APPROACHES TO RURAL-URBAN DEVELOPMENT

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Views expressed in this report are those of the authors. They should not be interpreted as relfecting the views of the Institute for Development Studies, University of Nairobi.

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WELCOME ADDRESS

by

Dr. Kabiru Kinyanjui, Director
Institute for Development Studies
University of Nairobi.

Ladies and Gentlemen:

I wish to extend to all of you a warm welcome to the Institute for Development Studies, which is a part of the College of Humanities and Social Sciences, and to this seminar. The Institute feels honoured to welcome such a distinguished group of senior civil servants, who are involved in policy formulation and implementation.

In welcoming you to this seminar I wish also to extend our invitation to you to our regular seminars which are held in this same room. During these IDS seminar we often notice low attendance by the civil servants, although invitations are sent out. The organization of this seminar here today is a continuing recognition of the role which the IDS has played and should continue to play in stimulating discussion on ideas and policy related issues. In essence the IDS should be and is a centre of ideas, where not only research is done and policy analyzed, but discussions are also carried out and disseminated.

The institute would like to encourage an atmosphere of free, frank, and critical exchange of ideas on important issues of development. In this way, I believe, past mistakes can be recognized and corrected, and a vision of a different future and policies can be created.

The Institute has a number of planned activities which are intended specifically to stimulate and to keep this crucial process in motion. We shall be contacting some of you to participate in these activities. In this way we shall be facilitating the much needed interaction between researchers and policy makers. Another reason we welcome the discussion today is that the issues which are in front of us are of vital importance to us as researchers. They will give new insights into what kind of research needs to be carried out to support policy of regional and urban development. The Institute has been in the forefront of studies related to equity and rural development and we look forward to opportunities in which we can make a contribution in the future.

In looking into income-related issues of economic growth and urban development, and how to deal with our rapid population growth, it is important not to ignore that whatever internal policies are carried out: there are limits to what can be accomplished. We need therefore to think seriously of Kenya in the context of Eastern Africa (Uganda, Tanzania, Rwanda, Burundi, Southern Sudan, Somalia and Zambia), and what economic policies need to be followed to tap the potential which our neighbours offer.

Here our foreign policy should be guided by economic considerations and not mere personal idiosyncracies. We need bold initiatives if we are to cater for our rising population growth and unemployment in a situation where land is limited.

My pleasant task is to welcome you to this seminar. I sincerely hope this will be the start of a series on similar topics. I wish to thank IDRC and others who have worked hard to make this workshop possible.

INTRODUCTION

by

Professor T.C.I. Ryan
Director of Planning,
Ministry of Finance and Planning

What are we trying to do today? Not all of us here are civil servants; there are people from the ministries, the private sector and elsewhere. We hope that you will participate usefully. This is not a government seminar but rather it is a think tank. The IDS is the host while the financing is by the IDRC. The Government has no monopoly on ideas. We want comments and criticisms. We should think through the problems, the approaches, and the framework.

We should take a medium and long range outlook. The labour force up to the year 2000 is already born. Today's population of 19 million will be 34 million by the year 2000, may be 38 million. This will be a different Kenya. Where will these people live? What will they be doing?

We can consider three scenarios:-

1. The Megalopolis - where Nairobi and Mombasa grow to the size of Mexico City or Lima by 'eating' up the rest of the country. The attendant diseconomies of scale would create immense problems.
2. Back to the land - in which people would be confined to the countryside and urban growth would be minimal. This would lead to more land subdivision and migration to the marginal areas where the likelihood of crop failure is high. Usually the semi-sedentary people in marginal areas are the hardest hit during drought.
3. Controlled urbanization - endorsing and supporting the dynamics of minor urban centres, other than Nairobi and Mombasa, in order to get them growing.

The current growth of the smaller towns is greater than Nairobi or Mombasa and we need to ensure that this keeps happening. Difficulties are likely to arise. Are there significant economies of scale? Some argue there are some for towns between 60,000 and 250,000. Others argue there are no diseconomies for towns of about three-quarters of a million.

The megalopolis scenario has problems, while a back-to-the-land strategy leads to land degradation. Controlled urbanization is attractive.

A growth rate of 8-9% per annum would lead to 12 million people in urban areas by the year 2000. This would imply 100,000 housing units per year, requiring 1 million doors, 1 million handles, and so on. This raises the question of whether resources will be available to meet such a demand.

We must begin with agriculture as the basis of the economy. In the case of coffee, there are contrasts between the big estates and smallholder coffee producers. The next Economic Survey (1985) will show that the estates are three times more productive than the smallholders. The FAO argues that 92 million people could be fed in Kenya. We need to get agriculture moving.

What does it mean to have controlled urbanization? What are the impacts of roads and infrastructure? In the west of the country, Eldoret has three educational institutions in the process of being established, representing about 10,000 people, yet it is deficient in infrastructure. But contrast this with Kakamega where there is lots of infrastructure and low growth? What went wrong? Busia is also growing fast. In the centre of the country, Nyeri and Embu are administrative centres, yet Karatina is growing faster.

