastoralists. Food relief, for instance, has increased aid dependence of the local people. Also land degradation has become a problem, when herders with their livestock have arrived to food distribution points.

Questions of natural resource management. In an area with no previously known mineral resources, oil deposits were discovered in 2012. Astonishingly, one year later large groundwater reserves were also located. Yet, oil drilling and production raises concerns about the government's ability to ensure that the benefits of the natural resource wealth are allocated in a fair manner. The government has sold 'trust land', constitutionally defined as community-owned, to local private investors with no consultation with the

Turkana people. Foreign oil companies such as the UK-based Tullow Oil are already active in the Turkana area.

Post-2015 framework and how to measure progress in a locally meaningful way? In conventional economic theory – and GDP-based measurements – ecosystem-based goods and services have been of limited value. Yet, resources based on land such as herbs and natural vegetation are highly valued by the pastoralists whose lifestyles depend on them. Not only is the exploitation of oil as a sub-surface resource feared not to benefit locals, it could also jeopardize the use of surface resources. Such trade-offs raise difficult questions on how international development frameworks should support rights of marginalized groups, and what is a locally relevant method to measure progress.

Sources: Based on an interview with a Turkana-based Kenyan development expert. See also: KNCHR (2012), LTWP (2014), The Star (2012), UNESCO (2013).

Box 5. Development debates in Turkana County.

Lack of motivation to actively discuss the post-2015 agenda?

Generally the post-2015 consultations and discussion in Kenya have probably not been as visible and not received wide public attention and discussion, for various reasons. These reasons include the prominence and relevance of other discussions in Kenya such as the 2013 elections, projects related to Vision 2030, the Jubilee manifesto and its budgetary implications, the ICC court case and devolution, as discussed below. There is clearly a divide between the articulation of the global development agenda at the international level, national level and the local level. It is important to understand why this may be the case and what contributes to it. In the case of Kenya, the explanation seems to lie partly in the donor-driven nature of MDG and post-MDG agendas, the aspirations to decrease the influence of donors, and the more urgent priorities in the national political and development agenda.

In 2013, the elections and the debate about post-election results were at the centre of public attention. Also, after the elections, Jubilee government took a hardline position against advocacy-oriented CSOs. The Jubilee Alliance and their “Uhu-Ruto” campaign derided foreigners for meddling in Kenya’s affairs and condemned donor-funded CSOs for being on the payroll of foreign masters. Understandably, this generated concerns of what future place is there for CSOs in Kenyan domestic politics. It is also possible that these domestic tensions have taken the priority over other issues (such as the post-2015 debates and the international discourse), especially in those CSOs that are heavily reliant on foreign funding.

Key interests of Kenyan citizens have centred on how the new government will implement the new Constitution (adopted in 2010) aiming to decentralize power to the counties through the process of devolution. The progressive constitution limits presidential powers and introduces a devolved system of governance that increases the role of counties and the possibilities for local participation. This process of devolution of power and resources to the county level is seen by many as a crucial factor for the success of *any* developmental agenda, and many hope that the process will bring the government closer to the people. In our study, we encountered views that the new constitution and the process of devolution will influence and contribute to the shaping of the social sector more than any donor-led initiatives. Illustrative to this, one of the interviewed CSO representatives was of the view that “*in order to take the country to great heights, it is enough*

to have the *Vision 2030, the related 5-year mid-term plans (MTPs) and the new constitution*". Furthermore, in Kenya the public opinion is shaped through issues of local relevance, deliberated in the regional mass media, in particular radio, which broadcasts in vernacular. Development-related messages in local areas are also closely knit to faith-based forums, which have a strong foundation in Kenya. It is possible that the MDG message, although known to some, has been delivered within a rather technocratic frame through advocacy bodies (government officials, CSOs that are connected to development issues and aid agencies). These groups rarely interact beyond their official capacity in the local areas, and therefore it is possible that MDG message has not been able to cross this communication barrier. Similar challenges can be found in the outreach of the post-2015 debate. There have been attempts to raise issues related to the MDGs and the post-2015 discussions in, for example, print, radio and electronic media (see National Post-2015 Consultation Report), but there has been very little critical discussion on the content and process with the exception of some opinion pieces like the one written by the Kenyan Permanent Representative at the UN, as discussed earlier. This poses the question about the legitimate contribution of the broader society in developing or informing the construct of the future agenda, and how the local voices have been addressed or articulated within the new agenda.

The already decreased donor-dependence could possibly explain why processes perceived as donor-driven have lower political buy-in than before. As discussed in Chapter 5, the Kenyan government is already funding a significant part (95%) of its recurrent expenditure, fuelling a decreasing role of donor influence on government policy and development agendas.

4.6 Conclusions

There have been marked differences in the management and running of government since the start of the MDGs. During that period, Kenya has advanced economically and found a renewed optimism in sectors that were previously not contributing to the economic development of the country. While the Vision 2030 did not have oil, gas and minerals as part of the economic drivers, these sectors are now central to the second MTP, and the source of high expectations (see Chapter 6). While the content of the MDGs and the focus on the social sector appears to be known by many, the 'MDGs' as a concept remain unfamiliar. In comparison, the national Vision 2030 has been intensely discussed by the wider population, and especially by those living in or near areas likely to be impacted by the activities from the Vision (e.g. Lamu). The MDGs have been seen as useful by the donor community to structure their actions and activities. At the same time, the focus on results-based management present in the MDGs has also entered into Kenya's other development strategies, such as Vision 2030. In contrast to the focus on human development in the MDGs, the solution to development promoted in the Vision 2030 by the government is infrastructure-led and promotes industrialisation, including the creation of technology cities that would become hubs of economic growth, and the development of the extractive industries as a means to generate revenue for the government.

In general, the position of Kenya based on the post-2015 consultations and our own research so far is one of mixed signals. On the one hand, Kenya seems to have a general preference for the continuation of the MDGs, albeit in a modified and improved form, with both the state and civil society actors emphasizing the need for new topics such as employment, youth, security and agriculture. It can also be seen that the Kenyan government has been alert to some of the issues that have become topical at the global level already prior to the post-2015 consultations. For example, back in 2009, the MDG update report already shows that the government was considering measures to be undertaken to improve quality in services, especially in education. Kenya has also been progressive in the collection and publication of data through the Open Data Initiative. On the other hand, while Kenya has pointed to the need to continue with the MDGs, it has also been very vocal in raising the issue of local resource mobilisation, industrialisation and independency from donors. Furthermore, in the national context, the public discussion is oriented around the new constitution, and the process of devolution. If successful, the devolution of power and resources to the county level will influence the shaping of the social sector more than any donor-led initiatives.

In Kenya, the changing nature of donor-government relations is presenting some interesting questions with regards to the MDGs and the post-2015 agenda. On the one hand, it is considered highly important that the national budget is principally domestically funded (see also Chapter 5). And yet, in Kenya, where donors are less influential than in Tanzania, there are simultaneous allegations of donors not fulfilling their promises on MDG funding. Another open question is the rapid adoption of the SDGs to the recent Second Medium-Term Plan and how this will actually align with governmental positions. In some ways, this could also be interpreted as a position of having a nationally defined development agenda with economic growth and industrialisation at the centre; while the sustainable development framework would offer a role for donors to engage in. There remain unresolved questions in the approach of the government towards poverty reduction. It can be questioned whether the focus on infrastructure-led development, promoting growth and developing extractives to raise revenue will automatically deliver pro-poor, social development. The infrastructure agenda is also putting the government under immense pressure to borrow, and the growing debt levels are exposing the country to external shocks that could easily compromise the expected gains from the new revenue sources and create challenges for domestic resource mobilisation (see Chapter 5).

5. VIEWS AND FUTURE PROSPECTS FOR RESOURCING POVERTY REDUCTION IN KENYA AND TANZANIA: ROLE OF DOMESTIC RESOURCE MOBILISATION AND ODA?

This chapter discusses the current situation and future prospects of financing development, especially in terms of poverty reduction in Kenya and Tanzania. In their national visions (Vision 2025 and 2030), both Tanzania and Kenya have expressed a desire to be aid independent in the medium-term future. Especially Kenya but increasingly also Tanzania have already improved their domestic resource mobilisation and reduced the reliance on external resources to fund their development plans. At the same time many challenges remain. Also, Kenya and Tanzania have recently rapidly increased their debt levels²⁴.

The chapter provides an overview on the possibilities in both countries to generate inclusive growth and enlarge the national budgets. The different dimensions of taxation as well as revenue prospects from extractive industries are discussed along with the government's budget allocations and spending, especially on education, health and agriculture. Furthermore, the current and future role of ODA is explored.

In relation to the debates on the post-2015 development framework, the focus of this chapter is very topical because the role of domestic resource mobilisation in financing the new framework has been one of the intensively discussed issues. The chapter, however, is centred more on the social sector funding, rather than really covering the financing of SDGs. However, ecological and energy concerns – and investments in sustainable development²⁵ – are likely an area loaded with very strong expectations in the future negotiations (see also Chapter 6).

5.1. The context of post-2015 negotiations

The political backdrop to this assessment stems from the negotiations about financing for development in the post-2015 negotiations, in which the Means of Implementation (MoI) will possibly form one of the most difficult areas of the international negotiations. One of the international post-2015 policy processes is the work by the Open Working Group on Financing for Sustainable Development for post-2015, co-chaired by a Finnish H.E. Ambassador Pertti Majanen, that is looking at the world economy and how different financial flows impact sustainable development. Negotiations about financing will be sensitive be-

²⁴ The national debt burden for Kenya is at USD 21.8 billion (KSh 1.9 trillion) (June 2013) in a USD 34 bn economy, and for Tanzania at USD 13.6 billion (TSh 22.0 trillion) (Nov 2012) in a USD 24 bn economy.

²⁵ UNFCCC Christina Figueres has called for a 'tripling of clean energy investment from the current levels', for them to reach USD 1 trillion annually, as soon as possible and latest by 2030 (The Guardian 15.1.2014).

cause of the expectations of different actors as well as because of the changes that have taken place in the global economic landscape. At the turn of the millennium, the presumption that underpinned the MDG paradigm was that development was to be financed with official development aid that flows from donor countries to recipient countries. On the road to the post-2015 negotiations, it is increasingly understood that ODA can (at most) play a supportive role, and donors are also aware that on the donor side, the harmonization of aid has not happened as expected. There are also hopes to better define how to engage the private sector into sustainable development, and in this respect address the public-private partnerships (PPPs) frameworks.

To assess a country's ability to support its development agenda (and understand the economic context of Kenya and Tanzania), there is a need to assess a complex interaction of financial flows around 'development' – a task that also faces data quality issues. Economically, this includes an accounting of the balance in trade relations and foreign direct investment (FDI) with the regional trade partners - that is mainly, the East African community (EAC), and in the case of Tanzania also the Southern African Development Community (SADC); the West; BRICS countries; and increasingly the Arab countries and transitional economies - while also noting how illicit financial flows leave the economy. Nevertheless, typically in human and social development assessments, the donor-recipient relationship and the role of ODA have only been emphasized. In this assessment, resource flows have been narrowed down to an overview of the sectors in the national economy and an overview of national budgets looking at the issue of revenue mobilisation, which includes a glimpse of the sectors of interest to governments and donors. The rate and quality of economic growth are considered a baseline for the potential of resource mobilisation from domestic sources i.e. financing for development.

Problematically, there has been little tracking how much developing countries are spending on their national development goals or the MDGs. This also provides a challenge on the monitoring on the national investment on the potential post-2015 goals. Even so, it is known that despite various declarations on social development, most African governments have not met their targets to meet Dakar (2000), Abuja (2001) and Maputo (2003) Declarations on allocating government spending to education, health and agriculture respectively (see Table 13). This may be considered as an indicator of the limited ability of the government to allocate adequate resourcing towards social progress such as the MDGs (health and education) issues, but also suggest about the actual priorities of the countries and modifications they want to see in the post-2015 framework. This situation sits against an on-going discussion in the OECD about a re-assessment of the role of official development assistance (ODA) and a potential restructuring of its calculation methods²⁶.

²⁶ For a quick glance on the ODA calculation debate, see The Guardian (2013a, 2013b)

Table 13. Government commitments to development spending

Declaration	Target	Kenya	Tanzania
Dakar Declaration (2000) ¹	Education: 9% of GDP	7%	6%
Abuja Declaration (2001) ²	Health: 15% of budget	6%	11%
Maputo Declaration (2003) ³	Agriculture: 10% of budget	2–3% ³	7–8%

¹ In 2000, 164 governments adopted the Dakar Education for All Declaration, with targets for African region of allocating at least 7% of their GDP to education by 2005, and to increase it to 9% by 2010 (UNESCO 2000). Figures: WDI (2013)

² In 2001, the AU heads of states set a target of spending 15% of national budgetary resources on health, while also urging donors to fulfil their 0.7% ODA commitment, highlighting the shortage of resources in low-income countries. Figures: WHO 2011

³ In 2003, the AU heads of states set a target of spending 10% of national budgetary resources on agriculture (AU 2003). By 2013, only eight countries had met the target. A second target sets an annual growth figure of 6% for the agricultural sector (only nine countries have been able to meet this goal). Figures: Allocation to the Ministry of Agriculture, Livestock and Fisheries in the 2013/14 budget (PBO 2013). See also Curtis (2013)

5.2. Emerging African and East-African dynamics

The need of an economic transformation in Africa has recently been expressed by not only the UN High-level Panel on the Post-2015 Agenda but also by African led initiatives such as the process towards AU Agenda 2063. These positions have also emphasized the considerable negative impact of illicit financial outflows from the African continent (see Chapter 2), conservatively estimated at USD 52.0 billion in 2011 (GFI 2013), higher than the levels of ODA to the continent the same year (USD 51.3 billion) (OECD-DAC 2013). Nevertheless, in recent years, many of the African countries have actually witnessed quite high aggregate growth rates: six of the fastest growing economies are in Africa while Western economies have been in stagnation. Yet, at the same time it is important to bear in mind that African growth rates since 1995 are no higher than the initial growth rates of the post-independence era. Challenges of African economies are related to unsuccessful social and economic policies under the structural adjustment period, related to privatization and budget cuts, which produced “very peculiar African economies” (Mkandawire 2013). For instance, despite the immense agricultural potential of Africa, over the last two decades there has been an increase of food imports to Africa, and the continent is a net importer of food (over USD 22 billion per year).

Therefore, many business-as-usual scenarios typically expect Sub-Saharan African economies to grow, but believe them to remain heavily dependent on agricultural and mineral commodities, and thus vulnerable to volatile commodity prices. This is, of course, unless governments take decisive steps to transform and diversify productive capacities in order to make the continent more competitive (UNCTAD 2013). Furthermore, increasing attention has been paid on the need to tackle illicit financial flows (see Figure 1 for the African and Table 15 on resource flows in Kenya and Tanzania). Recently, a significant change in the regional dynamics has been the emergence of trade relations with BRICs and especially China. Africa-China trade has expanded from a mere USD 10 billion in 2000 to around USD 130 billion in 2012, and Africa-

BRICS-trade to around USD 180 billion (2012). In the East African community, the growth of the intra-African trade in the recent years has also been a positive factor. How these trends will change Africa’s position in the world economy, remains to be seen.

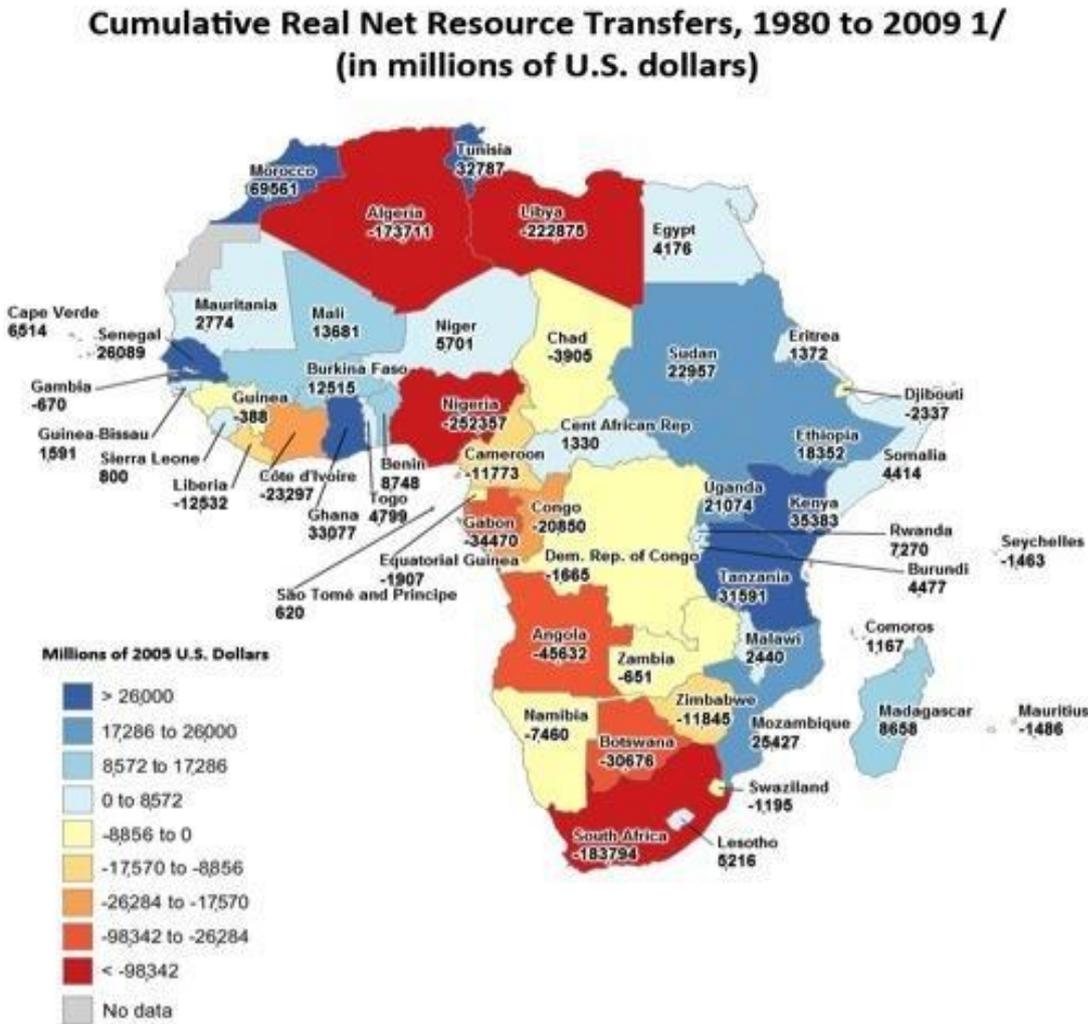


Figure 1. Illicit financial flows from Africa 1980-2009 (in millions of 2005 USD) (GFI and AfDB 2013)

When looking at East Africa, the Kenyan economy is the “anchor” of region’s economy. Kenya accounts for 40 % of the East African Community’s GDP, followed by Tanzania at 28 %, Uganda at 21 %, Rwanda at 8 %, and lastly Burundi at 3 % (Foreign Policy 2013). Tanzania has been an aid-dependent country, and a “donor darling” (not least of the Nordic countries), but also in Kenya loans and grants play a significant role in funding the government’s development expenditure. In Kenya, the role of the donor community has decreased and out of recurrent expenditure in Kenya’s budget only 4–6% is donor-funded. Our interviewees with the donors suggest that in Tanzania, where in the past the budget has been between 35-50% donor-financed, recently the share of donor financing could have dropped to about 20%. Yet, in Tanzania in the 2000s aid levels have remained high, despite a reduction from USD 2.9 billion (2010) to USD 2.44 billion (2011) (OECD-DAC 2013). And even in the less aid-dependant Kenya the absolute figures of

ODA flows have increased during the past decade reaching USD 2.48 billion in 2011. One of the key differences in domestic resource mobilisation (DRM) between Kenya and Tanzania has been the size of collected tax revenue, and in the past, with Kenya collecting considerably more tax revenue than Tanzania (see Table 14 for comparison on resource flows in Tanzania and Kenya).