For the foreseeable future, the Government is likely to be short of capital resources, so what are the implications for investment in urban infrastructure? In Kisii, for example, electrification could lead to the growth of small industries. We need to tap people's experience to guide the allocation of Government resources for the provision of supporting infrastructure. There are still many questions which need your help in answering. For instance, there are many issues related to the local authority tax base, and the maintenance of services in urban areas.

The informal sector can be both productive and a source of many jobs. It is estimated that the creation of one formal sector job in Nairobi costs about £10,000. Obviously, there is no way that investment can grow fast enough to create enought jobs of that kind. Cheaper jobs are needed, and will have to come from small scale industries and the informal sector, where perhaps as many as three jobs can be financed for only £500.

The outcome of the workshop should be ideas of what has gone wrong in the past and what needs to be done in the future. Most policy documents have said the right things in the past, but why has implementation not occurred? One of the main problems has been absorptive capacity.

This makes the sequencing of actions vitally important. How did the towns grow in the US mid west? First it was the grain silos, then the shops, and so on. What is the seed that makes towns grow in Kenya; what is the analog of grain silos for this country?

There is no shortage of questions, but a shortage of answers. We need your help to get those answers.

Session I:

AGRICULTURE AND RURAL INCOMES

by

Mr. J.N. Kesa and Dr. K.W. Gitu

Kenya's growing population rate poses a serious challenge in ensuring sufficient food supplies to the nation. With the current estimated annual growth rate of more than four percent, the present population is expected to double in the next fifteen years. This means that only one half of current household resources will be available, thereby causing a crisis of shortages in basic human needs and contravening the objectives laid down in Sessional Paper No. 4 of 1981 on National Food Policy. This paper outlines some key areas which need to be considered if this crisis is to be avoided. Rural development and urbanization are complementary in the agriculture development process. It is assumed here that increased production of agricultural commodities provides the basis for increased income and capital formation in the agricultural sector, and this growing population and income increases the demand for food thereby providing a favourable environment for increased agricultural production. It is further assumed that:

1. Incomes in the urban areas will rise rapidly thus providing rapid growth in the demand for food commodities.
2. Growing urbanization will increase capital availability conducive to farm expansion and modernization.
3. Urban centres will provide opportunities to widen the horizons of the rural people through education and contact thus making them amenable to change.
4. The urban market will provide a wide range of consumer goods which act as incentives to increased agricultural production.

MARKETING

Farmers incomes depend upon an efficient marketing system which is the key to increasing food production. Such a system should be accessible to all producers and consumers, as it guides the profitable use of productive resources while maximising consumer satisfaction. It thus stimulates production in the commercial sector and motivates producers in the non-monetary sector to participate so as to raise their economic welfare. The failure of the Kenyan agricultural industry to attain satisfactory growth rates for some key products may be due to the poor performance of the marketing system which was originally designed to guarantee European settlers a free market from African competition. Its major elements are still in place although the majority of production currently comes from African owned small holdings. With the present budgetary constraints in the public sector, increased food must come from development strategies which concentrate on productivity-increasing technology, improving the efficiency of allocation, of productive resources, and motivating farmers to change. The following strategies are consistent with these conditions.

1. Free Market Price Discovery - Prices of the major food commodities could be deregulated. This will permit them to reflect the effective supply and demand situation in the market. Inefficient parastatals and monopolies which influence prices could be disenfrachised so that the prices can reflect market supplies and effective consumer demand, which would lead to the increased production of the quantity, quality and types of commodities which are preferred by consumers.

2. Access to Market Information - A flow of accurate and timely market information and outlook is required to translate the freely determined market prices into optimal producer consumer decisions.

3. Access to Productive Assets, Inputs, and Services - A more optimal and efficient use of the limited high potential arable land is necessary. This may be achieved by ensuring the timely supply of essential inputs, a programme which needs to be harmonised with credit programmes. A policy for the development of a viable credit system for both crops and livestock has not been adequately formulated although it is a high priority.

4. Access to Distribution Channels - Improved availability of adequate marketing and processing channels can act as a major production incentive. The efficiency of this country's marketing and distribution networks can be improved by increasing the technical and commercial skills of the marketing personnel and by ensuring that there is adequate competition. Processing industries can be utilized as vehicles to modernize small farmer methods and to improve income distribution if the industries are located in the rural areas where they would provide additional sources of employment.

Price policy is very important in the country as farmers have displayed marked responsiveness to changes in relative price of agricultural products. Prices play a major role in influencing the level of food production and distribution. A major problem in the country is the tendency of providing prices that give the farmers an incentive to produce more without comprising the welfare and nutrition of the poor especially when the prices are passed to the consumer. Lower prices on the other hand will depress production. Most developing countries have tended to resolve this dilemma in favour of low consumer prices in the urban areas thus deliberately keeping the producer prices low which results in a widening rural-urban income differential. There is growing concern for this problem in the country and the pricing policy should be re-examined.

Restriction on food commodity movement in the country may be causing gross misallocation of productive resources in the rural areas and may be decreasing the country's production potential. Existing interdistrict restrictions on food movement could be removed and the NCPB established as a buyer and seller of last resort.

6. Access to Research and Technical Knowledge - A proper policy for the generation and dissemination of information to farmers is very necessary The inherited agricultural research base is deficient as it is geared to large and not small-holder production. Moreover, the recently introduced training and visit agricultural extension system is too expensive. Improved implements, cropping sequences, and husbandry techniques to relieve labour constraints, should be accorded high priority.

7. Administrative Price Setting and Food Security - The current price system for cereals need to be modified. Minimum prices should be set at a level sufficient to cover the costs of production of the typical farmer in the primary production areas. This would permit the market price to reflect available market supplies and effective demand. The gazetted minimum prices will only come into effect during the high production years. An equilibrium price should then be determined. The Government can then enter the market to build food security stock, buying when prices fall below the minimum equilibrium price and selling when prices are higher, thus maintaining price stability. Any quantities exceeding the security stocks can be moved into the export market, and buying from the international market can be effected when stocks are low and production possibilities dim. To

ensure that consumers have access to food supplies, direct assistance to those with little purchasing power - as in the case of famine relief - can be made rather than gazetting farmer and retail prices below the equilibrium level. This would permit the farmers to get the market prices thereby motivating them to either increase or maintain food production. The cost of this food security programme will depend upon; the cost of initial stocks; the cost of leasing storage; the relative prices at which market interventions take place and the quantities involved in the interventions; and finally the relative export and import prices and the quantities imported and exported.

Discussion:

Dr. Mwangi: One of the main issues in discussing agriculture and rural-urban balance is the relationship between the growth of population and the availability of land for farming. While the country possesses much land, little of it is suitable for agriculture. More relevant is the amount of land - either rainfed or irrigated - that can be cultivated. One factor affecting out-migration from rural areas is the capacity of agriculture to absorb the growing rural labour force. While the availability of land is one consideration, another is the issue of cropping patterns.

Dr. Short: Increased agricultural production depends on effective demand. While the growth of population may increase demand, this may be offset by institutional bottlenecks, particularly where parastatals are involved as intermediaries between producers and consumers. The key is to ensure that effective demand is stranslated into farm gate prices. Fertilisers, for example, are subject to import quotas and price controls, which have hampered distribution to farmers. The Government should pursue efforts to deregulate agriculture wherever possible.

Prof. Rempel: An exhaustive survey of the literature on supply and demand constraints to agricultural production was recently carried out The results indicate that for peasant farmers, the chief constraint is clearly on the demand side. Government price controls in agriculture are frequently used as a means of keeping down the cost of feeding the unemployed, and extracting forced savings from rural areas.

Dr. Oucho: The level of farm incomes affects the distribution of population among rural and urban areas. Income levels can be raised by research on higher yielding crops, but too often farmers fail to adopt innovations. Attention should be paid to disseminating information to farmers, investigating why farmers do not use new techniques, and their capacity to pay for inputs.

Mr. Fine: The impressive record of economic development in South Korea was primarily achieved on the basis of policies that stressed agricultural production among small farmers, terms of trade favorable to rural areas, and high levels of investment in rural areas. A smilar approach has been adopted with success in Malaysia and Thailand. Why is it though, that agriculture-led growth has not taken off in Kenya, and that policy makers are not applying the lessons provided by these other countries?

Mr. Greene: What role is envisaged for the informal sector in the marketing and distribution of agricultural products? New legislation requiring farmers to sell certain kinds of produce to parastatals would effectively eliminate the informal sector. USAID and other donors have recently been involved in the issue of fertiliser supplies. The huge miscalculations often made by the government and parastatals would be less likely to occur if responsibility were transferred to the private sector, since private businesses cannot afford such mistakes and would spread their risks much wider.

Dr. Sharma: An analysis has recently been carried out on the inter-dependence between agriculture and other sectors of the economy using data from input-output tables for 1967, 1971, and 1976. This shows that non-agricultural sectors are becoming less dependent on agriculture, although agriculture is becoming more dependent on manufacturing and other sectors over time. Increased productivity and output in agriculture hinges on the more widespread use of a whole range of inputs, which in turn depends on adequate supplies of these inputs from other sectors of the economy.

Dr. Kiggundu: Farmers are often unable or unwilling to pay for the inputs needed to increase productivity and output. Most small farmers do not look on farming as a business, but only as a means to feed their families. If this is the case, then maybe the government should supply higher-yielding seed varieties to farmers free of charge.

Dr. Mwangi: The question was asked why Kenyan policy makers have not applied the lessons from South Korea and elsewhere. But how many advisors are there in Kenya from south-east Asia? Maybe our policy-makers are listening to the wrong advisors?