Table 14. Resource flows in Africa, Kenya and Tanzania (annual figures, billion USD)

Description	Kenya	Tanzania	Africa
National debt burden	-21.8	-13.6	
National budget	18.4	11.3	
ODA	+2.48	+2.44	+51.3
Illicit financial flows (**)	?	-1.25	-52.0
Infrastructure financing gap	-3.7	-2.4	N/A

Explanations: 1) National debt burden (figures from 2012-13); 2) Budget: 2013/14 budgets; 3) ODA (OECD-DAC 2011); 4) There is considerable variation in estimates of illicit financial flows. Illicit flows for Tanzania based on recent press statements (USD 1.25 billion a year), see also GFI (2013). GFI (2013) lacks figures for Kenya 2008-2011. For further details, GFI and AfDB (2013) 5) Financing gap (GoK 2012 and Shkaratan (2012)

In recent years, there has been a trend in the region towards a determination to be less reliant on donor support. The 2013 budgets for Kenya, Tanzania, Uganda and Rwanda, for instance, show that the East African governments are making deliberate choices to reduce donor dependence, and are planning to raise money through a raft of measures, including external borrowing, issuing of bonds, and taxes such as VAT and import duties (The East African 15-21.6.2013). Cross-border investment has become increasingly important and East African banks (such as the Bank of Africa or Kenya Commercial Bank) are going regional. Intra-regional trade in the East African Community, which in the past has been only 10%, has been suggested to increase to 20%. The EAC countries recently agreed on a common tourism visa, and there is also talk of a single East African passport by 2015. Future talks could include the harmonization of tax rates and even aspirations of a monetary union maybe in the next 10 years (The Citizen 2.12.2013). In particular, the determined direction taken by Rwanda has been considered a good example. “We have to think regionally, and think like everyone else in this game”, as stated by Professor Thandika Mkandawire in his public speech to an audience of a Tanzanian development experts, who were asking how to reduce aid dependence (Mkandawire 2013). These alliances are based on political and economic interests. In late 2013, there were talks about Rwanda, Uganda and Kenya wanting to move more rapidly ahead in integration, and the three countries signed an agreement on a Single Customs Territory (SCT) (The East African 21.11.2013).

5.3. Kenya: Mega-infrastructure projects amidst high income inequality

Fact sheet

In 2012, the size of Kenya's economy was USD 34 billion. The majority of Kenya's

- exports went to Uganda 10.5%, Tanzania 10.2%, Netherlands 7.1%, UK 6.7%, US 5.8%, Egypt 5.2%, Democratic Republic of the Congo 4.5%

- imports came from India 20.7%, China 15.3%, UAE 9.5%, Saudi Arabia 6.7%

Source: Indexmundi (2013a)

Box 6. Size of the Kenyan economy, exports and imports (2012)

In Vision 2030, Kenya targets to be a middle-income country by 2030 (see: Chapter 4)²⁷. After the 1990s, during the last 20 years national growth rates have turned positive (1995–2000: -0.5%, 2000–2005: 1.4%; 2005–2010: 1.9%) (McKay 2013). In 2012, economic growth reached 4.6% (WDI 2013). Rather than natural resource extraction centred economies, Kenya has one of the most diversified and resilient economies in Eastern Africa. Kenya's trade with other East African countries as well as Asian countries is significant (see Box 6). The manufacturing sector contributes 10% of the GDP, agriculture 25%, and wholesale and retail makes 30%. Yet, it is estimated that 43% of Kenyans (or 15 million people) (2005 figures) lived under USD 1.25 dollars a day (Devint 2013)²⁸, income inequality is high and unemployment a major challenge. According to recent KBS statistics, out of a 16-million strong workforce, just over 2 million work in formal establishments (1.5 million in the private sector and 650,000 in the public sector), whilst 4 million are smallholder farmers and pastoralists, and about 10 million are engaged in the informal sector (*jua kali*) economy (Ndii 2013).

Kenya is perceived as one of the most advanced countries in the continent, and a leader in user-led ICT innovations. There is optimism that this will further be harnessed across the economy and within the government (see also: Daily Nation 19.11.2013). Mobile money technology has created an ease of money transaction to remove past obstacles to local liquidity. Safaricom, the main mobile operator, suggests that in 2013, 43% of Kenyan GDP flows were generated through M-Pesa (the mobile money system). Also, financial inclusion, that is the access to and affordability of financial services to the poor, could reach 80%, whereas without mobile money it might only stand at 23%. There are 20–21 mobile phones and 18 million M-Pesa users, compared to 8-10 million unique bank accounts. KCB estimates there to be USD 2.3 billion in informal savings, "like under the mattress" (Yeoman 2013). Banking and communication industries have rolled out ICT packages that serve particular niches in the society from micro-loans to savings. Already,

²⁷ Vision 2030, mainly focuses on six priority growth sectors: tourism, agriculture, wholesale and retail trade, manufacturing, ICT (Business Process Outsourcing, BPO), and financial services. In the light of recent findings, the 2nd Medium-term Plan (2013-2017) adds oil, gas and the extractives sector as a strategic interest.

²⁸ See chapter 4 for measures of poverty levels in Kenya

mobile money is challenging the high interest and transaction costs associated with commercial banks. But, as new frontiers are broken, there is a constant need to develop new regulations.

The structure of some of the key economic sectors raises a few doubts. For historical and political reasons, most value addition in Kenya takes place in Nairobi and its surroundings. In turn, there is limited investment in local processing industry to boost economies evenly across counties, which is harming many in the agricultural sector. The extractives sector, in which the government is showing increasing interest, lacks backward and forward linkages to the local economy (and suffers from poor value chain development), which suggests that it is highly unlikely to contribute to employment creation, or benefit the broader economy. Youth employment is a major concern and to address this, the government rolled out a Ksh6 billion fund (USD 70 million) to provide interest free loans to persons under the age of 35 (Business Daily Africa 7.10.2013), however, this is not strategically linked to capacity development or mentorship programmes, and is thus highly ineffective. At the same time, while the most valuable local resource for most Kenyans is land, out of Kenya's landmass, community land makes up 75 %, and several flagship projects in mining and energy are planned in areas that belongs to its traditional owners, there is a very weak legal mechanism that guarantees the rights and access to this resource to the masses. Also, plans on establishing business services or tax-free financial centres have in practice included significant tax breaks to international companies and investors that could endanger the tax base and contribute to capital flight (TJN-A 2011).

Dilemmas related to large projects and public-private partnerships

Mega-infrastructure projects, a key focus of Vision 2030, seem to increase government pressure to either borrow or attract investment. Based on a calculation of a 10-year expenditure framework by the Ministry of Finance, the government targets to spend USD 62.1 billion against a USD 25 billion available capital. In its plans to finance infrastructure and social services, the government has estimated a financing gap of USD 37 billion (Table 15). Demand on the improvement of the quantity and quality of infrastructure is high, a position which has been repeated also in several African post-2015 commentaries. Infrastructure is argued to stimulate local economies as well as improve access to social services. Infrastructure investments such as the Thika Highway, started under President Mwai Kibaki's two terms (2002-2012) have mostly been appreciated, and the presence of BRICS in particular has broadened the government's resourcing options. In August 2013, Kenya entered into a USD 5 billion deal with China to build infrastructure. Kenya's cash crunch and recent natural resource findings (gas, oil, coal and rare earth) seem to be making the government continue its engaging with the willing and "looking East" policy, adopted by President Kibaki. The Chinese who dominate most road projects in Kenya, have agreed to conduct satellite mapping of the mineral deposits in Kenya and are also involved in the building of the Lamu port. China is also funding the Mombasa-Nairobi-Malaba railway line, a contract in which three senior state officials of Kenya, including a former

Cabinet minister, are suspected by the Kenyan media of inflating the public tender by 46 % and the taxpayer could lose KSh110 billion (USD 1.3 billion) (Opala 2013, Standard Media 3.1.2014 and 14.1.2014)²⁹.

Table 15. Projected infrastructure investments in Kenya 2012-2020 (GoK 2012)

Sector	Financing gap ³⁰ 2012–2020 (USD million)
1. Energy (power and others)	19,808
2. Ports	4,800
3. Roads	9,000
4. Water and sanitation	4,567
5. Railways	7,248
6. Airports	906
7. Tourism	2,050
8. ICT	7,850
9. Local government	2,000
10. Housing	2,901
11. Public works	1,000
12. Lamu Transport Corridor	3,723
Total needs	62,176
Available (by Government of Kenya)	25,000
Funding gap	37,000

Large infrastructure projects bear considerable risks due to their complexity and their economic burden. The debt level of Kenya has been reported to increase, and recently, plans on moving ahead to construct a future technology hub (Konza City) were delayed (Business Daily 19.12.2013). Also, a procurement process of the Mombasa-Malaba railway line was facing a crisis amidst allegations of high level irregularities, with some legislators calling for the cancellation of the awarded tender (Daily Nation 5.1.2014). In the case of the Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) project (see Chapter 4), instability in South Sudan are a major concern. Such risks also may tempt the state to execute the projects with whatever resources and means available.

One of the architects of the Economic Recovery Strategy (ERS) recently argued that a focus on mega-infrastructure and the extractives sector can never deliver jobs, and instead the focus should be on improving agriculture with less borrowing (Ndii 2014). Others fear that the plans to modernize African cities could actually turn “smart cities” into “white elephants” (Watson 2013). Mega-projects also tend to bear large ecological impacts and can increase poverty locally because of loss of livelihoods due to displacement. The same concerns apply more broadly to the implementation of development projects through foreign financing or public-private partnerships (PPPs) as means to support the national development agenda. Like a

²⁹ Opala (2013) claims this could be "the most expensive bribe in Kenya's history", surpassing the Anglo Leasing scandal of early 2000s or the "Sh13-billion Goldenberg infamy of the 1990s". The Standard Gauge Railway Construction project is a major initiative to develop a 485 km railway line under an agreement between Kenya and China, involving Kenya Railways

³⁰ The financing gap and investment needs are a calculation by the Ministry of Finance based on Vision 2030 needs to “transform Kenya into an industrialized middle income country by 2030” (Koimett 2012)

Kenyan NGO representative commented: *“Vision 2030 is a brilliant document (...) but should not be done at the cost of fundamental human rights and diversion of due process.”*

The ability of the state to service its debt result from increased revenue collection as well as domestic borrowing, government bonds and syndicated loans. So far, the IMF (2013) and the Central Bank of Kenya (CBK) have judged the Kenyan debt level sustainable (Irungu 2013), although in 2013 the Kenyan national debt burden was projected to increase to KES 1.9 trillion (or USD 21.8 billion) from KES 1.2 trillion (or USD 13.8 billion) (2012). This is taking the government debt-to-GDP ratio steadily up from 50 towards 56 %. In comparison between 1998 and 2012, Kenyan debt-to-GDP averaged 51.4% (maximum: 60.6% in Dec 2003, minimum: 45.5% in Dec 2008). Most of the 2013/14 budget is spent on recurrent expenditure (94% from domestic funds, financed with tax and non-tax revenue against aid which is pegged at 6.12% equal to the available revenue). However, in the development expenditure, there is a larger financing gap of 16.2 % relative to the available revenue (PBO 2013). What is more, half of this gap has typically been donor-financed. The Parliamentary Budget Office report recommends a reversal of this budget skew on recurrent expenditure, because it is undermining employment opportunities, straining basic social services, undermining food security and heightening insecurity (ibid.).

Challenges in taxation and devolution

The Kenyan state has been able to actively collect tax revenue. The performance of Kenya Revenue Authority (KRA) has been good (see also Waris et al. 2009), and Kenya is seeking rather aggressively to further improve revenue collection. The Kenyan tax system does have some progression (according to income levels), but there are some concerns whether recent changes have adequately acknowledged the poor. In 2013, the government applied a 16% value added tax (VAT). Initially, the VAT included essential commodities such as basic food items as well as other necessities that previously were zero-rated (school textbooks, farm chemicals, fertilizers, ICT hardware and software (see also: Musumba 2013). The list was later revised by the government. Some experts have considered the application of VAT as an improvement to the tax system. However, there are concerns that the tax system is not moving into more progressive direction and that the very poorest are the ones to be most affected by the VAT. Another interesting trend stems from the introduction of mobile money. Although the mobile money system grants the poor an unforeseen access to finance, they also easily become subjected to increasing taxation especially targeted at when they make mobile money transfers. Locally, overzealous taxation has already created disaffection and made some suggest that the Jubilee government is moving in the wrong direction.

The challenges of devolution in Kenya

In August 2010, Kenya's citizens voted overwhelmingly for a progressive new constitution through a nationwide referendum. The most far-reaching impact of the new constitution is the devolution of power and resources to the county level. Governors now head the forty-seven (47) counties and work with County Assemblies to chart each county's development agenda. It is hoped that this system of governance will make development more even throughout the country, and bring government closer to the people.

However, the devolution faces several problems. As pointed out by Wolfgang Fengler, the World Bank's outgoing lead economist in Kenya; one problem is that there are too many counties with too few people in them. On average, each of the 47 counties have a population of less than one million (about a quarter of Nairobi's population), which is not economically viable because the cost per person of providing services and infrastructure to such a small population is extremely high, especially in counties where the population is not concentrated.¹ There is also another risk why devolution might not guarantee a service delivery improvement. A rush to devolve key services such as transport and health to the county level may actually see deterioration in these services in the short- to medium-term simply because counties either lack capacity to carry out these services, or accountability measures to ensure that funds are not mismanaged. If the ills of a centralised system of governance are replicated at the county level, counties will not be able to carry out their functions effectively.

In his book *Realizing the Kenyan Dream*, Fengler predicts that design flaws and practical obstacles could further derail the devolution process and that the transfer of funds from the central government to the county level will remain a key area of contention. One possible risk is that the central government reneges on its commitments (although this is unlikely because the constitution will not allow it). An even greater risk, however, is that the devolution process will prove to be a failure, which would force the government to "re-centralise" power and resources. This would create a constitutional crisis (Fengler 2013).

This could happen, if the counties are given too many responsibilities and cannot bear the burden of implementing them all at once. Following the 2013 general elections, counties have a dedicated level of independent budgetary power – something they never had in the past. There are concerns that if financial management systems are not adhered to and counties fail to make developmental issues a priority, this newly-given independence could affect service delivery. The first budget assessments indicate that counties are spending large proportions of their budgets on recurrent expenditure rather than development activities. Unless stricter budget control is enforced, this situation will likely create disaffection locally. A deterioration of services could create a backlash against devolution. Unhappy and under-serviced county residents could either protest, or become apathetic. This would not augur well for the long-term prospects of devolution.

Box 7. The challenges of devolution.

The **devolution** process is provoking additional concerns (see Box 7). A local politician and development actor commented: "In this new devolved system, strong governors matter and a wise president is needed – being development-oriented, and generating resources. But if they (county governors) run to Nairobi for royalty, we are doomed." The devolution encourages the county governments to also raise their own resources, as it is seen that central government funding alone will not suffice to fund their services and development. Although it may be too early to judge, the 1st budget report 2013/14 showed counties spend-

ing KSh 7.2 billion on salaries and emoluments against only KSh 0.9 billion on development (GoK 2013). This may suggest that counties who are expected to assume more duties are struggling to do more than pay their own employees. Many counties may have limited capacity to collect their own revenues or ensure that the tax system stays regressive (World Bank, 2012b, 58-68; quoted in Vazquez 2013). In 2013, Kenya's National Commission on Revenue Allocation (CRA) threatened to sanction 25 counties for failing to balance the first budgets they produced, in what could be early proof of their knowledge limitations with regards to public revenue management (Vazquez 2013). Yet, counties are still struggling to cover the duties they are being delegated, and different public sector employee groups have feared for salary cuts or the threat of early of forced retrenchment under the austerity programme aimed at taming the runaway wage bill.

Public social sector funding

The public wage bill (KSh465 billion or USD 5,4 billion) consumes half of the total government annual tax revenue of Sh908 billion (USD 10,5 billion) (The Star 9.12.2013). The Kenya Vice-President William Ruto recently stated that: "It is not sustainable for the country to continue paying salaries (...) to public officers, which translates to 70 % of the country's resources", leaving only 30 % of the resources for development (The Star 9.12.2013). Ruto stated that in the future the government aim is to have 60 % of government resources going to development expenditure. The government has already decided to reduce civil servants by 100 000 to make savings, an idea which the IMF has supported³¹. However, cuts could have adverse effects on social sector service delivery, for instance in the educational sector, where Kenya has an estimated shortfall of 80 000 teachers.

Education receives one of the highest proportions from budgetary allocations. Also, the government has provided substantial financing to free primary education, while donor allocations have decreased between 2008/09 and 2012/13 (Wanjohi and Tervo 2013). Despite high proportional allocations, in addition to the teacher shortfall, the sector is plagued with difficulties that directly affect the quality of education. Recently, the Teachers Service Commission requested KSh 4 billion (USD 46 million) to compensate for the promotions after in service training, but the Treasury only gave KSh0.6 billion (USD 6,9 million), leaving a shortfall of Sh3.4 billion. Promises of the Jubilee campaign to "deliver a free laptop to every child in Kenya joining standard one" (EI 24.4.2013) are creating budgetary pressure, tender delays and growing pessimism amongst the public.

Allocations to the **health sector** have averaged at only 4-6% of government budget (Wanjohi and Tervo 2013, WHO National Health Accounts 2013, DSW and IED 2011). According to WHO (2013), in 2011 healthcare was 61% domestically funded and 39% of funding comes from abroad. Maternal and child mortality have not received substantial funding either from the government or the donors (8% of their cumulative funding to the MDGs); and perhaps consequently, little improvements have been made (Wanjohi and Tervo 2013; 42, 51, 62). To address maternal mortality concerns, the Jubilee government did roll out free

³¹ In turn, the MPs who have earned around €10 000 on a monthly basis and other generous benefits have refused cuts, provoking disappointment in ordinary Kenyans.

maternity services in 2013. But devolution is bringing additional complexities and ambiguity over responsibilities and payments. In the health sector, nurses fear that new county governments do not have the resources to pay salaries and already claim that after being transferred to counties, they have seen their salaries drastically reduced. They also accuse the government of failing to create a promised Health Service Commission that would protect the rights of the health workers and have sought to block the government from devolving health services.

What role for the ODA in Kenya?

In terms of ODA, the development aid figures have seen a rise from USD 523 million in 2003 to USD 2.4 billion in 2011 (OECD-DAC, see also: Nation 19.11.2013). While Kenya continues to receive ODA for certain sector support, it is increasingly independent of donors. In Kenya where there is no general budget support (GBS), large parts of what are counted as ODA to Kenya follow funding priorities decided by donors or the international community (such as PEPFAR, the U.S. Partnership to Fight HIV/AIDS around USD 517 million annually). Nevertheless, in terms of resourcing to achieve the MDGs, already the very first Needs Assessment in 2005 deemed the financing gap too large for the MDGs to be met by 2015 (see Chapter 5). Donors have argued in favour of a project-based approach due to fears of inefficient spending, and evidence of sector-wide funding having led to a misuse of funds. However, the project approach is typically criticized for a weaker fungibility of aid and fragmentation, and the agricultural sector in Kenya is an example where hundreds of plans and thousands of development projects are implemented.

One interviewed academic described the change over the years from aid begging to self-sufficiency: “Donors at some point said you (the Government of Kenya) either do this or (get) no money. And they said – to hell with your money.” In public discussions strong views have been expressed that aid is a wrong way for Kenya. A columnist Ndii (2014) has suggested that already in the 2000s, the Narc government decision to accept aid money from donors was a wrong choice, as aid money can destabilize the budget and the economy. Another interviewee mentioned that ODA flows to Kenya might have stalled the government from investing more in the national health system in the 2000s. Yet, at the same time, if the Kenyan government was to succeed in delivering in all the sectors operating in deficit, it will still need substantial external resources, even if plugging these gaps was not necessarily aid money.

5.4. Tanzania: Challenges for the achievement of economic transformation

Fact sheet

In 2012, the size of Tanzania's economy was USD 24 billion. The majority of Tanzania's

- exports went to India 14.1%, China 11%, Japan 6.1%, Germany 5.0% and UAE 4.9%
- imports came from China 21.1%, India 16.1%, Kenya 6.6%, South Africa 5.6%, UAE 4.8%

Sources: Indexmundi (2013b), Foreign Policy (2013)

Box 8. Size of Tanzanian economy, exports and imports.