Mr. Alela: A critical issue affecting the future level of agricultural production is the Ministry of Agriculture's views on the pattern of agricultural land ownership. As long as family holdings are constantly reduced in size, subsistence farming will only become more widespread, and there will be less surplus to market.

Mr. Cohen: Two comments. First, despite what was said earlier, Kenya's Fourth Development Plan (for the period 1979-83) was essentially pro small farmer, and based largely on the Taiwanese experience. Second, although Kenya has been widely researched, there are two areas where we lack good information: patterns of landlessness among farm workers, and sources of income among farming families, for example from agriculture or transfers from urban relatives.

Mr. Kesa: The growth of population certainly presents a major problem. Population is going to double over the next twenty years, yet there is little prospect of increasing the 20% of the country's land that is arable. Irrigation offers some prospects for increasing arable land, but not much. There is more scope for increasing employment opportunities in agriculture in other ways. Currently, debates are going on over cropping patterns, and the trade-offs between different commodities, such as sugar, milk, coffee, tea, and maize, which offer substantially different prospects for increasing income and employment. These issues are also related to the Government's goal of food security.

Session II:

NON-FARM ACTIVITIES

by

K.O. Atieno and D.J.O. Mwasaga

Mr. Atieno: The manufacturing and trade sectors are large employers and account for a substantial share of capital investment. From the mid 1960s on, the Government pursued policies for industrialization based on import substitution, joint ventures involving both public and private sectors, and a panoply of incentives. Until the mid 1970s, import substitution was largely successful, and led to the creation of many new jobs. Trade policies, meanwhile, have been chiefly concerned with Kenyanization.

By 1979, manufacturing accounted for 138,000 jobs, and the trade sector for another 68,000. Over the next four years, however, employment growth was slow, some 4.0% in trade, but only 1.8% in manufacturing. Although these two sectors combined account for some 20% of wage employment, they represent only a small fraction of the total working age population.

In support of industrialization, the Government has launched a number of major credit programmes, including: those of the Industrial and Commercial Development Corporation (ICDC) to assist potential entrepreneurs; the Industrial Development Bank (IDB) for larger establishments; and the Development Finance Corporation of Kenya (DFCK), which spawns the Kenya Industrial Estates (KIE) programme. In addition, the Government has used tariff and trade policies to protect domestic manufacturers against foreign competition, and has controlled the entry of new firms to protect existing establishments.

These policies have had their problems and their successes. Chief among the problems have been limited domestic demand, easily saturated local markets, and a lack of competitiveness in export markets. Industries also tend to consume large amounts of foreign exchange for intermediate inputs, and the public-private joint ventures have also had their share of difficulties. On the success side, manufacturing employment grew rapidly until the mid 1970s, and government policies aimed at locating new plants in smaller towns has stimulated local employment, as for example the paper mills in Webuye.

Several major constraints currently hold back further expansion of trade and industry. First, entrepreneurial and managerial skills are in short supply, and attempts to develop these skills, for example through Kenyanization, have had limited success, witness the experience of Biashara Street in Nairobi. Second, there is a lack of suitable infrastructure for industry outside the major towns, especially in smaller rural towns. This suggests that infrastructure investments should precede industry to encourage new activities, as was the case earlier on with the railways. Third, the import-export trade and domestic distribution of goods is controlled by a handful of large enterprises, which inhibits new entrants, and manufacturers are not allowed to distribute their own goods. If small-scale commercial enterprises are to flourish, steps must be taken to liberalise current restrictions on trade and distribution. Fourth, technology is largely imported, even for simple machines, yet there is considerable potential for local manufacturing of intermediate inputs and small-scale capital equipment. Finally, the small size of the domestic market makes many projects, for example fertiliser and pesticide plants, economically unfeasible.

Mr. Mwasaga: An additional problem has been the government's ambivalent attitude to the informal sector. Programmes to support small businesses, like the Small Loans Board, have suffered from inadequate funding. At the same time, such programmes have had serious difficulties in recovering loans from borrowers.

Discussion.

Mr. Mungai: Local manufacturers face problems in export markets. The history of the East African Common Market indicates the risks involved, and the need for caution. Policies are required to help exporters, and to exploit regional markets, for example, Sudan, Somalia, Uganda and Tanzania.

Mr. Kesa: Current regulations governing public credit programmes also represent a constraint for potential new businesses. Few local businessmen can meet the requirement of raising 25% of capital costs before the KIE will join in.

Mr. Greene: High tariff barriers to promote import substitution are inconsistent with other incentives to promote exports. The result is one distortion piled on top of another. Overvalued exchange rates introduce further contradictions. Import substitution aims at replacing consumer goods and low level intermediate goods, yet imports of capital goods are subsidized by the cheap cost of capital. This in turn contributes to the high cost of creating jobs in the modern sector.