Tanzania's Vision 2025 expresses an aspiration of Tanzania of becoming a middle-income country, like the Vision 2030 of Kenya. In 2009–2012, economic growth in Tanzania averaged at 6–7% (see also Box 8), considerably higher than rates in the preceding 15 years (1995–2000: 1.6%, 2000–2005: 4.0%; 2005–2010: 3.8%) (McKay 2013). Also, inflation has recently dropped from 18.2% (2012) to 6.3% (October 2013) (World Bank 2013). A steady surge in the price of gold in the past five years has tripled Tanzania's gold export earnings to an annual USD 1.5 billion (Mining Weekly 16.7.2013). In Tanzania, looking at only a set of selected macroeconomic indicators, one might assume that Tanzania is not doing too poorly. Yet, in reality, the picture is much less rosy, as can be explained following a closer assessment of the Tanzanian economy. It has been estimated that in 2007, 68% of Tanzanians (or 28 million people) lived under USD 1.25 dollars a day (Devint 2013)³². But, because Tanzania is aspiring to increase its independence of aid, it is necessary to consider the problems in the national economy that could be undermining such aims.

In Tanzania, the lack of a functioning private sector that could catalyse development is seen as a major concern, as many industries lack connections that benefit the economy as a whole, meaning backward and forward linkages, and value addition locally. Partly for these reasons, the picture and challenges of Tanzanian economy are very different to the ones in Kenya. Around 75–80% of the Tanzanian labour force works in agriculture, yet it only contributes 28% to the GDP. Also, Tanzania's exports to its East African neighbours are smaller than those of Kenya (see Box 8). Agriculture attracts limited investment, and the unresolved issue of land tenure is a major constraint in the development of the sector.

As argued by one Tanzanian interviewee, Tanzania has a "missing middle", which means that there are only very large companies and a numerous amount of very small companies in the Tanzanian economy. There is also limited local ownership in various sectors such as tourism. One problem, according to the Tanzanian industry representatives, is that the government does not adequately support the local industries. For instance, the Confederation of Tanzanian Industries (CTI) suggests that when it offered to form a consortium of Tanzanian companies to build the Mtwara gas pipeline, a major infrastructure project (see Chapter 6), the Tanzanian government refused, and preferred to contract the project to the Chinese. In addition,

³² See Chapter 3 for measures of poverty levels in Tanzania

because linkages between the industry and the educational system are weak, few Tanzanian companies are able to invest in research and development (R&D). Recent poor learning results are only adding to these concerns because already many businesses struggle in hiring Tanzanians. The industry representative noted: *“There are many graduates and young people, but they are not of high enough quality – education does not prepare them.”*

The lack of reliable electricity supply is hurting most industries, following the volatility of hydropower³³ and pertinent problems in the state power company (TANESCO). One of the industries hurting is the Tanzanian textile sector, which also faces a threat from Chinese products. The Chinese are accused of unfair under-valuation of their products. One interviewed industry representative suggested that *“one kilogram of Chinese garment is sold in Tanzania with a lower price than one kilogram of cotton”* and that *“the whole sector may die, if the government doesn’t do something”*. Many interviewees also mentioned Tanzania’s poor bargaining capacity in trade deals and international negotiations as well as the harming effect of illicit financial flows and tax evasion by multinational companies. Ironically, many Tanzanians see that while foreign companies have benefited from generous tax incentives; local companies, for instance in the manufacturing sector, have had little government incentives. These factors may in part explain why recent aggregate growth has neither contributed to poverty eradication or improved food security and local livelihoods.

Perhaps the most important change in the economic landscape concerns the high expectations on natural gas. The contribution of extractive industries to the GDP has been at around 3.5%. The government is targeting to make the sector contribute at least 10% of the GDP by 2025, meaning that Tanzania could be making USD 25 billion every year as export revenue only, and in terms of taxation, a donor representative suggested that in the future, the country could earn up to 70-75% of the profits³⁴. While mining, tourism, construction and services seem to be the main interest of the government and investors, these sectors have limited employment capacity³⁵. Rather, these developments could be a showing of a widening of income disparities. Therefore, a radical transformation of the economy was seen as a priority by many of our interviewees. *“Yeah, you can grow? 8 % this economy, but even if you grow at 8 % persistently for five years, that will not significantly do us much. It will not, because we are starting of from the very wrong premises”*, underscored a Tanzanian development expert who works with the government. The Tanzanian economy would require a vast array of structural changes in order to increase its employment capacity and ability to contribute to tax revenue.

Three threats of revenue mobilisation: weak capacity, tax breaks and illicit flows

In the past, Tanzania has been constantly operating on deficit. But domestic resource mobilization (DRM) in Tanzania has shown remarkable improvement. In the recent years, the share of ODA in the government budget has dropped by almost half from the levels of around 35-50% down to now around 20% of the

³³ In discussions with the locals, many suspect that changing weather patterns could be a contributing factor: *“in the past, we had good rainfall and hydropower, (but) it’s no longer so, the dams do not have water rainfall, and reserves have depleted”*

³⁴ Similar figures have been quoted elsewhere in East Africa like in Mozambique where based on the current reserves the country could earn an annual inflow of USD 60 billion dollars.

³⁵ For instance, communication sector recorded the highest growth rate of 20.6% in 2012/13, but only makes 2.3% of the GDP and the financial sector grew 1.8% in 2012 compared to 1.7% in 2011.

budgetary support. Donor financing has mainly been replaced with commercial loans, and public-private partnerships represent a major means of development financing, especially for infrastructure needs. After the debt relief in 2006, Tanzanian debt was cut from 68% to 37% of the GDP, and the public debt has stood at these levels (Indexmundi 2013b). Recent figures suggest the debt to have increased (Ngowi 2014): in March 2013, the national debt burden for Tanzania was TSh 23.7 trillion (USD 14.6 billion), an increase from TSh 20.3 trillion (USD 12.5 billion) (March 2012). This meant that the public debt-to-GDP ratio increased to slightly more than 40 percent, and before any future revenues, the fiscal space appears to be closing (World Bank 2013).

The 2013/14 budget was planned at TSh 18.2 trillion (USD 11.2 billion), and out of this, an estimated TSh 11.2 trillion (USD 6.9 billion) was to be collected from domestic revenues. Existing financing gaps are to be funded mainly from foreign loans and grants, domestic borrowing, non-concessional borrowing and general budget support (GBS)³⁶. Tanzania has been able to increase the mobilization from domestic resources almost yearly, since 2005³⁷. And it has invested the increased revenue into public expenditure to raise its share from a level of 18-19% to 28-30% of GDP. On the downside, for the latest budgetary years, domestic revenue collection has still been able to meet just about half of budgeted plans. Last year, public expenditure was higher than targeted revenue collection (World Bank 2013, viii).

One possible explanation to increasing revenue collection is the removal of leakages from the tax system. Local NGO representatives were vocal to raise this concern: “*we are giving so many concessions*”, repeating the worries of academics and development experts who have constantly been questioning the extent of tax exemptions in Tanzania (see also TJN-A 2011), especially in the extractive industries. This issue was also raised in the post-2015 consultations in Tanzania, especially by people who had received higher education, in the online consultation and the consultation for the private sector and higher education institutions (see Chapter 3). At the time of the first EITI report in 2009, the tax revenue reported by companies represented only 7% of the value of the mineral exports, as reported by Norwegian Church Aid (2012). Their report estimates tax exemptions to multinational companies deprived Tanzania USD 288 million yearly between 2008/09-2010/11, and the loss of tax revenue from illicit financial flows, including trade mispricing, could have deprived the government an additional USD 300 million. Their combined effect amounts to around USD 590 million (TZS 1 trillion). For instance in 2010/11, plugging this gap could have brought an additional 17 percentage points of domestic revenues collected.

Also, Tanzania Revenue Authority (TRA) has had a weak enforcement capacity. For instance, the collection of value added tax (VAT) has faced many problems, including businesses not paying their VAT re-

³⁶ Foreign loans and grants (TSh 2.7 trillion), domestic borrowing (TSh 1.7 trillion), non-concessional borrowing (TSh 1.3 trillion) and general budget support (TSh 1.2 trillion), and other sources

³⁷ Previous years show an increase both in size of budgets and domestic revenues. In financial year 2012/13, the government spending was planned at TSh 15.2 trillion (USD 9.4 billion), with a target contribution from domestic revenues of 7.2 trillion (USD 4.4 billion). In FY 2011/12, it was TSh 7.1 trillion (USD 4.4 billion); TSh 6.0 trillion (USD 3.7 billion) in FY 2010/11; TSh 5.7 trillion (USD 3.5 billion) in 2009/10, compared to only TSh 2.1 trillion (USD 1.3 billion) in 2005/06

funds on time. At the time of the research, a new VAT Act was under planning. There are continuing efforts to improve the capacity of the TRA, supported by the donors such as Norway and the World Bank who have provided technical assistance in tax modelling (see Fjeldstad and Heggstad 2012). Previous studies have shown that if collected effectively, taxation could play an increasingly important role in financing for development, and the recent trends seem to be supporting these suggestions. This is not to say that there would not be any problems. For instance, an industry representative claimed that because the central government has claimed all the important taxes, local governments have introduced their own taxes. Much to the frustration of the private sector, this has weakened the predictability of the tax regime. One development expert noted that while entrepreneurs could also be taxed, some of them are also “the central funders” of CCM, the ruling party. It has been estimated that if those “relatively non-poor” in the informal sector were taxed, this could further bring in extra revenues of TSh 350-600 billion (USD 220-377 million) (Norwegian Church Aid 2012). At the moment, our interviewees suggest that import duties still account for over 30% of domestic revenue collected. Other problems mentioned in the interviews include smuggling, under-invoicing, counterfeit goods and tax evasion.

Government efficiency could be improved. According to our interviews, only 40% of the budget goes for development expenditure and 60% of the budget on administration. In the past, Tanzania has been lacking a cash flow management system to create a complete picture for the entire government revenue flows, which has been reflected as problems also in investment planning and procurement in major sectors such as roads, water, education and health (MoF 2009). The civil society sees that few government agencies have been able to strictly comply with government policy to control unnecessary expenditures (Sikika 2013a, 2013b). In the health sector, a policy brief by Sikika (2013b) claims that in the 2013/14 health budget, there are TSh 714 billion (USD 441 million) of “unnecessary expenditures” mostly consisting of sitting allowances and travel budgets.

In Tanzania, infrastructure needs are vast. A 2012 World Bank study suggests that Tanzania would need to invest USD 2.4 billion in infrastructure annually for a decade to catch up with the rest of the developing world (Shkaratan 2012). This would absorb over 20 percent of the country’s GDP, with three-quarters of this going for investment. According to the study, more than one-third would be in the power sector where 2 046 MW of new generation capacity has been estimated to keep pace with demand. According to press reports, the Mtwara pipeline and two additional natural gas pipelines could together cost an estimated TSh 5.9 trillion (USD 3.75 billion). Water and sanitation together as well as transport each account for a quarter of the total spending requirement. This would place a substantial economic burden, and Shkaratan (2012) argues that the levels would be comparable to the similar high debt levels China sustained in the mid-2000s. One might wish to argue that Tanzania is not China in terms of its economic prospects.

In terms of **educational spending** targets (Dakar Declaration), while education is the biggest expenditure in Tanzania, it is also conceived as the least performing one. While 60% of state employees are teachers, Tanzania continues to lack adequate resources for them. In our interviews, one senior international expert expressed a concern: “*there is no pipeline for handover in education*”, noting how many Tanzanian senior officials are retiring and the government was without plans to address the arising knowledge gap.

With regard to **agriculture**, although the development of the agricultural sector is seen as an economic priority, at the moment, the government's share of the agricultural budget is only 10% against 90% contributed by the development partners. On average, Tanzania has spent around 6% of its budget relative to GDP on the agricultural sector. After the lowest recorded year of 4.6% in 2004/05, spending has increased, reaching a high of 7.8% in 2011/12. In 2012/13, the share of agriculture allocation dropped to 6.8% even if agriculture is stated as a government priority (Policy Forum 2012).

According to WHO National Health Accounts 2013, the government **spending on health** has reached 11.1% of the GDP. Also, in the recent years, the Tanzanian government has been seen able to achieve the Abuja target of spending over 15% of its budgetary resources on health (WHO 2011). According to civil society reports (Sikika 2013a), in 2013/14, the total health budget is estimated at TSh 753 billion (USD 465 million). Recurrent expenditure is TSh 283 million (USD 175 million) and development expenditure reaches TSh 471 billion (USD 291 million). Notably, development expenditure is 92% donor-funded, and thus highly dependent on their allocations. Dependence on foreign funding has increased over the years, and in the light of the economic pressure in donor countries, this is concerning. Services at risk include HIV/AIDS, communicable diseases as well as heavily donor-funded maternal mortality reduction initiatives (Sikika 2013a). Health budget allocations also do not meet actual demand in sector-wide strategic plans. In the past years, government has both exceeded and fallen short in spending actual resources from the recurrent budget. For instance, in 2011/12, the Ministry of Health and Social Welfare failed to implement 28% of the approved budget (TSh 102 billion or 63 million USD). This is perhaps another sign of larger management problems within the government or in donor-government interaction. CSOs have recommended the government to attract more medical doctors to rural areas, broadening community health insurance schemes, cutting down wasteful expenditures, implementing focused activities for strategic results and improving ministry's transparency in transfers (Sikika and Policy Forum 2013). Accessibility and availability of essential medicines and medical supplies persists. While WHO statistics suggest Kenya to provide about 14 hospital beds per 10 000 people, Tanzania only has about 7 beds per 10 000 people. The highest number Tanzania ever had was in 1960 (14.9 beds per 10 000 people) (Sikika 2013c).

Some of our interviewees suggested that some of the basic services (health and education) could be even less affordable than before. In healthcare, although the policy would say that healthcare is free, these principles are seen not to apply in practice. One interviewee mentioned that in reality when one goes to health delivery, "you need to have the delivery kit yourself". Like in Kenya, while primary education is supposed to be free, there remain many indirect costs to education in Tanzania. Our interviews noted that for girls, even if they finish secondary school (or Form 4), they may have trouble accessing loans to go to university. Growth has not lead to an increase in private but public spending. Therefore, while teachers might have been hired, the incomes of individual families have not risen. In some of the interviews, comments rather suggested that *"some may claim that the gap between rich and poor has been reduced, but in the local level the gap seems rather to be increasing"*.

Tanzanian ODA debates

In relation to the donor-government relations, a consultation on the budget support in Tanzania in 2005/06-2011/12 (see: ITAD et al. 2013) and related discussion in Finland (HAUS 17.12.2013) based on the report findings reveal the Tanzanian government to have expressed its frustration with conditionalities, the unpredictability of donor funding and weak coordination amongst donors. They also suggest that the donors might have overreacted to two public corruption scandals in the 2000s, to the detriment of the trust between the donors and the government, and an increase of aid administration. The evaluation gives a relatively good score on the achievements of general budget support, and even sees potential for improvements. In the public discussion, the consultants suggested that there could have been a “supply problem” with donors assuming but not explicitly telling the Tanzanian government, should they have “a woman who can solve your energy problem”, meaning to the ability of donors to deliver skilled personnel to help the government build its policies. But, they also suggest that there might have also been a “demand problem” due to the fact that the Tanzanian Government did not have a vision of donors as partners who can solve problems after years of project-management and monitoring. Despite the recommendations of the budget support evaluation, the current trend rather suggests that most donors in Tanzania could be moving away from GBS following pressures of for aid accountability at home, rather than following the will of the Tanzanian government.

Then again, those outside the aid sphere criticise donors for their continuing support of the Tanzanian government – perhaps due to the poor results and interaction discussed above. One criticism is that the aid rarely trickles down to the local people and translates in concrete improvements in their living conditions. Tanzanian NGO representatives claimed that the central government had used too much aid “*to buy air conditioners*”, and that when aid money finally reaches local people “*there is not much left*”. In turn, one of the evaluators of the Tanzanian GBS suggested that in spite of numerous workshops organised by the donors and the NGOs, both might have failed in engaging deeply enough with ordinary Tanzanians to learn about their needs in daily practice.

There was also more profound criticism on the role of aid and donors expressed in our interviews, especially with some civil society actors. As noted by a Tanzanian NGO representative: “*I don't believe anymore in aid which would be planned to make a difference*”, in the light of the structural inequalities in global economy and its resource flows. Another Tanzanian NGO representative mentioned, “*There is no free aid to third world countries, there is only expensive aid. What you call free aid today, I will have to pay one day or my child*”. In terms of the ODA, the aid dependent Tanzania increasingly sees that the donor strategy of using “carrot and stick” has reached its end, and Tanzanians now increasingly want to be less imposed on the donor influence. With regard to recent developments, MDG-related support was contrasted with the increased investment interests by Northern companies in the extractive sector by another CSO representative noting that “*We have been receiving very “wrong aid”: for instance, the malaria billions, given money to buy mosquito nets. Sleeping in mosquito nets is not a solution to end malaria.*” and “*(George W.) Bush spent 3 days in Tanzania promoting mosquito nets but we doubt that his main interests actually lied in lucrative mining investment deals... So we have an anecdote of receiving mosquito nets in exchange of mining and gold.*”

In spite of all the critical remarks, the role of development partners is valued and many see a role for them, especially in near future. In terms of financing for development, one Tanzanian development expert advising the government mentioned that: *“For example, technical assistance – you cannot get it that easily when it comes to lending. Exim Bank [of China] lends money to Tanzania. [But,] when you look at technical assistance, it is not so much there.”* And perhaps they have missed an opportunity to provide policy advice that is aligned with recipient government priorities rather than attempts to fit development partners’ own ideological beliefs, as suggested by the consultants. However, in the light of recent gas findings, and the changing development landscape, some practices seem set to change. In early 2013, Heikki Holmås, the Norway Minister of International Development had mentioned in his visit to Tanzania that: “after 2025, there should not be a big need of bilateral aid (grants) from Norway. This does not mean cut of all aid, but different rationales and motivation”.

5.5. Conclusions

This chapter has explored Kenyan and Tanzanian situations and prospects for financing, especially in relation to the MDG experience and future development financing needs. The abilities of Kenya and Tanzania to raise domestic revenue have been assessed in relation to tax collection, the structures of the national economy, and the ODA. In this process, current government investment priorities and social sector spending have also been reviewed. As argued in this report, both countries have wished for a set of improved international goals, and hope that related financing would increasingly align with domestic priorities. Although the aspirations for ODA independence and criticisms on aid are emphasised in the national level discussions, in the international level the tone is often different and there is more wariness in order to maintain the achieved ODA levels at least for the shorter term. The international post-2015 debate has also discussed about the role of public-private partnerships (PPPs), but focused mainly on the financing aspects of development rather than the environmental, social or other impacts that investments might have.

The resource mobilisation has its challenges, and fears easily surface when a country increases its debt-taking. Also, as the domestic taxation increases so does the public debate on how it is conducted. The recent introduction of the value added tax (VAT) in Kenya for example was speculated to have hit the ordinary citizens and the poorest groups, and it remains to be seen whether the governments are able to steer the taxation into a more progressive and pro-poor direction. This will, of course, be a political question and also depends on public pressure. Another issue then is how equitably and pro-poor manner the budget allocations and government spending are designed. Notably in Tanzania, where the government can be commended for its ability to raise increasing amounts of revenue from domestic sources (thus far mostly by taxing more efficiently the multinational mining companies), the civil society has expressed concerns about the government’s ability to spend this money efficiently, and in the right areas.

In terms of social spending, health expenditure in Kenya has been low (around 6% of national budgeting), and it is seen as one of the reasons of limited health achievements. Tanzania has in the recent years reached the Abuja Declaration (15% of government expenditure on health), but the health budget remains

heavily donor-financed. Education is the largest social expenditure in both countries, and governments have invested in free primary education to successfully increase enrolment levels. However, large financing gaps remain and educational attainment has been low, which might suggest that improved educational results can only be attained in the long-term perspective. In terms of food security and the development of the agricultural sector, in Tanzania 90% of development expenditure has been donor-financed, which is clearly a challenge. In Kenya, budgetary allocations to agriculture-related ministries stood at 7 percent in 2008/09 (KEPCO and CGD 2010).

For a sustained domestic resource mobilisation strategy, inclusive economic growth would be a key enabler as such robust developments also provide opportunities for the state to raise more revenues. However, *“a number of African countries have been ‘developing’ without ‘transforming’*, as noted by one Tanzanian development expert. Currently a significant challenge is posed by the rising importance and focus of government on extractive industries as they may not be providing significant employment and value addition opportunities for country’s economy. A positive development in turn has happened with the telecommunications sector in East Africa, and mobile money (M-Pesa and alike) in Kenya in particular, transforming many ways of operating and creating new structures, thus having multiple horizontal and vertical linkages, creating big and small companies, in addition to an employment effect (Ndi 2013). In both countries, especially in Tanzania agricultural sector remains to be of high importance and yet lacking in meaningful supportive efforts.