On a related front, what are the government's policies for industrial location and spatial development? Explicit policies for decentralization are often undermined by stronger counter-vailing incentives that favour the centre, which are implicit, although unintended, in sectoral policies.

Mr. Mwangi: If non-farm enterprises are to benefit from rising incomes in agriculture, the question arises as to where the effective demand will be. Profits from the coffee boom in the late 1970s eventually wound up with financial institutions and investments in urban property development at the centre. Cooperatives can play an important role in countering this trend.

Mr. Maleche: The rapid growth of population points to the need for optimum utilization of resources to sustain this growth. This requires a comprehensive assessment of the country's resources, and an analysis of agriculture's capacity to absorb more labour. Industrial policies need to take into account.the availability of resources, and should address themselves to agriculture as the mainstay of the national economy.

Mr. Mwangi: The soft options for import substitution are over. Kenya's industrial and manufacturing firms will have to undergo a structural change if they are to compete in export markets, since past policies have resulted in high-cost methods of production. Many of these are parastatals financed with public funds, which will have a hard time surviving in the future, particularly since the government is committed to a policy of disinvestment. Is the government prepared to accept the consequences of closures and the loss of jobs?

Dr. Kinyanjui: How does the Ministry of Commerce and Industry view the role of emerging financial institutions, credit and savings cooperatives, and such like, in channelling financial resources into manufacturing and rural industrialization?

Mr. Atieno: The revival of the East African Common Market through the PTA opens up new opportunities for exports. The structure of tariffs for both imports and exports is being gradually realigned to reduce protection, eliminate high-cost producers, and to increase competitiveness of domestic producers in export markets. Nevertheless, transfer pricing through inflated invoices remains a major problem and a drain on foreign reserves.

The Government will no longer enter into joint ventures, except in certain strategic industries. Non-farm rural manufacturing activities are to be assisted through the industrial extension unit of the Ministry of Commerce and Industry, while the DFCK will continue to help small-scale businesses. During the 1984-88 Plan period, increasing attention is being paid to resource-based industries, processing farm outputs and forestry products.

Mr. Mwasaga: The requirement that entrepreneurs contribute a minimum 25% of capital is needed to tie the owner to the business. As far as the informal sector is concerned, the government finds that lending to small operators is highly risky, since all too often borrowers move elsewhere, and are hard to track down to recover loans.

Session III:

URBANIZATION STRATEGIES:
DISTRICT PLANNING IN RURAL DEVELOPMENT

by

The Regional Planning Section, Physical Planning Department,
Ministry of Works, Housing, and Physical Planning

Introduction

Physical Planning has a major role to play in rural development when due account is taken of the fact over 80% of the population live and derive their livelihood from the rural areas. Since Kenya attained independence, and over the years, rural development has always been emphasised and the country's desire to alleviate poverty and to improve the living standards of the majority of the people stressed. In effect, the underlying philosophy on rural planning and development was promulgated in the first KANU Manifesto which amongst other things set a major priority on rural development as a vehicle for ensuring "a just and fair distribution of national wealth between different areas and individuals in the country". Although not explicitly stated, there was a clear national awareness of the prevailing development imbalances and disparities among different regions of the country which no doubt required deliberate planning action in order to redress the situation. The same goal was echoed and clearly manifested by the Sessional Paper No. 10 of 1965 on "African Socialism and its Application to Planning in Kenya" which underscored the Government commitment to overall development of the nation through a comprehensive and integrated approach to planning at the national, regional, and local levels.

It was against this background that the Physical Planning Department based its original approach to regional planning after receiving a mandate through a Cabinet Directive of 1967 to participate in rural development planning. Prior to this, departmental attention was focused on preparation of landuse plans for individual towns merely as an instrument for smooth administration of urban land. As a result, little or no consideration could be given to the role and function of existing centres as a means of forgoing over-all rural development through establishment of a suitable network at different levels within the region. As a consequence, services were provided on an ad hoc, scattered, unco-ordinated and sporadic manner, and the needs of the rural population could not be met adequately.

It was therefore at this stage when the Department initiated(in 1966)a comprehensive programme on resource evaluation and analysis, which led to the preparation of Physical Regional Development studies for all the provinces in the country. The focus of these studies was to gain a comprehensive picture of potential resources; constraints and opportunities for exploitation; available infrastructure and its distribution in relation to the population; and the general level of the regional economic development.

What emerged from these studies was apparent recognition of regional development disparities which give strong support for the need to evolve an integrated spatial framework for rural and urban development in the country. Parallel with the departmental efforts on rural planning was the Special Rural Development Programme (SRDP), which the Government had initiated as a result of the Kericho Conference of 1966. The aim of this programme was to implement 14 pilot schemes throughout the Country to test the practicability of "grassroots" planning and implementation in Kenya. This was based on a carefully selected number of districts with varied economic and ecological characteristics representative of the country. Thus, the schemes marked a major departure from the conventional approach to economic planning and were therefore similar to the Department of Physical Planning's regional studies which rendered more weight during later phases of the planning process in the country.

In effect, when the SRDP programme ended in 1973, the Physical Planning Department had already completed preparation of the regional studies and formulated a service and growth centre strategy, based on the designation of a hierarchical schedule of centres for the location and concentration of essential economic, social, and physical infrastructure to serve the needs of the regions.

The First National Development Plan 1966-70, made no explicit mention of a spatial physical planning strategy. Nevertheless recognition was made to the existing regional development disparities and hence the need to reverse the situation. The Government officially adopted the policy of service and growth centres during the second development Plan. The Second National Development Plan 1970-74 was the first document where the service and growth centre strategy was formulated, and therefore marked the official launching of a national spatial strategy. It was during this period that physical planning approaches to rural and regional planning received serious official attention. The third National Development Plan (1974-78) reflected this strategy and coincided with the preparation of the first District Development Plans, which incorporated and registered the physical planning input, thereby marking the initial and direct involvement of the Department in district planning and implementation at the district level. At the end of this period, the Department had produced and published a major policy document, "Human Settlements in Kenya", which provided a long-term overall spatial perspective of the development pattern of human settlements in the country.

The fourth and fifth National Development Plans (1979-83, 1984-88) contained well refined service and growth centre strategies, where the hierarchy of urban settlements at the lowest levels - i.e. market and local centres - were seen not only as capable to influence the services needed by therrural population, but also as playing a critical role as a lever for promoting rural development and holding the population in rural areas.

THE ROLE OF PHYSICAL PLANNING IN RURAL DEVELOPMENT

The Department had for long recognised the need for balanced development, which could achieve a more spatially equitable pattern of development in the country, while at the same time attempting to promote and to enhance a rural-urban balance of development; a complex problem which had been inherited from the colonial era.

In this respect, the Department has evolved urbanization and regional development strategies, which gives Kenya a unique orientation to development planning and implementation.

The urbanization policy recognises the establishment and development of a hierarchical schedule of central places for the location and concentration of essential services, amenities, infrastructure, and investments of varied kinds for the development needs of the inhabitants of the centres themselves and the population in the interlands. The main levels of urban settlements adopted by the Department are the urban, rural, market, and local centres in descending order of significance, distributed and located to serve a specified range of hinterland population. This policy is aimed at reducing the primacy of Nairobi and Mombasa, and therefore encourages development of principal towns such as Kisumu, Nakuru, Thika, Eldoret, Nyeri, Kakamega, Embu, amongst others, as alternative growth centres. In addition, Kisumu is specifically identified to assume the status and function of a major regional city for the whole of Western Kenya. Thus, through this policy, the Government has been making deliberate efforts in promoting these centres in order to play an effective role in national development.

Besides the broad policy statement, the Department has prepared detailed land-use plans which guide the internal organization of urban activities within these centres. So far, over 850 detailed long-term and short-term development plans and about 6,000 part development plans have been prepared for various service and growth centres in the country. Along with these, 207 settlement scheme plans and over 333 settlement scheme township plans have been finalised. Indeed, these plans are well articulated within the national spatial framework for promoting rural-regional development of the country.

Parallel to the urbanization policy, is the Department's regional strategy aimed at guiding the human settlements pattern in the country. The strategy emerged as a result of the physical regional studies which culminated with the formulation of the National Human Settlement strategy for rural and urban development in 1978. This strategy recognises the symbiotic relationship between the urban and rural areas, where towns are seen as essential nodes of trade and commerce, and convenient locations of services required by the rural population, and where the surrounding rural hinterlands serve as sources of labour and raw materials for urban based industries. In this connection, the Department has in effect provided the Government with a tool for the rational provision of infrastructure and services, bearing in mind the scarcity of resources and the need to optimise the benefits for the majority of the people, especially those living in the rural areas. This concept of central places tallies with that of "grassroots" planning whose focus is on planning, programming and implementation of development from the lower micro-levels. In essence, this is what can be referred to now as the District Focus Strategy for Rural Development, and hence the rule of the Department in this regard is to complement other planners in their efforts to realise rural development policies.

A major contribution of the Physical Planning Department to rural development has been the decentralization of both its structure and functions of the Department have been expanded and transformed. While initially the Department was composed solely of the Town Planning Advisor and a team of town planners, the Department was later constituted and expanded to include the Director as the Chief Advisor to the Government on all matters concerning national policy on Physical Planning, and an expanded structure of different sections - dealing with Regional Planning, Research, Forward Planning and Development Control - which addressed themselves to a wide and intricate spectrum of physical development problems in the country. At the same time, both training and establishment of Provincial and District Planning offices marks the final phase towards effective realisation of the desired goals of attaining and enhancing a well organized system of human settlements in the country.