In reflection to the East African viewpoint, the ODA is increasingly viewed as only one revenue stream amongst other financial flows. The strategy of offering tax incentives for foreign investment has led to a dangerous "race to the bottom". Contrary to the expectations of national governments, tax competition and incentives have rather led to the erosion of the tax base across developing countries. Coordination in a regional level about taxation rates might prove beneficial. Especially in Tanzania, the question of illicit financial flows was raised vocally by development experts, the civil society and academia. Internationally, capital movements have largely been unregulated, and apart from the OECD guidelines, private sector flows have been limitedly monitored and issues such as transfer pricing and tax evasion have not yet come under serious scrutiny. Disclosure of country-by-country accounting by multinational companies could likely remove one leakage in the international system to remove unfair attempts of transfer pricing. According to different estimates, annual ODA flows to Africa (+USD 51 billion) could actually be smaller than illicit financial flows out of Africa (-USD 52 billion) (see GFI 2013, OECD-DAC 2013). Regionally, the African Tax Administration Forum (ATAF) is a central forum where the improvement of tax administrations in Africa can be promoted. Tanzania, Kenya, Rwanda and Zambia have also already supported a regional approach on taxation issues in the OECD Task Force on Tax and Development. In turn, in the United Nations system, the Committee of Experts on International Cooperation in Tax Matters under ECOSOC makes recommendations on capacity-building and provides technical assistance to developing countries and countries with economies in transition.

All of the above mentioned issues are relevant ingredients of the future debates on resourcing the post-2015 development framework as well as of the economic transformation that e.g. the UN High-Level Panel (HLP) Report has been highlighting in its discussions on key transformative shift towards the post-2015 framework.

6. SUSTAINABLE NATURAL RESOURCE MANAGEMENT AND ENERGY ISSUES IN THE POST-2015 FRAMEWORK

The focus of this chapter is in the recent developments in oil and gas extraction as well as on mining (metals and minerals)³⁸ in Tanzania and Kenya. Kenya and Tanzania have high expectations on revenue from these sectors. In the past two years, more hydrocarbons have been discovered in East Africa than anywhere else in the world. However, most countries with natural wealth have failed to greatly benefit from their resources. Kenya and Tanzania lack highly-skilled local expertise and clear, strategic plans for how the local economy would benefit.

Thus, in spite of high government expectations, there seem to be significant challenges in linking the extractive sector to broad-based economic development and the development of local skills. Certain measures have been already taken to address the situation. Within the past five years, both countries have revised their mining legislation and policies, and are in the process of developing gas and petroleum legislation. In addition, Tanzania signed into the Extractive Industries Transparency Initiative (EITI) in 2008 and has now published three EITI reports. Kenya has not yet expressed interest in joining EITI, as in the past resource extraction was not considered a significant national economic activity. It is relevant to note that EITI addresses only some of the sector's challenges. In both countries, a key arising concern is how to organise fair and appropriate benefit-sharing inside the country between all interested parties: communities, citizens and companies as well as county and central governments.

This chapter discusses how the recent developments in the extractive sector are shaping the future energy and development landscape of Tanzania and Kenya. It describes the major concerns over governance, benefit-sharing, social development, and sustainability and how these concerns could be addressed through different safeguard and mitigation mechanisms. The chapter also discusses the kind of role the different national and international actors could or should take in steering the current and future developments. Here for example the opportunities and limitations of EITI and CSR are explored. A key question is also how these current dynamics should be taken into account in the discussions over the post-2015 development framework.

The extractives sector in Kenya and Tanzania is related to the post-2015 policy formulation in several ways. Perhaps most importantly, there are increased expectations and demands in Kenya and Tanzania to break away from ODA dependence, and governments are seeking to improve their ability to utilise revenues from resource extraction for the purpose of national development and also in domestic resources mobilization (DRM) for 'human development' (AfDB 2013). Here, extractive industries both represents a significant industry sector as a means of raising government revenue through taxation and royalties, but also

³⁸ Discussion on the so-called soft commodities of extractive industries i.e. timber and agricultural commodities is excluded.

one that is imagined to support the industrialisation aspirations of both countries, which would further advance their self-reliance. Secondly, the fact that governments are seeking alternative revenue may also be representative of the ‘new’ international landscape of development financing (Greenhill et al. 2013). Thirdly, there is increased focus on the role of the private sector in the future post-2015 agenda both due to its impact on all the dimensions of sustainability and its political power. Fourthly, the sustainable use of natural resources is rising in the international development agenda to challenge the non-transparent manner in which extractive industries often are governed, linking with the issues of equity and fair benefit-sharing as well with the environmental sustainability. Finally, ‘access to sustainable, affordable and clean energy’ (e.g. Casillas and Kammen 2010; UNDP 2012) has been called a “missing MDG”. UN agencies have stressed how none of the MDGs can be met without a major improvement in the quality and quantity of energy services.

6.1 Kenya and Tanzania: Emerging countries in a globally structured extractive industry

East Africa: Is there a threat of a resource curse?

The impressive growth rates shown by many African countries have primarily resulted from a boom in commodity prices enhanced by foreign direct investment (FDI) to the region. In 2012, FDI flows to Africa increased by 5.5% to USD 37.7 billion, and by 2015, they are projected to reach a record USD 54 billion, however, mainly concentrated in the extractives sector (World Bank, 2013b). Between 2011 and 2012, FDI to East Africa increased from USD 4.5 billion to USD 6.3 billion, most of this is explained by extractive industries (UNCTAD 2013: World Investment Report).

Especially in East Africa the recent discoveries of hydrocarbons are boosting the foreign investments (see Figure 2). Recent discoveries offshore of Tanzania and Mozambique's waters have led to predictions that the region could become the world's third-largest exporter of natural gas, with the country strategically located for exports to Asia³⁹. According to press sources⁴⁰, Tanzania has signed 26 production-sharing agreements (PSAs) with several major companies.

Actually, both Kenya and Tanzania are currently viewed as interesting exploration destinations by extractive industries. For instance, in Tanzania, deep-sea petroleum exploration started in 1999; and Kenya is planning to start a more detailed mapping of its natural resources in the next 2-3 years. According to a note to investors by Deloitte (2013), by the end of 2012, there were more than 24 companies allocated oil blocks for exploration in Kenya while in Tanzania there were about 20 companies.

³⁹Tanzania has been exploring oil since 1952. The first natural gas findings in Tanzania were made in Songo Songo Island (Lindi region) in 1974 and Mnazi Bay (Mtwara region) 1982, but commercial production did not start until 2004 and 2006.

⁴⁰News reports of Reuters, The Economist and The Forbes in 2013

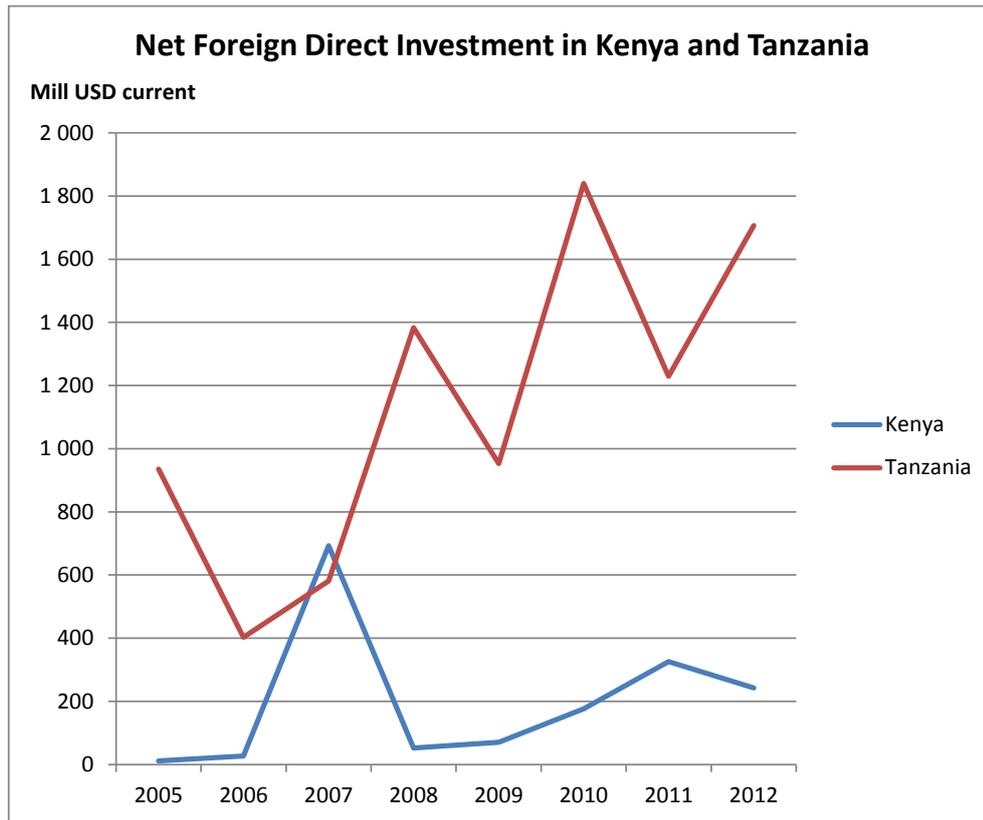


Figure 2. Net Foreign Direct Investment (FDI) in Kenya and Tanzania (World Bank Databank)

In the era of globalisation, mining industries have been privatised and their regulation has changed towards investment-attracting, with a view that the investor should keep most of the profit as a reward for investment risk (Bridge 2008). The contribution of extractive industries to the national economy is one of the key issues to be addressed. For instance, Tanzania has benefited very little from the mining in the country, even when compared with other African countries (Zambia, Ghana, South Africa or Botswana). There has been very limited value addition, export revenue, and consequently mining has had an insignificant contribution to national domestic revenue (DR) mobilisation, as shown by Table 16.

Table 16. Average annual contributions of mining to total GDP and domestic revenue 1998-2011 (Table taken directly from Lundstöl et al. 2013, p. 18).

	Mining value added/GDP (% contribution)	Mining export/GDP (% contribution)	Mining revenue ²³ /DR (% contribution)
Zambia	3.7	24	4.4
Tanzania	3.1	4.9	2.3
Ghana	4.5	12.5	3.1
South Africa	8.3	11.8	2.3
Botswana	38	32	50
Chile	12.9	17.1	14.9
Australia	6.4	12.2	4

Sources: National statistical bureaux, central banks, IMF reports, national revenue authority data and chamber of mines annual reports for the seven countries.

Extractive industries in Tanzania

Table 17. Oil, gas and mineral reserves of Tanzania

Oil, gas and mineral reserves of Tanzania
<p>Natural gas: Around 42.7 trillion cubic feet (TCF) of recoverable natural gas reserves (equivalent to 7.5 bn barrel of oil equivalent or 55 times the present annual energy consumption in Tanzania) off its coast. The government expects future discoveries to expand them to over 200 TCF</p> <p>Coal: About 1.5 billion tons (revised from initial estimates of 5 billion tons)</p> <p>Mining: Gold (1.55 million ounces), uranium (54 million pounds), coal (16,000 metric tons), tanzanite (2.2 million carats)</p>

In Tanzania, mineral resources have long been known to exist. Under Nyerere, Tanzania had adopted a “keep it under” policy, based on the argument that if a country is not ready to benefit from the mining activity, it is better not to exploit the resources. All this changed in the mid-1980s, when the socialist economic regime was taken into IMF and World Bank steered restructuring. A gold boom attracted an influx of foreign companies into Tanzania in the 1990s. Mining Development Agreements (MDAs) were signed in secret between the government and the companies without any policy to guide their minimum content. The agreements granted companies very favourable conditions, e.g. corporate income tax holidays, import duty waivers for equipment and capital deduction allowances⁴¹.

In natural gas, Tanzania has so far confirmed an estimated 42.7 trillion cubic feet of recoverable natural gas reserves off its coast. However, the government expects future discoveries to expand them to over 200 trillion cubic feet. Oil and gas exploration activities are carried out offshore, along the coastline, and in lakes and on onshore blocks. In addition to the Mtwara gas pipeline two additional new gas pipelines, covering a total length of 1 400 kilometres, are needed to serve the country. These would require a total investment of USD 5 billion (Reuters 27.11.2013).

⁴¹Most of the mining companies came to Tanzania after mid-1990s, signing so-called Mining Development Agreements (MDA) with the government.

In October 2013, the government finally approved a new Natural Gas Policy to target mid- and downstream segments of the industry. Key features regarding national revenue collection are:

- tough conditions on foreign companies,
- the domestic market gets priority over exports, and
- a national fund for the revenues that should ensure transparency and accountability over collection, allocation, expenditure and management of all natural gas revenues.

The policy also mandates natural gas processing to take place on shore, contrary to international oil and gas firms' lobbying for off-shore plants. According to the government, a separate policy will be drafted to guide upstream activities such as exploration, development and production stages of oil and gas operations (Reuters 19.11.2013).

Production and exports of gas are estimated to start only in the 2020s. When in operation, the level of profits will be determined by international gas prices. The government of Tanzania is trying to formulate Production Sharing Agreements (PSAs) with gas companies. A report commissioned by UNECA (2011) argues that it is important to have regulation in place over certain minimum principles that the contracts should fulfil and preferably to publish them in order to reduce the bargaining power of the investor.

An interviewee suspects that Tanzania could be achieving a production sharing agreement where it retains 70-75 % of profits in natural gas. This would be a good achievement, as typically in the industry anything above two thirds (2/3) of profit is considered good, and only some countries have been able to reach over 80% shares of the profit.

Tanzania passed a new Mining Law in 2010. For instance, the rate of royalties paid on minerals like gold increased from 3 percent to 4 percent. The Law also requires the government to own an equity stake in future mining projects. In addition, mining companies have to list on the Dar es Salaam Stock Exchange (Mining Act 2010). Furthermore, diamond mining and trading must be conducted in a joint venture with a minimum threshold set for Tanzanian participation.

The updated regulations effectively caused an outcry from the industry. The companies that had existing MDAs were also affected by the changes, even though a common characteristic of the MDAs was that their content cannot be unilaterally changed – even by legislation. The industry argues that the licence fees will discourage exploration, which in turn will cause a decline in the overall industry, where *“There are only two mines in Tanzania, one is closing down, and the last time a mine opened was in 2004. The big ones [companies] are not even here?”*.

Extractive industries in Kenya

Table 18. Oil, gas and mineral reserves of Kenya

Oil, gas and mineral reserves of Kenya
<p>Oil: Kenya's hydrocarbon production has not started yet. There is a gradual progression towards commercially viability with the current reserves standing at 368 million barrels of oil equivalent (BOE) resources. The commercial pumping could start as early as in 2016. Kenya has five PSAs with Tullow Oil and its partners that are not public.</p> <p>Coal: The government has estimated coal deposits in Machakos-Mui basin to be valued at over KSh 3.4 trillion (USD 39 billion) and projects that successful exploitation of coal could provide up to 3,500MW of cheap electricity.</p> <p>Mining: Gold, titanium, fluorspar, rare earths (incl. niobium), coal. Mapping of resources to be conducted by 2016 or 2017 with support from China.</p>

For a long time, the Kenyan government had little interest in the mining sector. In spite of a couple operating mines in the country, mining in Kenya has contributed less than a percentage to the GDP by 2011. Lately, the government has increased its involvement in the mining sector. Kenya's Vision 2030 has a clause for Kenya to become a mining hub of the region; mining has been integrated into the recently published Vision 2030: Second Medium-Term Plan 2013-2017. The Jubilee government founded a separate line ministry for mining separating it from the Ministry of Environment. In 2012 Kenya renewed its old Mining Act⁴² (1940, Cap 306).

The new discoveries in Kenya of minerals and oil and traces of gas have awakened private sector interest. In 2013 there was more than 300 local and foreign firms prospecting for minerals or producing on a small scale (Business Daily Africa 2.6.2013). Kenya believes it could have considerable potential relative to her neighbours (Green 2013) and has signed a deal for a mapping survey with China (Daily Nation 14.8.2013)⁴³. The Ministry of Mining is planning to spend around USD 60 million for geographical surveys to identify resources in the country, their quantities and locations. This is expected to take 2 to 3 years. This would improve the government's negotiating power when engaging with potential investors or explorers.

A new Mining Act 2013, will take effect in July 2014. The government has increased royalties for various minerals to generate more government revenue. Royalties of rare earth, niobium and titanium, classified as precious minerals, are now 10% of their gross sales instead of the prior 3%. Royalties on coal and gold have been doubled to 8% and 5% of gross sales value, respectively (Mining Weekly 18.10.2013). One proposal in the new Mining Act has received special attention. The Act sets a condition of a minimum of 35% local equity participation in every mining licence issued in Kenya. The proposal received a chilling response from the industry claiming it would deter investments in the nascent sector. The government has held talks with the sector players and it is possible that the share of local shareholding will be pegged at 10%.

The Kenyan government has been involved in the oil development process from the beginning, and it owns National Oil Corporation of Kenya, which facilitates and participates in the exploration for petroleum

⁴² After 1940, the Act had only been revised twice (1972 and 1987)

⁴³ Kenya Mining secretary Najib Balala signed a memorandum of understanding (MoU) with Chinese government agency, Geological Exploration Technology Institute of Jiangsu president Jia Xuetian 14.8.2013.

products. The government has entered into five production sharing agreements (PSA) with Tullow Oil and its partners, contracts of which none have been made public. Until now, oil and gas exploration licenses were given by the Ministry of Energy as part of bilateral negotiations with companies, in a process largely criticized by the civil society and oil and gas experts for its lack of transparency. Recently, though, the Kenyan government has halted the issuance of further licenses until it has better understanding of the magnitude of the resource while at the same time upgrading the laws in the sector⁴⁴.

The legislation upgrade process by the government received technical assistance from the World Bank. The review of the Petroleum Act aims to align the management of the sector to the devolved government system and increase the government's share of revenue from oil and gas exploration and production⁴⁵. The Petroleum Act sets out certain obligations to the contractor, covering the length, profit sharing, etc. between the government and the producer (Freshfields 2013).

Drivers of the extractives sector in Kenya and Tanzania

Capturing a larger part of the natural resource rent is a key driver of the policies governing the extractive industries in both Kenya and Tanzania. Both countries have plans to develop their economies based on the oil and gas sector. They have plans to establish refining and processing industries around the sector and to utilize the energy resources for domestic electricity creation for households, industrial and service sectors. This would facilitate the countries to move up the value chain away from the position of an exporter of raw materials (UNCTAD 2013).

Some people question the feasibility of placing high hopes on extractive industries as a financier of development. Overall, it is too early to state whether the countries are facing economic challenges like Dutch disease because of the influx of money. However, planning and developing institutions that will govern the sector in an equitable and sustainable manner are much more important challenges. These are examined in the next sections.

Illicit financial flows and transparency – pertinent challenges of the extractives

The transparency challenge of the extractive industry can be broadly divided into two categories: transparency of financial flows to ensure the government and the citizens receive a fair share in royalties, taxes and export revenue, and visibility to citizens over what has been agreed between the government and the com-

⁴⁴ Kenya has engaged in the upgrading of the two main laws that govern the oil and gas sector: the Petroleum (Exploration and Production) Act Chapter 308 1986 (the Petroleum Act), which regulates the negotiation of oil contracts between the government and the oil companies; and the Energy Act of 2006, which sets the rules that govern the country's energy industry, including the controversial distribution of oil and gas revenues.

⁴⁵ Upstream (oil and gas exploration) activity is regulated by the Petroleum (Exploration and Production) Act which dates back to 1984 and has been reviewed only once in 1986. The review is undertaken by the Energy Ministry hoping to incorporate measures to deal with issues affecting the upstream sector

pany to ensure participation in decision making. The first section looks at the challenge of illicit financial flows, and the second section moves on to discuss political accountability.

Illicit financial flows are defined as lost revenue from the commercial activities of transnational corporations. The target is to address international trade-mispricing and transfer pricing and their taxation (ACORD et al. 2013; Kar and Cartwright 2010) (see more in Chapters 5 and 6)⁴⁶.

It has been strongly suspected that transfer pricing has been conducted also in Tanzania to avoid corporate tax. The illicit financial outflows from Tanzania in total have been conservatively estimated to reach USD 444 million yearly (GFI and AfDB 2013), whereas small-scale smuggling of minerals from Tanzania might have contributed to a loss of “only” USD 10-15 million (Mining Weekly 16.7.2013). According to Zitto Kabwe, chairman of the parliamentary committee on public accounts, Tanzania could actually have lost as much as \$1.25 billion a year in revenue – equivalent to five percent of its gross domestic product (GDP) – through corporate tax avoidance, evasion and corruption.