While the Department has been able to evolve and formulate the above policies and strategies, there are a number of short-comings which have inhibited the full realisation of and positive impact on accelerated rural development. One of the main bottlenecks lies with the existing institutional framework, where as a tradition, planning and implementation is carried out on a sectoral basis without a common platform upon which development is seen from a comprehensive and integrated perspective. This problem is more apparent in the rural areas, where a number of projects - such as those initiated on a self-help basis- are not articulated within a common rural development framework. Examples include numerous rural schools, health institutions, churches, and other vital community projects.

Another problem impeding effective implementation of regional development strategies arises out of a lack of comprehensive legislation which would empower control of development both within the urban and rural areas. This is crucial especially for environmental protection of the rural areas. In this connection, the Department has little or no say whatsoever about what normally goes on in the rural areas.

In addition, the lack of up-to-date data about the regions has seriously affected the Department's ability to make an effective contribution of regional planning. This is true especially when we compare the ready availability of data on urban areas with the scarcity of data on rural areas. The Department's experience in the field has clearly shown that even vital statistics on employment, migration, and rural incomes, are not available from the relevant district personnel. Finally, the Department has not been able to come up with comprehensive regional plans, especially at the district level, which relevant agencies could use as a guide to enable them to make appropriate decisions when setting various projects in the rural areas.

PHYSICAL PLANNING AND DISTRICT FOCUS STRATEGY FOR RURAL DEVELOPMENT

With the advent of the Government Policy on District Focus for Rural Development, the Department has focused its attention on evolving an integrated approach for the preparation of comprehensive physical development plans which are aimed at:

(a) providing an integrated social, economic, and physical planning framework for appropriate spatial development of the district.

(b) providing a reference base for sectoral Ministries, departments, and other development implementing agencies when setting development projects at the district level.

(c) providing a planning framework which would enable physical planners especially at the district level to contribute more effectively in the planning and implementation of the District Focus Strategy.

The exercise which currently covers Kiambu District is intended, first and foremost, to enable the Department to evolve a conceptual model for integrated district physical planning which would then be replicated among the rest of the districts, and secondly to come up with a comprehensive physical district plan for Kiambu itself.

At this level of planning the Department will produce:

1) A district development plan indicating the general pattern of physical development based on different and broad landuses.

2) Detailed plans of landuses for selected areas, such as the Nairobi-Thika urban corridor, which depict the influence, trends, and problems of city growth in the area; a conservation plan for areas undergoing intensive degradation of the environment, potential resource zones, and future action programme areas which may require preparation of detailed physical layouts, such as full farm plans indicating cropping patterns and alternative combinations of agricultural activities in order to achieve certain target incomes for the rural population.

In this way, the Department feels that the district physical developments would greatly enhance the planning and implementation processes at the district level. Indeed, regional district plans should assume a parallel and complementary hierarchical order like the urban plans, where the district plan should correspond with the urban, the divisional with the rural, the local with the market, and the sub-locational regional plan with the local and sub-local centres. It is in this context, that a closer functional inter-linkage and balance between the urban and rural development can be achieved.

If that were the case, then the planner would be able to evaluate requirements more accurately and rationally, and to identify a package of development infrastructure that should be provided in each level and centre in order to serve and promote development within the immediate rural surroundings. A present, the Department's urban plans tend, for example, to set aside land for industry without specifying the kind of industry which should relate to available local resources in the rural setting, or make generous provision for commercial purposes which cannot be sustained by the size or purchasing power of the surrounding rural population. This leads to misallocation and waste of resources by a majority of individual private developers in the rural areas.

It is therefore against this background that physical development plans at the local level would facilitate a clear assessment of potential, and establish a definite need for the location of invest-ment projects at the district level.

Discussion.

Mr. Evans: The human settlement strategy evolved by the Department of Physical Planning postulates a desired end state for the national urban system. Leaving aside for the moment the question of whether the end state envisaged is in fact appropriate or not, any such strategy depends on effective instruments for implementation, particularly the allocation of resources for infrastructure. What have been the chief instruments used, and how effective have they been in channelling resources to the desired locations?

Mr. Sharma: The strategy of promoting the growth of smaller towns and rural centres has been advocated for some time, but what has been the experience in implementing the strategy, and to what extent have its objectives been achieved?

Mr. Oucho: Earlier speakers reported that the three largest towns in the country - Nairobi, Mombasa, and Kisumu - have been growing more slowly than other urban centres. This may be misleading since problems of measurement arise from changes in boundaries, which sometimes resulted in rural population being included within the urban jurisdiction.

Mr. Lewis: What has been the role of physical planning in stimulating economic activity, and bringing about changes in the input-output coefficients between agriculture and urban-based production? How is physical planning helping to facilitate the inevitable transition from a rural to a more urban economy?

Mr. Alila: At what stage does physical planning get involved in the development of new urban centres? How are competing claims from potential new trading centres resolved; and how is the location of new market centres determined?

Mr. Maleche: How are patterns of rural-urban migration taken into account in the planning and development of urban centres? And conversely, how has the growth of urban centres affected the growth of surrounding rural areas?