In summary, illicit flows are facilitated by various local and international factors which can be traced to the abuse of local tax breaks and incentives, transfer pricing, international trade mispricing, tax avoidance, over generous investment incentives, complex tax reporting systems, and importantly the global financial and business architecture.

The global nature of the illicit flows stems from policy incoherence. While transparency is core to dealing with illicit flows, the efficacy of the proposed global tools and legal instruments (which include the EU Accounting Directive and the Dodd-Frank Act Section 1504), the national laws and other supportive instruments such as EITI should be promoted and made to work to close the loopholes. Donors can help to tackle the challenges of dealing with illicit flows by supporting the development of institutions and capacity by building that can help those institutions to effectively deal with the problem.

Transparency can be part of the solution, but only with strong legal backing and matching institutions. At a practical level, there should be a closer working relationship between governments and the industry and established watch dog institutions operating within the sector. Using this approach, it is possible to develop the business case that can be used as a benchmark. For example, the Norway-headquartered Statoil is one of the main actors in the Tanzanian gas sector, and Norway is supporting the Tanzanian government in policy development for instance in tax revenue modelling (see: Fjeldstad and Heggstad 2012). This can be an opportunity for Norway and Statoil to use Tanzania to showcase how the industry can work to contribute effectively to the national economy of Tanzania.

Policy incoherence has been the gateway to illicit financial flows and tax evasion. Coherence between development policy and other policy spheres, especially economic and trade policies, will be a key benchmark to the credibility of the post-2015 agenda in the eyes of Kenyans and Tanzanians. While the G20 and OECD have condemned such practices, existing incoherent laws enable manipulation of accounts in many

⁴⁶ According to estimates, between 1970 to 2008, Africa lost nearly as much as US\$ 854 billion to tax evasion and illicit financial flows (GFI and AfDB 2013). In the AU Vision 2063, the African Union has set a target to reduce these flows by half by 2023.

ways so that taxable profit can be shown only in subsidiaries in tax havens. One means to align laws and policies to these high-level aspirations is to account for costs and profits on a country-by-country basis. As mentioned a serious implementation and follow-through of recent EU Accounting Directive and the Dodd-Frank Act Section 1504, would help EU and USA and other African countries make concrete strides towards policy coherence and a real partnership for development. This is one of the key transformative actions that many interviewees emphasized as one of the structural reforms that will transform the global economic and financial structures and make them responsive to social, ecological, and ethical concerns.

6.2. Political, legal and social accountability towards citizens

Political and legal accountability to locals

In both countries, natural resources have been found in the rural areas where limited awareness, means of political influence and the ability to benefit economically are fairly low. At the same time, in some instances, the means to invest back to the local communities has been set in complex packages that are a cross between legal obligations, social services and corporate social responsibility.

One common fear by these communities has been that money going to the central government will never come back to them, in part due to the sheer lack of communication by the government or the industry. In Mwanza, the main mining region of Tanzania, communities have complained over lack of benefits from the resource extraction. As shown by one EITI report (T-EITI 2013) only 1 % of the revenue went to the local authorities hence the expected impact is low. The EITI report serves to expose how much tax revenue has been transferred by the Tanzanian government. In Kenya where local communities have voiced similar sentiments, there is a constitutional guarantee in place that should provide 5% of the tax revenue and allocate it to the local community⁴⁷.

There are various separate industry norms and obligations related to their economic, social and environmental responsibility. Tax revenue distribution and environmental impact assessments (EIA) are typically set by national legislation, and corporate social responsibility (CSR) policies are set by the private sector. In Kenya, there are cases of ambiguous interpretation about due procedure, as exemplified by a recent case where revenue distribution had been mixed with the CSR of the companies. In Mui Basin, Kitui County, the local community will be affected by the mining of Fenxi Industry Mining Group, after the government signed a contract with the Chinese-owned company. Although constitutionally, the communities should have a guaranteed 5% of the mining revenue, it is unclear for the community, whether their benefits come from the government or from the CSR performed by the company. In such cases, when the industry is left to negotiate with the communities, the communities themselves rarely have the appropriate technical and

⁴⁷ The Constitution Article 69 (1) (a) states that the State shall ensure the equitable sharing of the benefits accruing from the exploitation and utilisation of natural resources, where the benefit-sharing arrangement, is 70% to the central government; 25% by the county government and 5% by the local community

legal capacity to enforce their rights. Also, when inadequately defined by legal mandates, the different processes (revenue-sharing, EIA, CSR) can easily be ignored or deliberately misinterpreted.

EITI has contributed to the accountability and transparency at the international level within the extractive sector, but it does not cover critical areas within the sector’s value chain. There are rights, social and environmental issues that come at the exploratory and de-commissioning phase, at value addition and at governmental level that need particular attention. The challenges related to EITI, including its limited scope, are outlined in Box 9.

Extractive Industries Transparency Initiative (EITI) in Tanzania

History
Extractive Industries Transparency Initiative (EITI) was established in 2003. It is a tripartite engagement between the extractive industry, governments and civil society. Tanzania signed into EITI in 2009 and became EITI compliant in 2012. In Tanzania, three EITI reports have been published. Tanzania does not have legal framework on EITI. Kenya has not signed into EITI.

Strengths of EITI

- Transparency over payments made by companies and received by governments
- Observed change in raised revenue from industry since inception
- There is improved process and more and more companies are reporting year after year
- It creates a platform through which other additional initiatives can be developed to cover identified gaps and based on a country needs

Limitations and concerns about EITI

- Disclosed revenue cannot be compared to turnover, profits, costs and other company metrics
- Only shows government earnings / amounts paid by the companies
- Does not address the value chain of extractive industry and the extent of local sourcing
- Does not tackle government transparency on usage of revenue
- EITI process needs skilled expertise to compile data even after a few years of operations
- Does not measure government spending on Corporate Social Responsibility
- Does not cover social issues (employment effect, human rights) or environmental concerns
- Does not give the critical information about the internal workings of the companies, neither does it cover the pre-mining and post mining phases which are important when dealing with resource flows

For more information: www.eiti.org

Box 9. EITI in Tanzania

In order to promote transparency and responsibility in the sector, a similar analytical process should be conducted across all governance mechanisms in place in the industry. This analysis should cover how the CSR policies are designed and regulated, what are the strengths and limitations of the EIA process, and what is the role of constitutional and legal measures. One concern raised by the Tanzania interviewees related to CSR practices regards is how some companies are seen to promote their social responsibility schemes, but in return are less willing to meet their legal obligations regarding the environmental impacts of resource extraction. CSR is explored more in detail in separate Box 10.

Corporate social responsibility in Tanzania

The new Gas Policy (October 2013) highlights a "contractual obligation" of companies to undertake community development programmes as part of their corporate social responsibility (CSR). The corporate social responsibility is considered to have potential to finance and catalyse development. The current CSR policies are seen too limited in order to make a lasting development impact. Some of the interviewees have accused mining companies in Tanzania of preferring "social work" rather than being genuinely subjected to auditing, of which the latter would ensure government revenue collection. The CSR is conceived as an opportunity for publicity stunts rather than genuine and coherent development exercises. As an interviewed Tanzanian academic commented, *"They say that 1% can go to CSR. But no one makes a follow-up if that 1% is really 1%?"*

In order for the CSR to achieve a development impact it requires a more strategic coordination on the local and national government's part *"CSR has that potency to fund development, but we need regulations. [But] CSR needs to be regulated, otherwise it will not work. Each company has its own definition of what CSR is in Tanzania"*, an academic stated. CSR policies need coordination locally, but would benefit from more rigorous definitions on a national or at the regional level.

Box 10. Corporate Social Responsibility in Tanzania.

The findings in Kenya and Tanzania highlight that communities are faced with multiple challenges ranging from limited access to information, limited technical skills, limited knowledge about the national-level policies, rights and agreements, despite their deep knowledge about their local level issues. The communities see the top down processes lacking meaningful involvement of the affected. The interviewees commented about the Tanzanian Government not communicating actively about the changes in the petroleum legislation, which can lead to speculation and even unrest.

6.3. Challenges of spill-over effects and employment

Tanzania and Kenya can now see their economic transformation taking place using their own fossil-based resources (oil, gas and coal). This could improve their ability for domestic revenue collection. However, this is only the first step for the national economy to benefit from natural resources, and there are concerns about the current limited value addition of the extractive industries in Africa. These doubts have been voiced in the African post-2015 debates in the assessments of obstacles related to economic development and benefit sharing.

According to the interviews, Tanzania has lacked leadership that would transform the extractives sector which is not integrated into the local economy. The previous government thinking was focused on getting benefits from proceeds and not services. Therefore, according to an interviewee, the mining contracts were not prepared to support the development of the domestic private sector. The lack of vision of the industries around the extractives has made it impossible for the mining sector to expand the benefits. Recently,

there is more optimism, as expressed an interviewed Tanzanian NGO representative: “*The new Minister of Minerals is a professor – the president [of Tanzania] hand-picked him, because he is a very good guy.*”

The extractives industry has been resistant to building local presence. Extraction operations of large-scale companies are highly technology-driven and the extractive industry interviewees admitted, that “*companies that can provide technical and value adding services are still foreign*”. They said that local companies should be encouraged to invest in capacity and human resources, while the government should use the revenues to build the local industry focused on value added and improvement of technical standards to meet the industry needs, “*that’s how the value added will stay*”. According to a donor representative, the same concern is relevant for the emerging gas sector because “*at the moment, Tanzania has very limited domestic capacity to join the gas industry*”. Gaps in the provision of industry-relevant training and technical expertise to build up local skills limit the spill-over effects from being realised also in Kenya.

In Kenya, local content and linkages are reflected in the current policies relatively well. “*Discourse about value addition is much in place*”, said one interviewee. According to Kenya’s Petroleum Act, the Production Sharing Contracts have a term that the contractor will give preference to the employment and training of Kenyan nationals in petroleum operations and give preference to the use of products, equipment, services and supplies locally available. It also includes a requirement to employ and train nationals.

Artisanal miners in Tanzania

There has been a lot of debate over how much employment the mining sector creates. In Tanzania, there are 500,000-800,000 artisanal miners. This makes artisanal mining an important source of livelihoods in the rural areas and local poverty alleviation.

Interviewed mining brokers in business with small-scale artisanal miners in Arusha, Northern Tanzania, suffered from lack of government support to safe working conditions and to establish skills for instance in stone-cutting, or in the establishment of supportive institutions such as local cooperatives. At the moment, the miners themselves lack equipment and expertise to finish their products, which would be necessary to add value to the gemstones. Based on the interview with the mining brokers, our study suggests that the miners also suffered from lack of protection from being sidelined by large-scale mining. The traders of artisanally mined gemstones stated problems with a cartel of ‘Indian’ middlemen connected to a Tanzanite company attempting to control the price of minerals.

Restructuring and supporting artisanal mining as a livelihood in areas where other means of employment are scarce, is crucial in order to diffuse the benefits of natural resources into the wider society. A well-designed and protected artisanal mining industry can provide more jobs than the mining companies, which rely on heavy machinery and automated activities.

Sources: Shen and Gunson 2006, Weber-Fahr et al., 2001; cited in Kabote and Niboye 2013: 45

Box 11. Artisanal miners in Tanzania

According to industry estimates, the mining sector has an employment multiplier effect of 1:6, but it is unclear to what extent such global benchmarks apply to countries like Kenya and Tanzania. The civil socie-

ty suspected that employment opportunities can eventually be very limited: *“the sector is not a very large employer, because it requires particular type of employee skills. Who is skilled in seismology or as an oil engineer?”* For sure, the industry at least will be unable to compete with the artisanal sector which employs between 500,000-800,000 small-scale miners (see Box 12) compared to an estimated 15,000 by the formal industry. Despite the potential of the artisanal sector, the sector faces many challenges as expressed by those interviewed in Arusha.

In both Kenya and Tanzania, natural resources are found in some of the most marginalized and unstable regions of the countries. The potential of escalation of existing small-scale conflicts due to natural resource extraction adds another challenge to the governance of the sector. So far, communities argue they have not been consulted and are unsure about their benefits. It is recognized by civil society that the communities are unlikely just to stand and watch their means of livelihoods taken away from them based on the extractive activities.

In Kenya, "deep-rooted inequalities, especially in the areas where oil and gas reserves are located, are one of the main challenges to Kenya's socio-economic and political transformation" (Vazquez 2013). Social conflicts are fuelled in Kenya by devolution, ethnic rivalry, and increased insecurity due to involvement in the conflict in Somalia. Under mining projects, local people are often been threatened with displacement.

In Tanzania, there are similar worries. In Mtwara, one of the most underdeveloped areas of the country, and where natural gas has been found, the central government is now constructing a pipeline to Dar es Salaam – at an estimated cost of USD 1.25 billion. However, these plans have emerged with minimal communication from the central government. In turn, the citizens of Mtwara have been asking the central government to develop basic services such as access to water for years to no avail.

In addition to these intra-country local tensions, there are some possibilities of the resources igniting inter-country conflict along borders that are still under contention (South Sudan; Ethiopia and Somalia; and Lake Malawi/Nyassa). These tensions could provoke a backlash and stalling of the planned regional integration processes.

6.4 Natural gas, oil and coal against renewable energy

Tanzania: Can natural gas bring electricity and revenue?

The current installed electricity production capacity in Tanzania is around 1 510 megawatts. Unstable electricity supply due to the unreliability of hydropower and poor transmission network is hurting both the local industry and the citizens. Access to electricity nationally estimated at about 18% (Msyani 2013) of a population of 47 million. The sources of electricity production in Tanzania are shown in Figure 3. The figure indicates the fast growth in electricity production. Earlier the production was mainly based on hydro power, but during the last years the role of natural gas has increased considerably.

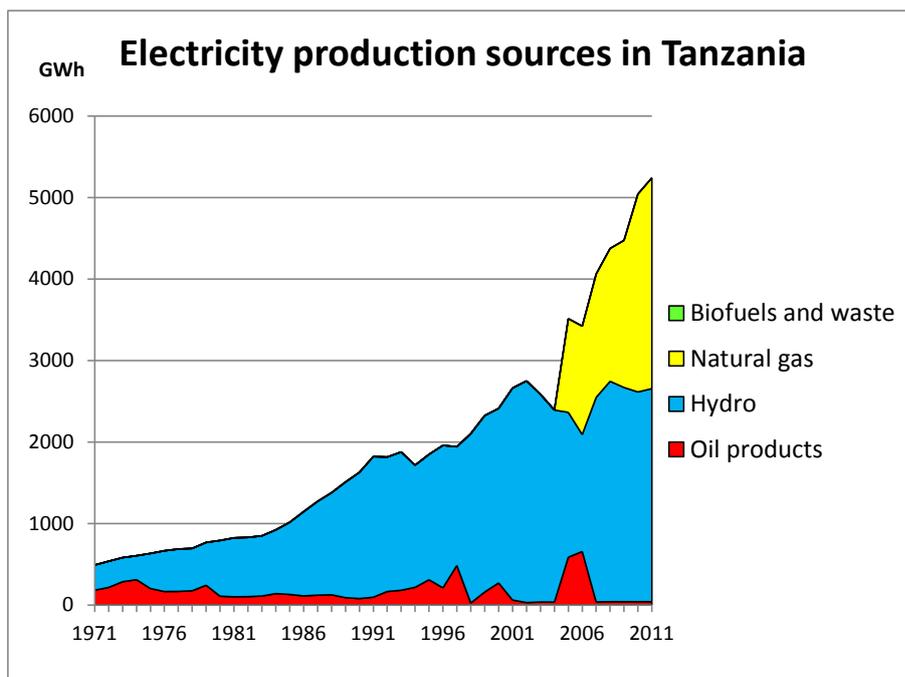


Figure 3. Electricity production sources in Tanzania. Data source IEA 2013.

The potentially vast amounts of natural gas are changing the future energy landscape for Tanzania, with the government seeking to maximize this potential. The Tanzanian government has set domestic electricity generation as a first priority, and gas exports as a second priority. Tanzania plans to increase its gas-based power capacity to 2,400 megawatts (MW) already by 2015–16.

The state-owned power company (TANESCO) has not been very effective in the development of the electricity sector. In early 2013, the IMF reported that TANESCO was making losses and was unable to collect revenue from a number of key sectors. Part of the current high energy tariffs are a result from the debts the company has accumulated over the years (The Citizen 26.1.2013 and 27.2.2013).

Kenya: Potential source of cheap energy eroding the interest in renewable energy

Most of the current electricity supply in Kenya comes from hydropower, oil fired power plants and geothermal power (Olkaria plant), with some imported from Uganda (see Figure 4) The energy sector was liberalised in the 1990s creating semi-autonomous companies dealing separately with generation and supply. Energy access according to World Bank (2013), stands at only 16% of Kenya’s population of 40 million. In recent years, the government of Kenya has been committed to sourcing energy from renewable sources, including the adoption of a feed-in tariff for renewable energy in 2012. There has been an impetus to develop geothermal power, wind and solar energy, through PPP and supported by the World Bank. In the context of a projected energy demand of 15 000 megawatts (MW) by 2030, the country is planning to raise the current capacity from 1 664 MW to 18 000 MW. Kenya is expected to generate 280MW with the completion of Olkaria I and IV geothermal plants, and additional geothermal plants (V, VI and VII) could

provide 350MW more. There are also plans to generate around 630 MW from wind energy, and 200 MW from solar energy.

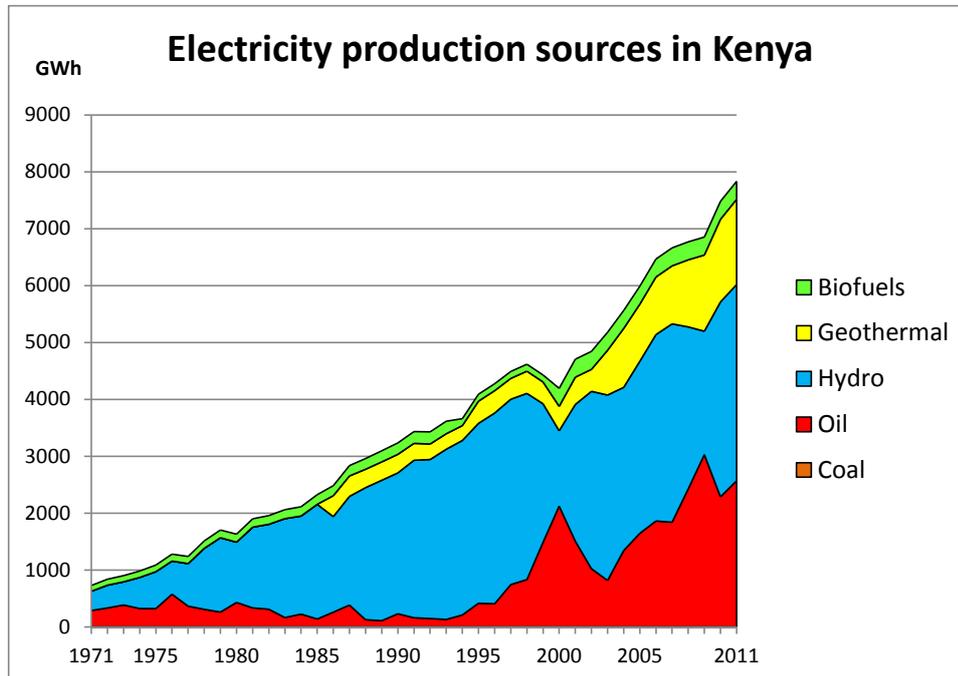


Figure 4. Sources of electricity production in Kenya. Data source IEA 2013.

The budgetary requirements to develop the renewable sector are high. To implement all earmarked geothermal projects, Kenya may need to spend USD 4.5 billion between 2014–2016. The longer-term perspective, to generate the targeted minimum 5 000 MW from geothermal sources by 2030, the country is reported to need additional USD 20 billion (Mining Weekly 11.10.2013). On top of geothermal, a World Bank supported wind farm in Turkana, which is planned to generate 300 MW to the national electricity grid will cost of KSh 70 billion (around USD 800 million) (LTWP 2014). The government has halted the issuance of new Power Purchase Agreement (PPA) licences in solar and wind until 2017 (Bloomberg 27.11.2013).

The government intends use coal mined in Kenya to generate around 5 000 MW by 2017. The intent is to invest in a coal plant using the coal from the Mui Basin. In addition, private investors have been invited to develop a coal-fired power plant that would generate between 900-1 000 MW in Lamu (Mining Weekly 11.10.2013). The government has indicated that the investor would be tasked to import coal from other sources such as South Africa and Qatar.

The recent oil findings are making the government shift its emphasis (Vazquez 2013) from renewable energy, which was heavily linked with the Vision 2030 flagship projects. According to a statement by the Energy and Petroleum Ministry, *“it is anticipated that electricity demand will rise sharply as new county governments take shape and numerous energy-intensive economic activities spring up in the counties.”* This approach emphasizes industrial development and not the access to energy for the people.

Future energy visions, ODA and energy in the post-2015 negotiations

For both countries, discoveries of oil, gas and coal will bring an immediate reduction of the fuel import bill, which in 2013 for Kenya stands at USD 4.2 and for Tanzania at USD 3.5 billion. This will release the funds to other areas of need. Both countries see the promise of a vibrant oil and gas industry. Generation of energy from gas and coal is also projected to benefit infrastructure development. In addition, the increased and reliable domestic energy supply is seen to support the growth of the national economy. The potential scaling up of extractive industries and manufacturing are planned to be major drivers of increasing energy demand.

The governments see renewable energy unable to support their planned strategy of aggressive industrial growth due to the high cost and low energy intensity of these sources. The energy demand for industry is vast in both countries, and the primary interest of both countries is to use their natural resources for domestic purposes and to reduce their energy costs. The environmental and social returns from renewable energy are secondary to the country priorities, even if renewable energy would in theory be of their interest.

Renewable energy would likely benefit from a comprehensive and supportive policy framework to create incentives for both industry and consumers. Development partners could assist in policy formulation to enable governments such incentives as well as support the financing of sustainable energy options, like the development of geothermal power plants or wind farms in Kenya. The role of the ODA could be to increasingly support and scale up renewable energy.

The broader fossil fuel dilemma will be significant for the coming years. Under the post-2015 negotiations, both countries, and perhaps Kenya more vocally in the light of its international position, are likely to underscore their 'right to develop', referring to the Rio principle of 'common but differentiated responsibilities' (CBDR). These views are likely to be influencing a hesitant or critical position on international initiatives to 'eradicate fossil fuel subsidies'. Also, climate change talks and climate financing have been considered almost as non-issues to the post-2015 talks.

6.5. Conclusions

Sustainable energy and related concerns

Both Kenya and Tanzania have stated that their primary aim is to use the new oil and gas reserves for domestic energy creation, and secondly as a commodity to be sold in support of their industrialization. The main driver in the energy sector is the government aim to increase power supply for the purposes of industrialisation and industry led demand.

There has been an interest to develop the renewable energy in both Kenya and Tanzania. In Kenya, considerable progress has been made on wind, solar and geothermal energy. However, the new discoveries of oil, gas, coal and other minerals, have made the countries see these new resources as a product and a commodity to fuel economic growth rapidly.

There is a danger that fossil fuel discoveries will hinder the development of renewable energy in Kenya. In addition the government decisions to produce energy from coal and to focus on mega-infrastructure projects are in contradiction with the climate change challenge. Abandoning technological advancement in renewable energy may not, however, be a sustainable long-term strategy. In this regard, new innovative ways that would assist in scaling up and reducing the cost of renewable energy need to be part of the sustainable energy agenda, to be integrated into future development partnerships and donor activities. In relation to the post-2015 debates, the lesson to be learned is that in the energy sector, the focus on using oil/coal in Kenya and the apparent focus on gas in Tanzania introduces the questions of long term sustainability.

In terms of the sustainability question on governance of the extractive sector, there are many questions that would need to be factored into the framework beyond “transparency” as advocated for by the EITI. While the EITI covers the interests of the industry the weak legal frameworks does not support the social aspects.

The post 2015 discussions should listen more carefully to those people who are impacted by such projects. These broader development issues should be included in the countries development agenda taking into consideration all the various concerns raised by those interviewed from both Kenya and Tanzania. Vis-à-vis the many challenges of the sector, there are also plenty of practical areas where development aid may help (see Policy recommendations).

Extractive industries and sustainable natural resource management

Our findings from the interviews support existing literature, which indicate fears of displacement without compensation, disruption of social life and destruction of local livelihoods as a result of large extractive industry projects. The ignorance of the historical and traditional rights to land when overridden by resource extraction by state-permitted licenses can lead to deadly conflicts especially when pitted against claims between rival groups. Although most interviewees appreciated the possible economic gains and therefore emphasized the need to arrange benefit-sharing in an appropriate manner, they expressed strong fears of such economic expediency that would overrule social, environmental and human rights, and due governance processes. In the future, legal arrangements, contracts and partnerships would need to better enable the extractive industries to avoid these challenges, in order to make the sector to contribute to development and not to conflicts.

According to Lundstöl et al. (2013), within the extractive industry, especially in mining, the improved revenue-sharing could be secured through: “1) robust fiscal design, including a progressive element to capture windfalls while encouraging cost-saving and production; 2) specialised tax administration for extractive industries and mining, to minimise the erosion of the tax base and to establish and enforce correct tax assessments; and 3) political will and accountability, together with government consistency, in order to secure the expected tax collection from mineral extraction over time with increased transparency of mining-related revenues.” These principle elements in the case of Kenya or Tanzania would require the upgrading of skills to specifically understand the taxation framework that would allow the protection of the tax base. This

might also include a better framing of the taxation department within the relevant government departments. This is an area where donor involvement could take place.

Following the euphoria generated by the industry in both Kenya and Tanzania, the management of expectations will be a national challenge. While some citizens and government representatives expect the industry to deliver results almost immediately, there is a danger where low and uncoordinated communication between government, industry and people fuels a crisis, or a conflict. The governments should understand the limited motivation of the private sector to communicate about the inherent risks in the sector. These relate to capital flight through illicit financial flows, including methods such as transfer pricing, signalling a weak interest by the companies to create value addition to the local economy.

While in principle Kenya and Tanzania have stated an aspiration to use their natural resources in a participatory and sustainable manner, embracing inclusivity and equity, there are also concerns that resource extraction and large infrastructure development projects have tended to displace populations under the economic growth imperative.

The history in Tanzania shows that Corporate Social Responsibility and other market-based mechanisms are not enough to ensure extractive companies acquire a social license to operate. CSR may even hinder usage of natural resource revenue in a politically accountable manner by sidelining public services. Furthermore, the current international economic rules do not enable tracking of profits and costs accrued in the country where the extractive operation is carried out, which enables manipulation of company accounts so that payable tax revenue can be minimized. The EITI framework has been able to make some of these discrepancies visible, but it is not strong enough to implement changes.

This chapter has outlined the positions of Tanzania and Kenya with respect to their non-renewable natural resources and energy resources. Some of the **main findings** can be summarised as follows:

- The extractive sectors are mostly in the exploration phase in Tanzania and Kenya and the confirmation of their commercial potential is still unclear. One of the challenges both countries now face is the **expectation management**.
- The mining industry in Tanzania has so far provided quite a little revenue. The situation has somewhat improved due to **increase the revenue collection** capacity of Tanzania Revenue Authority due to joining the EITI and donor-funded programs as well as civil society pressure combined.
- The governments should pay attention to the to 'new' governance tools in the extractives sector (environmental impact assessments, EITI, CSR policies) in order to develop **holistic management processes** for the sustainable natural resource management.
- Kenya has relatively little experience with managing an extractive sector. The Kenyan government has already emphasized the need to receive a fair share of revenue and it is investing in improving its **negotiation position vis-à-vis investors**.
- Both countries would need expertise in the tax administration to be able to perform tax audits and assessments within the industry and protect against the erosion of the tax base and to increase the retention capacity of the economy

- The question of how to **equitably share natural resource revenues** between the central government and local/county governments remains unresolved. This is further being confused by the process of **devolution in Kenya** and plans for **constitutional reform in Tanzania**.
- The **threat of conflict** in North Eastern Kenya and South Eastern Tanzania need to be seriously taken into account and measures are needed to address the heightened tensions between marginalised groups, local government and the central government.
- Neither country is in a very good position to create backward and forward linkages or ‘spill-over’ effects from the extractive industry. **Strategic government action** to ensure **technology and skill transfer and development** are absolutely required **if wider and sustainable benefits are sought**. The donor supported capacity building is important in this area.
- The role of artisanal miners in both Tanzania and Kenya need to be better recognised and their operating environment and conditions supported with commensurate resource. Artisanal mining employs more than the large corporate sector, pay more taxes and forms a source of livelihood for more people. Thus if adequate attention is paid to set required safeguards in place (especially concerning the environmental impacts), the artisanal mining could bring considerable benefits to the society.
- In both countries the boom around extractives can bias the long term planning and the structural changes needed in the economies, to create employment and sustainable, inclusive growth.
- In both countries, the emerging focus on the extractives sector, especially oil, coal and gas can undermine the previously established momentum to develop renewable energy.

7. CONCLUSIONS

This report has reviewed current domestic debates in Kenya and Tanzania in relation to the MDG experience, expectations about the post-2015 framework, and connected them to the domestic debates that will explain the positions and future direction of these countries. The analysis in this report is based on a desk-top study of the history of the MDGs, Kenyan and Tanzanian development policies, and post-2015 policy documents and reports. In addition, around fifty interviews and ten workshops were carried out in Kenya, Tanzania and Finland during March-September 2013.

The experience of the MDGs has strongly shaped how most actors, both at the international level and in national discussions in Kenya and Tanzania view the ongoing discussions related to a new global development agenda. The MDGs marked a shift in the international development agenda and strategies of development partners from focusing on contributing to economic growth to focusing on reducing poverty. The MDGs have been viewed as creating a common norm-base for different development actors, concerting efforts of both development partners and governments, and establishing a monitoring and advocating tool to influence the policies of development partners and governments. In Kenya and Tanzania, the MDG process has influenced national policies and management approaches towards a more results-based direction. One positive aspect here is that the MDGs have sparked more systematic data collection on social sector issues that have not been monitored before. The downside might be that at the same time more locally relevant development indicators may have remained underdeveloped (Murphy 2007). While some, including civil society, have applauded the MDGs as an enabling tool to stimulate a push for change, many have noted how the framework has remained as a tool to guide donor and government actions, yet not really connecting with the local people nor bringing substantial improvements to the living conditions or inequalities faced by poor people, especially in the rural areas of Tanzania and Kenya. More critical civil society actors and academics have noted that the MDGs have had a bias towards emphasising the role of aid in poverty reduction and thus also the role of donor countries and international agencies, while the real key players are the “national governments of the countries in which very poor people live” (Hulme 2007, p 5). In addition the North has been often framed overtly as a solution provider without critical assessment on how unequal global flows of resources and trade relations may have undermined the developing possibilities of the Southern countries (Harcourt 2007).

The MDG framework has also been perceived as a UN-imported policy frame – an external policy process that did not consult Africa significantly (Olukoshi 2013; Waituru 2013). Also, the fact that the UN secretariat developed the technical part around the MDGs and began using them in the early 2000s, five years prior to the member states, has been said to have given an “unfortunate impression of the UN agencies and secretariat leading the process” (Lopes 2013). As the MDGs were not a plan derived from the bottom-up (Waage et al. 2010), much of the MDG critique sees them as externally-driven, failing to meaningfully connect with issues of local relevance as well as even ignoring or misrepresenting other relevant development issues.

Significant changes have occurred in both Kenya and Tanzania, as well as globally, since the onset of the MDGs in the early 2000s. The development finance landscape and expectations related to ODA have changed from the turn of the millennium. While the MDGs were a push for increasing donor aid disbursements and the ODA commitment to 0.7% (see Chapter 2), it is now increasingly acknowledged that ODA is only one source of financing amongst a complex array of development financing (see Chapter 5). The change in the financial landscape has been accompanied by an equally important change in the geopolitical landscape, with countries like Tanzania and Kenya increasingly ‘looking East’ for models, financing and support in their development policies (see Chapters 3 and 4). The recent discoveries of hydrocarbons and minerals in East Africa has meant new dynamics also in Kenya and Tanzania and raised domestic expectations and concerns with regards to domestic revenue mobilization for financing development (see Chapters 5 and 6). Especially civil society actors have been raising the issue of addressing the inequalities in global resource flows more holistically and that the flow of aid from rich countries to the poor countries would need to be compared to the flow of wealth that runs to the other direction. The issues of offshore capital flight, tax avoidance and tax holidays for multinational companies are receiving increasingly attention also in Tanzania and Kenya.

Views in Kenya and Tanzania on the content and process related to the post 2015-agenda

In order to formulate the post-2015 agenda, there have been attempts to address the concerns raised on the MDG experience by organizing consultations (including broad online consultations) and initiating discussions at the international level well in advance of 2015. National post-2015 consultations have also been arranged in both Kenya and Tanzania during 2013. While there are differences in the two countries, certain similar issues arise from the consultations in both countries. **Firstly**, the view of the MDGs as an externally-driven process has led to the hope that individual countries are able to design their own priority goals. It is expected that these goals could better acknowledge local baselines to and expectations of development. **Secondly**, the consultations in both countries do point to achievements in the MDGs, but not without reference to the shortcomings both countries are facing, especially in poverty eradication, hunger and decreasing maternal mortality. Thus a lot remains to be done in order to reduce poverty and inequality as well as to enhance social service delivery.

Thirdly, while acknowledging the achievements thus far, the MDG framework was viewed as enhancing a misguided focus on the quantitative aspects of development at the expense of quality. This is the case especially with regards to the education sector in both countries, where enrolment rates are high and the MDG is thus ‘achievable’, but quality is remarkably uneven and low. The quality concerns are high also in the health sector. **Fourthly** and related to the previous point, the question of MDG ‘success’ is also linked to how the goals and indicators have initially been defined. The MDGs have been criticized for not distinguishing well enough between potential and actual achievements; that is, between ends and means (James 2006). In the case of education, for instance, the completion of primary education by all students is not an end in itself, but rather an intermediary phase in the attainment of certain minimum levels of mastery in

literacy, numeracy and life skills that should be the actual end goals. The problem of treating means as ends risks the encouragement of misguided investments and efforts by governments aiming to boast about their performance in the MDGs (ibid.) Both the Kenyan and Tanzanian experiences seem to resonate with this and give impetus for the recommendation of reforming the new MDG framework to give higher emphasis for qualitative aspects and to treat challenges in each of the MDGs more holistically.

Fifthly, ‘success’ in MDGs 1-6 in Kenya and Tanzania has been overemphasized at the expense of how well donors have succeeded in MDG 8, for example, by committing to increase ODA levels and reform their own policies. While promoting an overly ambitious ‘MDG agenda’ for the developing countries, the international community has been seen to lack urgency in the mobilisation of its own resources. At the same time, little effort has been put in place to monitor the improvement of policies adopted by rich countries, as exemplified by the lack of indicators under MDG 8 that aimed for “a global partnership for development” (Picciotto 2007). **Sixthly**, especially in Tanzania but also in Kenya, there was a wary attitude towards the merging of the SDGs with the MDGs. This was often based on a concern that developed countries may use the new sustainability agenda to deny developing countries their right to (industrial) development or that resource transfers from developing countries for poverty reduction could be diverted to environmental goals that rather address global than local concerns. At the same time, environmental concerns and the livelihood impacts of destructive development have also been raised as an important issue. While many of the African governments emphasise the aspiration and commitment for “aggressive industrialisation”, many local civil society and communities have concerns related to the social and environmental sustainability of this strategy.

Some concerns were also raised on **the process of the post-2015 consultations**. Firstly, it can be noted that there was a lack of extensive public debate on the post-2015 processes in both countries. Arguably, the post-2015 debate has not received wide national media coverage and public attention due to more timely and pressing national debates in both countries. In Kenya, these debates centred on the 2013 elections, the ICC trials and the expectations related to the new 2010 Constitution and the process of devolution. In Tanzania, the public debate has also focused more on the 2015 elections and the process of developing a new Constitution, due in 2014. Secondly, there has been limited information in both countries on how the post-2015 consultations will influence the development of a national position for the post-2015 negotiations and what impacts will the consultation more generally have in the countries. Related to this, thirdly, civil society representatives have expressed the concern that consultation processes are often donor-driven and participation takes place through invitation. This can result in consultations being informative rather than transformative (cf. Cooke and Kothari 2001), with regards to what type of issues can be raised to the agenda and discussed.

Resourcing dilemmas

Both Tanzania and Kenya state in their country Visions that they have strong aspirations to become aid-independent, but both governments, Tanzanian more than Kenyan, still experience serious budget deficits. In addition, recent economic growth in the countries has not translated into poverty reduction and remains

far from inclusive. Changes in the structure of the economy are needed in order to strengthen the productive sectors of the economy, create more employment and enlarge the tax base for domestic revenue collection. Both countries have already undergone taxation reforms, but in Kenya the revenue collection through tax collection is much more advanced than in Tanzania. A major concern in Kenya is that the taxation has been taking a regressive rather than progressive turn. In both countries the tax reforms are sparking a lot of heated public debate. Overall, it could be expected that the increased need for government to fund its expenditures through taxation will increase domestic pressure for accountability and also spark national political debates on the mechanisms of taxation as well as on the allocation of expenditures and spending of mobilised resources (cf. Collier and Dollar 2004).

While the efforts of both countries for domestic resource mobilisation (DRM) should be commended, it seems that they have had difficulties in reaching the commitments in expenditure especially in health (Abuja Declaration, 15% of national budget) and agriculture (Maputo Declaration 10% of national budget). In education (Dakar Declaration, 9% of GDP), governments have invested particularly in free primary education to broaden school enrolment, but the spending gap to improve the quality of education remains considerable. Also according to assessments on MDG related government financing there are indications that governments could do much better in prioritizing spending on social development, especially with regards to the improvement on the delivery of health services. In Kenya one of the big questions marks in terms of pro-poor public spending relates to the focus on mega-infrastructure projects, whereas at the same time infrastructure such as water supply, rural roads, and rural energy provision are in precarious condition. Kenya is one of the worst performing countries in the world in terms of water supply services. At the same time it is important to acknowledge successes, such as the development of ICT, which has been supported by government but more importantly involved strong private sector dynamics. Especially mobile money (M-Pesa) in Kenya has provided a revolution in the telecommunications sector and created companies, provided employment, and enabled access to finance for millions of people previously without such means.

In Tanzania, the improved government capacity to raise domestic revenue could in part be explained by a broader realisation of unprofitable contracts with multinational companies, and efforts have been taken to improve taxation of multinational companies and tackle illicit financial flows. Yet, a lot remains to be done, which seems to be increasingly acknowledged. This is one of the areas that would need to be systematically addressed in the future development framework together with *sustainable natural resource management (NRM)* especially in Eastern African countries that are in the middle of a potential extractive resources boom. Nationally, an important task of governments is *expectation management* with regards to the extractives sector and if resources are exploited, the industry needs to be structured in an appropriate manner. There is also a need to mitigate potential tensions the sector might cause through appropriate benefit-sharing and the implementation of legal frameworks, including appropriate environmental legislation. Unless all these issues are addressed, they could severely limit the development aspirations of these countries, and heighten sub-national regional tensions.

In terms of energy, both countries are seeing their natural resources including the fossil reserves as tools for industrialisation, which is likely to make them emphasize the 'right to development' in their post-

2015 country positions and influence their interpretation on the principle of ‘common but differentiated responsibilities’. Regardless, climate change and environmental degradation do remain key concerns in both countries and were brought up especially in national post-2015 consultations in rural areas. It is therefore also seen as welcome by many stakeholders to advance the ability of developing countries to move towards more *sustainable energy* choices in the post-2015 negotiations. If Kenya and Tanzania decide to move into direction of extracting their fossil fuel reserves they would need to at the same time seriously consider whether and how they could avoid the lock-in to a fossil based energy pathway. Some suggestions have been raised e.g. in the form of developing a national fund (e.g. development or resilience fund) that could be managed in such a way that it implies a long-term planning trajectory and could be used to stimulate a transition towards sustainable energy. Yet, this should not divert attention from the short- and medium-term planning, and from supportive policies that foster access to sustainable energy for all. The feed-in-tariff in Kenya is an example of a policy supporting renewable energy, but there is a lot of space for improvements and for a more comprehensive energy policy framework. Especially in many remote areas decentralised renewable energy systems could be the best way to enhance access to sustainable energy. Thus far e.g. rural energy provision powered by renewables has not benefitted from systematic planning and concerted efforts but has been more based on project-led initiatives.

Role of donors and ODA in Tanzania and Kenya

Although Kenya and increasingly also Tanzania have emphasised their aim to become donor-independent, official development assistance (ODA) will still play a crucial role in the short to medium term. The need for resource transfers is further enforced by the increasing needs for climate assistance. Also the future resourcing of SDGs is a question mark. National governments may have been somewhat reluctant to prioritize spending for the social sectors, and it is likely that they are even more reluctant to fund environmental policies. This is the case especially with the targets that appear to be addressing primarily global environmental needs, and where the more industrialised countries are seen to be more responsible, like in the case of climate change.

Donor support has been very different in Tanzania and Kenya. In Tanzania, a significant part of MDG related support has been channelled through general budget support and through a relatively harmonized approach. In Kenya, donors have acted in a more “ring-fenced” manner through project-led approaches. The success of MDG 6 on diseases in Kenya can be attributed to a great extent to extensive donor funding and a technology-driven focus. While this has proved to be efficient in terms of achievements in MDG 6, it has not translated into holistic improvements in the health sector. Better donor coordination and a more holistic approach on social sector development as well as clever strategies in the environmental sector seem to be needed. Another area that could be focused on is the support and development of more transparent, efficient, equitable and pro-poor oriented mechanisms for domestic revenue mobilization, such as fiscal data management and planning mechanisms, more comprehensive and progressive taxation and tools to intervene in illicit flows. For donor countries themselves, it is important to adhere to and monitor policy coherence between aid and non-aid policies in Tanzania and Kenya.

Constitutional changes and devolution

A key challenge that Kenya, Tanzania and the donors all are facing stems from the devolution process in Kenya to follow the 2010 constitution, and the constitutional review process in Tanzania. Both processes have been at the centre of attention in the countries and the target of high hopes and expectations. In Kenya, it is expected for devolution to bring the government and services closer to people, and for the constitution to serve as an avenue for citizen engagement. However, recent political events have already raised concerns about service-delivery under devolution as well as limitations to civil society engagement in the public sphere. The experiences in Kenya offer important lessons learnt that would deserve close attention in Tanzania, where the process of constitutional review is still underway. In Kenya it is crucial to note that the future development agenda will depend on its links with the national devolution process, reinforcing the need to localize the post-2015 dialogues and consultation processes.

8. POLICY RECOMMENDATIONS

This report has examined the role of the MDGs in Kenyan and Tanzanian development policies, and the local debates regarding the MDGs, post-2015 debates, financing for development and the extractives and energy sectors. The following policy recommendations are based on the desk study, interviews and workshops carried out by the research team in Kenya, Tanzania and Finland during 2013. This report has not explored in detail all aspects of SDGs but focused especially on the sustainability of energy and extractive sectors. The focus of the recommendations is aligned with the focus of the report. There are several important topics that are emerging from the MDG experiences that should be considered in the post-2015 discussions and in the future post-2015 development cooperation. The recommendations drawn from the commissioned FFRC study are principally aimed at Finland as a development partner. The recommendations are structured according to four different objectives:

- to guide Finland and other development partners in the post-2015 negotiations;
- to instruct their development policy (and related policies) more broadly;
- to facilitate the work of Finland at the European Union level; as well as
- to spur and inform Finnish development cooperation in Kenya and Tanzania.

1. More ownership of the development agenda and process

One of the main improvements in the setting of the new development framework should take place in the sphere of **ownership**. This should be addressed through citizens and nation states feeling part of the process of designing the agenda in the first place. The key players in poverty reduction are the national governments of the countries in which poor people live. Even more importantly, the key players are the citizens in these countries.

In **the post-2015 negotiations**, development partners such as Finland should:

- Take note that in Kenya and Tanzania, the desire for citizens and governments to design their own priority goals for development is strong.

In **development cooperation in Kenya and Tanzania**, development partners, such as Finland should:

- Encourage local debates en route to the post-2015 agenda, and provide policy space and opportunities for agenda setting by a variety of diverse stakeholders.
- Ensure that the post-2015 development consultations and the future introduction of the new development framework acknowledge local development processes and the existing MDG awareness at the local, regional and national levels.

2. From overtly quantitative targets to comprehensive goals and measuring sustainable development

Vast room for improvement lies in the current overt focus of the MDG framework on the purely quantitative targets for development, as the validity of many quantitative measures is questionable, especially at the grassroots level. Related, the current design of the MDGs has presented Africa in a more unfavourable light than other regions due to the selected baselines and target-setting. Existing development measures have also ignored the role of ecology as a foundation for human development and disregarded the impacts of economic growth on the environment and climate. Because MDG7 has been a narrowly framed goal, the indicators to measure ecological performance have also been weak.

In the **post-2015 negotiations** and their **development (and related) policy**, development partners such as Finland should:

- Promote the design, implementation and measures of the future development goals to be holistic. **Qualitative measures** should be developed in a more participatory manner as well as promote models of measurement that better capture equity and inequality dimensions of development. Meeting these aims requires training and capacity building.
- **Promote incorporation of ecological and climate indicators** (noting the Beyond GDP work) to the post-2015 development goals and policies. This should also inform the re-formulation of the MDG 8 goal. Also in this matter, capacity-building for decision-makers is highly recommended.
- Strengthen the **significance of ecological and climate indicators in UN statistical bodies** (e.g. taking example of how the UN tracks national GDP figures with the System of National Accounts (SNA) under the UN Statistical Commission (and the UN Statistics Division).

In **development cooperation in Kenya and Tanzania**, development partners, such as Finland should:

- Together with the partner countries, develop more holistic and locally appropriate methods of measuring progress that support the government's post-2015 agenda development efforts.
- Help their partner countries to deepen their data collection in the social sectors with locally relevant indicators and disaggregated data (by gender, region, etc) plus use of real numbers when appropriate.
- Encourage the incorporation of ecological and climate indicators into national statistical institutions and public policy. The support of systematic data collection could support key areas such as development planning, infrastructure projects and urban planning.
- Support the capacity building needed to foster these efforts

3. Keep the improvement of social services as a high priority in the development agenda

Many of the issues from the MDG framework, such as **poverty, inequality and social service delivery** remain key concerns. Thus for example Tanzania has specifically expressed the desire to continue implementing the MDGs, although in a modified form of 'MDG+'. In Tanzania and Kenya **the health sector and maternal health especially** are in a precarious situation.

In their **development (and related) policy** and in **development cooperation in Kenya and Tanzania**, development partners such as Finland should:

- Foster concerted efforts by both government and development partners in the health sector not only from a technical solution perspective but from a broader perspective. Capacity building is also central here.
- Push all donors to strive for a harmonized approach in health sector funding, including preventive health.

4. Remember the importance of higher education

MDGs have diverted much of the attention to primary education, but in order for countries such as Tanzania and Kenya to have **domestic expertise in development** and to become independent from ODA related foreign technical assistance, experts and consultants; focus and support is needed in secondary and tertiary education, South-South and South-North exchange of expertise, and in the transformation and re-orientation of the education system to meet the technical needs of the local economy. It is thus recommendable for development partners to acknowledge the important role of a transformed education system in the provision of requisite skills needed for national development. Another clear message from Tanzania and Kenya was that in primary education the focus should be not only in quantitative targets, but also in the qualitative aspects.

In the **post-2015 negotiations** Finland could:

- Highlight the importance of higher education and its role in delivering transformative skills that create local employment and improve services

In **development cooperation in Kenya and Tanzania**, Finland should:

- Continue the support for cooperation between higher education institutions and explore ways to better enhance the domestic development expertise in its partner countries
- Support the quality and appreciation of vocational education

5. Promote merging of the MDGs and SDGs while addressing Southern concerns

In a changing global development landscape, the divide between the North and South is becoming less clear, especially due to rise of the so called emerging economies. The ecological footprint of the North continues to increase, but it is becoming obvious that also the emerging economies need to take more responsibilities in tackling the looming ecological crisis. The new universal development framework has to be designed within safe environmental limits. Commitments of rich countries need to be broader than just the transfer of ODA and ‘new and additional’ climate finance. The principle of Common But Differentiated Responsibility (CBDR) needs to be respected but its new articulations have to also take into account the changed global landscape, especially the new role of emerging economies. The concerns of Tanzania and other LDC countries on attention and resources getting diverted from their acute needs to address poverty alleviation and enhance social services need to be taken seriously.

In the **post-2015 negotiations**, development partners such as Finland should:

- Promote a universal and integrated framework but not without addressing key concerns of Southern countries, especially those of the LDCs
- Promote an approach where North, emerging economies and all Southern countries have commitments to protect global environment but not without ‘fair-burden-sharing’ and new articulations of ‘common but differentiated responsibilities’ that reflect the changed global landscape
- Agree what enabling tools can support the mainstreaming of sustainable production and consumption (SCP) policies in the post-2015 framework

6. Work towards fairer global economic order

The discussion on how to build a fairer global economic order should have a central role in the new development agenda. Development assistance is becoming more and more marginal compared with the increasing volumes of private capital flows. Thus policy coherence is becoming ever more important. There is a need for serious **rethinking on the role of the Global North** and the lessons learnt from MDG 8 on a global partnership for development. MDG 8 has remained the one goal that lacks an extensive monitoring framework. It is relevant to look beyond the aid paradigm and reconsider the role of the North as simply a provider of solutions and financing. Unequal global resource flows and trade relations need to be addressed in the North as well as in the South. Support for social policy measures to foster poverty alleviation continues to be important.

In the **post-2015 negotiations** and their **development (and related) policy**, development partners such as Finland should:

- Adhere to the principle of coherence in aid and non-aid policies.

- Tackle the trade barriers of developing countries for entering developed countries markets, including the reconsideration of the impacts and concerns of the EU-Africa EPAs (Economic Partnership Agreements).
- Promote and take active part in designing new rigorous laws and monitoring systems for capital flight and tax avoidance.
- Support the development of regulation on FDI (foreign direct investment), internationally and in partner countries
- Provide transparency in the operations of multinational companies, especially (and not exclusively) in sectors where international tax avoidance has been proven as a problem

In **the EU level**, Finland and other countries should:

- Promote country-by-country accounting and exchange of information between authorities, and promote a partnership with Finnish and EU based companies, including in the extractive sector.
- Ensure adequate resourcing for the monitoring and evaluation of the OECD Guidelines for Multi-national Enterprises in their national governments and EU-level.
- Incorporate the UN Guiding Principles on Business and Human Rights (Ruggie Principles) into the post-2015 process and strengthen their implementation across trade and development policy as well as investments made by EU-based companies with appropriate mechanisms and monitoring

7. Regulation and responsibility to the new public-private partnerships

In the post-2015 discussions emphasis has been given to public-private partnerships (PPPs). Here cautiousness is important and enhancement of coherence between aid and non-aid policies should be accentuated and emphasised more vigorously. Governance frameworks need to be reviewed to address the social and ecological impacts of new PPPs and investments, and suitable policies need to be developed. Also, Southern governments and development partners should develop and support global monitoring frameworks to comply with the ethics of doing business, address capital flight and fight tax avoidance. Particular attention should be paid to policies that develop protective measures to mitigate the social and environmental impacts of large-scale infrastructure projects.

In the **post-2015 negotiations** and their **development (and related) policy**, development partners such as Finland should:

- Develop policies that ensure that public-private partnerships (PPPs) respect rights of the locals as well as mitigate adverse socio-economic and environmental impacts. There should be policies that define and regulate the role of private sector in the post-2015 agenda to steer it towards positive contributions.

In the **EU level**, Finland and other countries should:

- With the support of the Ruggie principles consider how to regulate PPPs appropriately without being overly regulative.

In **Kenya and Tanzania specifically**, development partners should:

- Support partner countries to develop policies that govern public-private partnerships (PPPs) in such a way that they align with existing international development policies, protect people's rights, the environment, are tax compliant and do not debase the economy and promote capital flight

8. Support for national resource mobilisation and pro-poor tax systems

It is important to acknowledge and support the desire of countries, such as Kenya and Tanzania, **to become ODA independent** in the medium to long term. At the same time it is essential to make sure that the focus on domestic resource mobilization in the current post-2015 discussions is not used as an excuse to lower ODA levels, as development assistance will continue to play an important role at least in the short term. Donors should find more effective ways to **support national redistribution agendas** that at the same time will enable ODA independence in the longer term. Development partners could play a more active role, e.g. through capacity building, in supporting more comprehensive and progressive taxation in their partner countries. Here also regional efforts are crucial. Tanzania, Kenya, Rwanda and Zambia have initiated a regional approach in the context of the OECD Task Force on Tax and Development that could be supported. Similarly the African Tax Administration Forum (ATAF) is doing relevant work enhancing effective taxation.

In the **post-2015 negotiations** and their **development (and related) policy**, development partners such as Finland should:

- Contribute to the transformation of the UN ECOSOC Committee of Experts on International Cooperation in Tax Matters into a more effective body to expedite tax reforms internationally and for the multinational companies
- Promote transparency of tax regimes through country-by-country accounting, automatic exchange and disclosure of tax information. Capacity building to strengthen tax expertise is necessary.

In the **EU level**, Finland and other countries should:

- Be forerunners in EU positions on responsible taxation and promote country-by-country accounting
- Promote state-owned companies to lead the private sector by example by disclosing their country-based tax information
- Work towards ambitious national Action Plans to mitigate international tax evasion
- Implement international standards, strengthen European monitoring capacity, advance systems and expand networks on exchange of tax information, increase global asset recovery and anti-money laundering capacity in the international trade

In **development cooperation in Kenya and Tanzania**, development partners such as Finland should:

- Pursue transparency vigorously in all meaningful ways
- Pay increasing attention to the impacts of the operations of multinational companies to assess the contribution of MNCs to the national economy in terms of revenue generation as well as local value addition
- React to worries voiced by the local civil society in a responsible manner, even when they might contradict the interests of partner countries in the North
- Build-up local capacity in tax monitoring (education and training, exchange of information, build-up of related IT systems and data collection) to mitigate the effects of illicit financial flows out of developing countries through tax avoidance, trade mispricing or other means
- Assist governments in partner countries to develop better taxation regimes e.g. in form of supporting fiscal data management and planning mechanisms for more comprehensive and progressive taxation
- Support mechanisms through which enhanced national revenue generation capacity corresponds with the improvement of social safety nets and social protection floors.

9. Local drive for industrialisation in East Africa: Supporting sustainability

East African countries have expressed a strong desire of industrialisation and economic growth. The governments still have a long way to go in transforming the raw product export-orientation in their economies. Also, in post-2015 discussions an important topic has been employment and especially that of the youth. Development partners should appreciate these wishes of “right to development”, and at the same time explore ways how they could be supported in a sustainable and inclusive manner. Economic transformation requires the development of skills, the creation of backward and forward linkages, and the promotion of local sourcing and processing. Governments should be supported to develop the key productive sectors of the economies. Support is needed to steer the industrialisation aspirations into sustainable path. Finland’s development cooperation strategy timely emphasises inclusive green growth.

In the **post-2015 negotiations** and their **development and related policies**, development partners such as Finland should:

- Promote the objectives of inclusive and sustainable industrial development, including the work of UNIDO, under the consideration of the rapid pace of climate change.

In **development cooperation in Kenya and Tanzania**, development partners such as Finland should:

- Acknowledge the aspirations of an economic transformation
- In all their actions promote inclusive economic development that produces employment, locally relevant entrepreneurship skills and education-employment linkages.

- Encourage the uptake of sustainable industrial practices, promote public procurement in developing countries, including sourcing from local suppliers.
- Encourage developing countries to enhance value addition and employment creation in different sectors across regions as locally relevant development indicators.
- Find ways to more carefully articulate and support the opportunities of inclusive green growth in East Africa

10. Supporting the pathway to low carbon future and access to energy for all

Kenya has already made efforts and investments especially with solar, wind and geothermal technology. Tanzania has not yet significantly developed the harnessing of renewables although it has emphasised them in its energy policies. At the same time, both Kenya and Tanzania have recently made discoveries of fossil fuels. The countries would need to consider how they could avoid a lock-in in fossils for long-term future. The development partners could support the transition towards sustainable energy through supporting and incentivizing policy structures and frameworks in developing countries that foster the role of renewable, distributed energy systems.

In the **post-2015 negotiations** and their **development (and related) policy**, development partners such as Finland should:

- Promote the development of a conducive international policy environment that enables the scaling up of sustainable energy. This includes work towards the eradication of fossil fuel subsidies

In **development cooperation in Kenya and Tanzania**, development partners such as Finland should:

- Work closely with Kenya and Tanzania to assist them to develop climate-friendly policies, which will help and support the transition towards sustainable energy
- Assist governments to develop policy frameworks, institutions and incentives that can drive the growth of the local renewables sector and distributed energy systems that will meet the energy needs and provide employment
- support the development of systematic and comprehensive policies that allow improved and targeted access to energy in the rural and peri-urban areas. In rural energy provision a programmatic approach is often more sustainable than the project-based one
- Support capacity building in sustainable energy planning and provision

11. Extractive industries, natural resources and mitigation of conflicts

With the current boom on extractive industries in Kenya and Tanzania, there is a need to address increasing tensions around **natural wealth and the equitable distribution of the derived benefits**. Environmental concerns and the livelihood impacts of development that causes displacement and undermines local land rights under unclear agreements were most strongly raised. Some of the current patterns of natural resource

extraction, especially in Kenya, may be heightening the risk for tensions between the different regions of the country as well as between different social and ethnic groups.

In their **development (and related) policy**, development partners such as Finland should:

- Strongly promote **the sustainable use of natural resources as an emphasis for the post-2015 agenda**. Strong measures are needed to mitigate the consequences of intensifying resource extraction in both developed and developing countries.
- Support policies that emphasize **sustainable and equitable natural resource benefits sharing** and are effective in tackling the root causes of environmental destruction
- Drive the strengthening of EITI (Extractive Industries Transparency Initiative) to tackle broader concerns in the extractives sector. It is important to acknowledge that EITI addresses only a limited set of governance challenges and a lot remains to be addressed by other more stringent regulative measures e.g. in terms of enforcing the principle of “from cradle to grave” and the duty of the company to pay for the decommissioning and rehabilitation of mining-affected areas.
- In the EU, implement and supervise the EU Accounting Directive

In **development (and related) policy** as well as **development cooperation in Kenya and Tanzania**, development partners, such as Finland should:

- Assist the governments to protect the rights of artisanal and small-scale miners (ASM), including vulnerable groups, through existing international initiatives, agreements and recommendations.
- Support the development of acceptable legal frameworks that cover the relationship between investor, central government, local government and the communities for the transparent use of resource rents
- Help partner countries in expectation management and the diversification of their economies to retain value added locally. Capacity building could play an enabling role.
- Promote the integration of EITI monitoring with better fiscal data management as well as the governance frameworks to mitigate adverse ecological, social and political impacts of the extractive industries
- Support the further development of the Extractive Industries Transparency Initiative (EITI) in Tanzania and promote Kenya to join the EITI, and help to initiate government/civic lead initiatives to address the people centred concerns.

12. Note the significance of local political processes

Kenya’s 2010 constitution and the consequent devolution process and Tanzania’s constitutional review process (draft due in 2014) are the key arenas for local political and civic engagement on development. In both countries, high expectations are placed on these processes.

In **development cooperation in Kenya and Tanzania**, development partners such as Finland should:

- Ascertain as a policy that their engagement with the government or with projects locally do adhere to the new constitution and, in Kenya, are in line and support the actualisation of the devolution process. Also, local legislative bodies will need support in interpreting the constitution to consultatively perform their constitutionally defined functions.
- Foster discussion on how the post-2015 agenda and the devolved structures in Kenya should be aligned, and how the roles, resourcing and functions of the devolved government units are developed vis-a-vis enhanced social service delivery.
- Build capacity of civil society actors and new devolved government entities on budget management and service provision locally

13. Support citizenship building and civic engagement

The support of policy instruments and processes that assist in building active citizenship, and to strengthen the social contract between the citizens and the government can contribute to improved governance, ownership of the development processes, and entrench sustainability. The role of active citizenship cannot be underplayed when discussing how to increase the commitments of, for example, the Tanzanian and Kenyan governments to the anti-poverty agenda and how domestic resource mobilisation e.g. in form of taxation and government development spending could be geared to a more pro-poor and anti-poverty track.

In **development cooperation in Kenya and Tanzania**, development partners, such as Finland should:

- Engage with institutions, processes and programmes that have a high civic education value at the national and especially at the local level.
- Assist partners in the design of policies and educative programmes with a strong emphasis on civic education and citizenry.
- Support the governments to strive for equitable and equity-based policies that focus on improved delivery and quality of services

14. Promote a rights based Post-2015 development agenda

There is a need to support legislative frameworks that recognise and protect the rights of people with regard to development, and streamline the management and administration of all forms of resources, including for example what is referred to as community or trust land. In Kenya, Tanzania – and in the global South in general – land rights remain one of the most contentious development issue.

In the **post-2015 negotiations and their development (and related) policy**, development partners such as Finland should:

- Continue the promotion and mainstreaming of human rights based approach in development policy

- Advocate for policies that safeguard the rights of the marginalised and vulnerable reinforced with international protocols. For example, countries should take leadership in signing the ILO 169 to protect the rights of indigenous groups.

In **development cooperation in Kenya and Tanzania**, development partners, such as Finland should:

- Support the development of policies that clarify the remits and frames of operation under the different rights regimes and protect the rights of the vulnerable and those operating under any form of unsecured tenures
- Support the development of policies that clarify the remits and frames of operation of the different spatial rights, including the surface and sub-surface regimes. The development partners should also assist the development of policies and frameworks that clarify the remits of the different alms of government, the central governments, and county governments.
- Promote policies to guide and clarify how benefit sharing of surface and sub-surface resources are arranged, and strengthen laws that protect the rights of the vulnerable and those operating in areas where resources are located.
- Continue to support institutions that are working on the practical realisation of **human-rights based approaches** in development

Finally

Within the global development landscape, two contradictory processes seem to be currently ongoing. On the one hand, development is acknowledged as a complex and multi-faceted issue, which certainly has not become less complex or unpredictable since the turn of the millennium. Yet at the same time, development policies and strategies are often formulated and implemented to create speedy results and simple solutions that are preferably measurable and quantifiable. The post-2015 process should aim to address this contradiction through discussing how to bridge the gap between complex problems and simple solutions.

The questions of development and sustainability are contested political issues that require constant engagement and deliberation. Whether the post-2015 development agenda will be MDG-based, SDG-based, or a marriage of the two, their ability to bring in transformative processes (rather than more-of-the same responses) will ultimately depend on a strong political will to address the systemic and structural causes of continued poverty, inequality, and environmental destruction at the global and local scale.

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ANNEX 1: WORKSHOP INVITATION AND PROGRAM FOR KENYA AND TANZANIA

National Workshop

Kenya Beyond 2015: Exploring domestic debates and envisioning development futures (BEYOND 2015)

Organised by Finland Futures Research Centre, University of Turku

When: Thursday 25th April 2013, 8.30-16.45

Venue: Pride Inn Hotel, Rhapta Road

Objective: The workshop aim is to design and profile the future development scenarios of Kenya with regard to the National Development Agenda (especially Vision 2030) and other local, regional and international initiatives such as the MDGs post-2015. This futures workshop is designed to add value to the other consultations that have taken place in Kenya and in the region, by identifying the key signals and drivers of development that are conforming to or defining future trends. The methods used in the workshop are designed to encourage 'out-of-the-box' thinking and to stimulate new development futures and scenarios. The key task for the workshop is to explore the domestic debates on how the future development options will be resourced and how sustained poverty reduction can be achieved.

The questions relating to the post 2015 development agenda include:

- How should development goals be changed or improved to better meet the new global and East African realities and development challenges?
- How has the development landscape changed in Kenya since the time of setting the MDG framework in 2000?
- What are the views of key stakeholders on how relevant the MDG framework has been for the general development policy and what can be learned from past experiences?
- How do different stakeholders in Kenya see their and other countries' and institutions' role in setting the post-2015 framework and implementing the new parameters for the years after 2015?
- How do domestic policies, strategies and processes resonate with the MDGs and post-MDG frameworks? For example what are the differing domestic views on the role of ODA and other forms of financing and resourcing post 2015 development?
- What are the different views on the role of environmental and energy targets in the new post 2015 framework?

Programme for Thursday, 25 April

- 8.00 Tea and registration
8.30 Introduction of participants and research project
9.00 General Overview of the workshop aims and expected outcomes
Prof. Kimani Njogu, Twaweza Communications
- 9.15 – 9.35 Kenya achieving the Vision 2030 and MDGs: The role of ICT and the case of Konza City
Dr Bitange Ndemo, Permanent Secretary, Ministry of Information and Communications
- 9.35 – 9.55 Current status and future challenges of Kenya's Vision 2030: The role of sustainable development and poverty reduction targets?
Ms Rinah Ondego, Executive Officer at Vision 2030, Ministry of State for Planning, National Development and Vision 2030
- 9.55 – 10.10 Questions & answers
10.10 – 10.30 Addressing urban poverty and inequality post-2015: The future of slums and informal economy
Mr Gora Mboup, Chief, Global Urban Observatory, UN-HABITAT
- 10.30 – 10.50 Kenya MDGs and post 2015: Trends in resourcing development and poverty reduction
Mr Wolfgang Fengler, Lead Economist, World Bank
- 10.50 – 11.05 Questions & answers
11.05 – 11.20 Coffee/Tea Break
11.20 – 11.40 The Kenyan model for post 2015 and how to resource it?
Ms Sarah Muui, MDG Planning Unit, Ministry of State for Planning, National Development and Vision 2030
- 11.40 – 12.00 How extractive industries can contribute to Kenya's development?
Ms Monica Gichuhi, CEO, Kenya Chamber of Mines
- 12.00 – 12.15 Questions & answers
12.15 – 13.00 Panel: Discussion of emerging thematic issues with commenting remarks from:
- Irungu Houghton, Pan-Africanist
 - Julius Okara, Sayari Thinktank
 - Edwin Nyanducha, Inkubate
 - Kiama Kaara, Debt Relief Network
- 13.00 – 14.00 Lunch Break
- 14.00 – 15.45 Group Work
Introducing the key themes and methods for the break out groups. Future research methods will be applied in the group work including future wheel, future table and PESTEC.
- Theme 1: Resourcing and financing of development and poverty reduction
 - Theme 2: The Kenyan model for the post 2015 framework
 - Theme 3: Future of energy sector and ways to address energy poverty
 - Theme 4: Natural resources and extractive industries
- 15.45 – 16.15 Group presentations
- 16.15 – 16.30 Final Discussion & Concluding Remarks by Prof. Kimani Njogu, Peter Kuria and Jyrki Luukkanen
- 16.30 – Informal discussions & drinks somewhere nearby

For more information on the workshop and practicalities, please contact **Ms Rasna Warah**, rasna.warah@gmail.com or 0700 278 166.

Programme for Beyond 2015 Workshop

10 April 2013

09.00 Welcoming words: Dr A.A. Komba, IDS Director, University of Dar es Salaam

09.15 Introduction to research: Dr Msoka Colman and research team

Presentations:

- 9.40 – 10.00 Dr Oswald Mashindano, Economic and Social Research Foundation
- 10.00 – 10.20 Dr Rose Shayo, IDS, University of Dar es Salaam
- 10.20 – 10.40 Ms Ussu Malya, Tanzania Gender Networking Programme
- 10.40 – 11.00 Dr Prosper Ngowi, Mzumbe University

11.00 – 11.20 Coffee/Tea Break

11.20 – 12.40 Q & A for morning speakers and a mini panel: Discussions of emerging thematic issues.

12.40 – 13.00 Introduction to Group Work

13.00 – 14.00 Lunch Break

14.00 – 15.30 Group Work

Introducing the key themes and methods for the break out groups. Future research methods will be applied in the group work including future wheel, future table and PESTEC.

- **Theme 1: Resourcing and Financing of development and poverty reduction:** What is the future of development and poverty reduction finance and resourcing? What will be the key drivers of change and how will they influence the different future scenarios? What are the different resources and financing models that contribute to the achievements of the targets? What is the future role of ODA?
- **Theme 2: Energy poverty:** What are the future ways that can be used to address energy poverty? What are the role of different actors? How it should be addressed? How relevant is the post 2015 framework in this?
- **Theme 3: Natural resources and extractive industries:** What is the future of natural resource driven development? What are the future possible pathways and frameworks through which revenues from extractive industries can be distributed? How the use of such revenues be directed to alleviating poverty? How can legacy frameworks and instruments be built and integrated into the national development agenda - to support across board poverty alleviation? What are the possible scenarios for the sustainability aspects of extractive industries?
- **Theme 4: The Tanzanian model for the post 2015 framework:** How will this framework look like, how will it be resourced, what are the key sustainability questions? What drivers will need to be in place to attain the preferred future scenario? How the framework should resonate with the National Vision?

15.30 – 16.15 Group presentations and questions

16.15 – 16.30 Concluding Remarks by Dr. Msoka Colman and Peter Kuria

ANNEX 2: LISTS OF WORKSHOP PARTICIPANTS AND INTERVIEWEES

For reference regarding the workshops, see *1.3 Methods and materials* as well as country chapters.

I. TANZANIA

A. Beyond 2015 Futures Workshop (Dar es Salaam 11.4.2013). Attended by participants from the fields of development, private sector, research and policy

Name	Organisation
Koshuma Mtengeti	CDF
Nadine George	CTI
Andrew Mbega	TAMWA
Rahma Basun	TYC
Prosper Ngowi	Mzumbe
Eliabi K Chodota	MEAC
Oswald Mashindano	DOE-UDSM
Mbrigenda Shukrani	UDSM/IDS
Zaa Twalangei	TANGO
Emmanuel Valentine	TANGO
Angela Rose Shayo	POPC
Josephine Edington	TCCIA
Adalgot Komba	UDSM/IDS
Linda Lönnqvist	Kepa
Colman Msoka	UDSM/IDS
Rasna Warah	Journalist

B. Smaller and thematic workshops or group discussions:

- Master students in Development Studies in Dar es Salaam, Institute of Development (IDS): attended by 30-40 higher education students
- Representatives from youth organisations at Tanzania Youth Coalition (Dar es Salaam)
- Arusha Youth Workshop: attended by 30-40 local youth from the Arusha area
- Small-scale mining brokers (Arusha): attended by 10-15 local mining traders from the area
- Artists, artisans and musicians (Bagamoyo): attend by 10-15 locals from the area

C. Individual interviewees

Name	Organisation	Date
Tiina Kukkamaa-Bah	Demo Finland	7.4.2013
Colman Msoka	University of Dar es Salaam	7.4.2013
Koshuma Mtengeti	Children's Forum	8.4.2013
Dr. Flora Kessy	Mzumbe University, Mkukuta Cons.	8.4.2013
Dr. Rugemeleza A.K. Nshala	Lawyer's Environmental Action Team (LEAT)	8.4.2013
A.K. Nshala	Lawyer's Environmental Action Team (LEAT)	8.4.2013

Humphrey Polepole	National Council for NGOs	8.4.2013
Peter Masika (CEO)	Tanzania Youth Alliance, TAYOA	9.4.2013
Dr. Jehovaness Aikaeli	Department of Economics University of Dar es Salaam	9.4.2013
Prof. Joseph Mbele	Department of Economics University of Dar es Salaam	9.4.2013
Moses Kulaba	Agenda Participation 2000	9.4.2013
Theo Macha	Development Impact	9.4.2013
Kahana Lukumbuzya	Green Growth Platform Uongozi Institute	10.4.2013
Samuel M. Wangwe	Policy research for development, REPOA	10.4.2013
TYC representatives	Tanzania Youth Coalition (TYC)	12.4.2013
Olav Lundstöl	Embassy of Norway	12.4.2013
Ann J. Glauber	World Bank	12.4.2013
Abdul Omar	World Bank	12.4.2013
Misana Manyama	GOIG	13.4.2013
Kassian Shukrani	IDS, University of Dar es Salaam	13.4.2013
James ”Jhikoman” Manyika	Bagamoyo	14.4.2013
Hussein Kamote	Confederation of Tanzania Industries (CTI)	15.4.2013
Edward L. Ishengoma	Ministry of Energy (New & Renewable Energy)	15.4.2013
Norbert A. Kahyoza	Ministry of Energy (Natural Gas)	15.4.2013
Paul M. Kiwele	Ministry of Energy (Biofuels)	15.4.2013
Kati Manner	Embassy of Finland	15.4.2013
Benedict Mushingwe	EITI Tanzania	15.4.2013
Athuman M. Kwariko	EITI Tanzania	15.4.2013
Innocent Bash	EITI Tanzania	15.4.2013
Valerie Msoka	Tanzania Media Women’s Association (TAMWA)	16.4.2013
Rebecca Muna	TANGO	16.4.2013
Amarakoon Bandara	UNDP	16.4.2013
Godvictor Lyimo	Tanzania Chamber of Minerals and Energy	16.4.2013
Emmanuel Jengo	Tanzania Chamber of Minerals and Energy	16.4.2013
Alfred Sakaff	Community aid and small enterprises consultancy (CASEC)	17.4.2013
Simon Daffi Kirway	Community aid and small enterprises consultancy (CASEC)	17.4.2013
Yonas	Arusha Youth groups	17.4.2013
Jenna Kettunen	Kepa Tanzania	23.8.2013

II. KENYA

A. Beyond 2015 Futures Workshop (Nairobi 25.4.2013). Attended by participants from the fields of development, private sector, research and policy.

Name	Organisation
Katindi Njojo	Sidint
Irungu Houghton	Kilimani Foundation
Wolfgang Fengler	World Bank
Julius B Okara	Sayari Thinktank
Roxann Gathoni	Jomo Kenyatta University
Sarah Ndungu	MKU-Development
Rachel Musyoki	University of Nairobi
Monica Gichuni	Kenya Chamber of Mines
James Kungu	Kenyatta University
Kennedy Mwashako	SACDEP Kenya
Marianne Maghenda	Narok University College
Kiama Kaara	Kenya Debt Relief Network
Peninah Karanja	ERMIS Africa
Sarah Muui	Ministry of Development and Planning
Wandie Riungu	UN Habitat
Judy Kariuki	Kenyatta University
Rinah T Ondego	Vision 2030
Achero David	Centre for Minority Rights Development
Davis Ole Tamoooh	NESDEN
Claire Njuguna	Food for the Hungry
Emily Lerosion	Samburu Women's Trust
Gora Mboup	UN Habitat
Kimani Njogu	Twaweza
Michael Kapolon	Turkana Technical Network TTN
Anne Kagiri	eCAP East Africa
Basilus Kagwi	Coop Kenya
Solomon Chorongos	Coop Kenya
Chris Kajo	Coop Kenya
Anna Fahgén	UN Habitat
Lotta Eriksson	SHALIN Finland
Lena Hoglund	SHALIN Finland
Rasna Warah	Journalist
Colman Msoka	University of Dar es Salaam

B. Local and regional stakeholder forum (Narok 21.4.2013). Attended by stakeholders from the fields of development, local businesses, private sector and policy.

Name	Organisation
Maren Swakei	Kingdom of the Maasai
Caroline Nairesiae	Maasai Mara University
Marily Totona	Emocow org.
Riamit Kimaren	ILEPA
Paneyid Anthony	ELAJIJK
Naserian Torome	TSC

Roke Kudate	Ministry of Education /P.O.D.
Daniel Sironka	MOPHS
Samson Kamaamia	NNGO
Moses Kisio	Business Conf. Enerai Water
Joseph Mwaura	Farmer
Stephen Kisio	CDSHF
Jerry Kodonyo	C.C. Industry
Mary Mwanik	Chamber of Commerce
Charles Salaton	ORETET Water/fam
Daniel Sapil	Tenebo Africa
Edith Magogo	Kenya Red Cross
Ali Juma	Kenya Red Cross
Solomon Ndayo	Gazen Kenya
Daniel ole Nalcola	Duiko Dev Trust
Rimoine ole Sordo	Duiko Dev Trust
Mike ole Setek	Director
Stephen Kishoiyan	Narok county Youth Coalition for Change
Isoiya Wampauon	Curios
Alice Kashu	Curios
Ndreenye Dikir	Curios
Esther Dapash	Education
Samson T. Rottiken	Olkila Orok
Davis ole Tamoooh	NESDEN

C. Smaller and thematic workshops or group discussions:

- Students of environmental studies (Kenyatta university, Nairobi): attended by 20 students
- Lamu Islands: Community members: attended by 18 local representatives from the area
- Participation in the Kenya Youth Post-2015 Meeting hosted by YMCA including various stakeholders

D. Individual interviewees

Name	Organisation	Date
Davis Ole Tamoooh	NESDEN	20.4.2013
Dr. David Ole Sankok	FINAD, National Council for Persons with Disabilities	20.4.2013
Mwalimu Baddi	Save Lamu	21.4.2013
Mahmud Baddi	Save Lamu	21.4.2013
Paul Masese	Centre of Democracy & Good Governance (CEDGG)	22.4.2013
Cornelius Oduor	Centre of Democracy & Good Governance	22.4.2013
Hillary K'Odieni	Kenya Land Alliance (KLA)	22.4.2013
Ismail	Kenya Land Alliance (KLA)	22.4.2013
Grace Mwailemi	Kenya Land Alliance (KLA)	22.4.2013
Wolfgang Fengler	World Bank	22.4.2013
Eeva Alarcón	Embassy of Finland	22.4.2013

Marjaana Pekkola	Embassy of Finland	22.4.2013 28.10.2013
Georginah Gichohi	Embassy of Finland	22.4.2013
Bitange Ndemo	Ministry of Information and Communications	23.4.2013
Mugo Kibati	Vision 2030	23.4.2013
George Kiritu	YMCA, Kenyan Climate Youth	23.4.2013
Margaret Wanjiku	Columbia Global Centers, Africa Nairobi (MDG Center)	23.4.2013
Winnie Mitullah	University of Nairobi, Institute for Development Studies	23.4.2013
Rachel Musyoki	University of Nairobi, Institute for Development Studies	
Jackson Kiplagat	WWF Eastern & Southern Africa Office	24.4.2013
Erik Winter-Schmidt	NIRAS	24.3.2013 28.10.2013
Monica Gichuhi	Kenya Chamber of Mines	24.4.2013
Edwin Nyanducha	Inkubate Ltd.	24.4.2013
Mugambi Kiai	The Open Society Initiative for Eastern Africa	24.4.2013
David Mizoule	IFC	24.4.2013
Dina Manitra	IFC	24.4.2013
Michael Kapolon	Development consultant	24.4.2013
Kimani Njogu	Twaweza	25.4.2013
Paul Njuguna	UNIDO	25.4.2013
James B. Kungu	Kenyatta University	25.4.2013
Simon Mwacharo Guyo	Craftskills Wind Energy	25.4.2013
David Barisa	ActionAid	26.4.2013
Patricia Vasquez	Consultant	12.9.2013
Julius Chokera	UNDP	29.10.2013
Gideon Mailu	MDG Unit	29.10.2013
Krishna Pathak	ActionAid	29.10.2013
Mwangi Waituru	Beyond 2015 Co-chair, Seed Institute	29.10.2013

III. FINLAND

A. Individual interviewees

Name	Organisation	Date
Tomi Särkioja	Ministry for Foreign Affairs	26.3.2013
Jatta Väisänen	Ministry for Foreign Affairs	3.4.2013
Jussi Koskela	Ministry for Foreign Affairs	3.4.2013
Marjaana Pekkola	Ministry for Foreign Affairs	3.4.2013
Eeva Alarcon	Ministry for Foreign Affairs	3.4.2013
Georginah Gichohi	Ministry for Foreign Affairs	3.4.2013
Vuokko Jutila	Ministry for Foreign Affairs	3.4.2013
Kimmo Laukkanen	Ministry for Foreign Affairs	3.4.2013
Kati Manner	Ministry for Foreign Affairs	3.4.2013
Tapio Wallenius	Ministry for Foreign Affairs	10.5.2013
Taina Hanhikoski	Kehys ry	22.8.2013
Aino Pennanen	Kepa	22.8.2013

B. Smaller and thematic workshops or group discussions:

- HAUS Development Evaluation Day 17.12.2013 in Helsinki, Finland
- Participation in selected Ministry for Foreign Affairs post-2015 seminars in Helsinki, Finland

IV. OTHER

- Discussions in the EU Development Days and related events (Brussels 26.-27.11.2013)

FINLAND FUTURES RESEARCH CENTRE

Turku School of Economics

FI-20014 University of Turku

Turku: Rehtorinpellonkatu 3, FI-20500 Turku
Helsinki: Korkeavuorenkatu 25 A 2, FI-00130 Helsinki
Tampere: Yliopistonkatu 58 D, FI-33100 Tampere

utu.fi/ffrc

tutu-info@utu.fi



Turun yliopisto
University of Turku