Mr. Mr. Omwando: The largest cities have been growing more slowly than secondary towns. Is this attributable to deliberate settlement strategies, or is it the spontaneous result of development?

Mr. Kinyua: The Physical Planning Department is purely an advisory unit of the government. It is not an executive agency, and is not involved in implementation. It attempts to coordinate the activities of other agencies involved in implementation, especially the local authorities, through the preparation of town plans. It works in collaboration with the principal ministries involved, such as Water Development, Transport and Communications, and especially the Commissioner of Lands.

Mr. Alila: Concerning the desired end state of the urban system and the instruments for achieving those ends, the Government of Kenya has strong sectoral agencies, for example the Ministry of Agriculture, and the Commissioner of Lands, which administers all land in the country. The role of the Department of Physical Planning is to undertake forward planning, and advise the Commissioner on future needs for land in the country, and to guide the acquisition and allocation of land. Sectoral agencies, such as the Ministries of Agriculture, Transport and Communication, implement their programs according to land use plans.

An additional function is to prepare a regional development strategy for the whole country. The Department of Physical Planning has no legal powers to enforce these plans, but instead depends on goodwill, cooperation, and collaboration with other ministries, and relies chiefly on land use plans. For example, the Department has worked with the Ministry of Commerce and Industry in identifying available land suitable for industry, and the ministry uses this information in negotiations with prospective investors.

To summarise, four key instruments are used in implementing physical development plans. The Government Lands Act (Cap. 280) requires land owners to seek permission from the Commissioner of Lands for proposed developments. The Land Control Act (Cap. 302) requires would-be buyers and sellers to seek approval before any land transaction takes place. The Town Planning Act (Cap. 134) empowers the Physical Planning Department to prepare land use plans for towns and urban areas. The

Local Government Act empowers local authorities to adopt by-laws for controlling urban development. Nevertheless, no Act exists that requires physical plans to be enforced, with the result that proposed strategies are not rigorously or consistently adhered to.

Session IV

URBAN FINANCE AND MANAGEMENT

A.M.R. Odipo and Z.P. Omwando

Local authorities (LAs) in Kenya are semi-autonomous Governmental units with legally prescribed rights and obligations. They comprise Municipal, Town, County and Urban Councils. The LAs play two major roles. First, they fulfill an important aspect of the democratic principle of the country in that they are the institutions closest to the people with elected representatives at the local level, and thus they enable the Government to be more aware and responsive to the needs and wishes of the people. Secondly, they comprise a significant aspect of the Government strategy for national economic development, given the fact that the urban centres whose management they are responsible for are the focus of industrial activity and provide the linkages for rural production and marketing. The efficiency of the management of urban centres has, therefore, a direct bearing on the achievement of national economic development objectives in agriculture, industry and services.

The rapid urban growth and the changes in the country's economic fortunes have had profound impacts on the financial and institutional responsibilities of local authorities since Independence. At the beginning of 1964, soon after Independence, the local authorities were given the responsibility for primary education, health, and urban and rural access roads, in addition to other services including markets, housing, and slaughter houses. The County Councils were provided with general grants to supplement rates and Graduated Personal Tax (GPT), while the Municipalities relied on GPT, rates, and fees and charges as their sources of revenue. The Government policy at the time was to hand over more and more responsibilities to the local authorities. But by 1969 the financial situation of many County Councils was so poor that the Government assumed the running of education, public health and roads; abolished general grants, and took over GPT from the local authorities except the seven oldest Municipalities. At the beginning of 1974 the abolition of GPT was extended to these seven municipalities and replaced with certain compensating grants. Now, however, practically all grants have been stopped.

The deterioration of the financial situation of local authorities was due in part to the rising cost of primary education, the provision of free medical services, and the increase in teachers' salaries. Their financial situation continued to worsen notably after the withdrawal of GPT and has been further exacerbated during recent years when the country's economy has been affected by adverse international economic trends. The Councils which were financially sound in the early 1970s now register at best marginal performance, if not outright deficit in their budgets. Along with this situation has been the additional demands on services of all types provided by the urban authorities. It has been easy to cite deficiencies in the services provided by the local authorities and their increasing dependence on the Central Government, but not so with regard to implementation of positive reforms to improve the situation even in areas where sound proposals have been officially documented.

In past and the present National Development Plans, and other Government policy documents, the important roles of local authorities in achieving national development objectives have been repeatedly highlighted. These include the need to strengthen the local authorities in their planning and financial management, and the need for the urban centres to play a greater role in rural development and to further the goal of regional balance in national development. In order to achieve this, urban centres should integrate their activities with those related to the objectives of rural development, and should function as integral parts of their geographical areas rather than as independent entities.

The current National Development Plan 1984-88 specifically directs that in order to achieve proper co-ordination between the work of the District Development Committees (DDCs) and the work already being undertaken by local authorities, and to ensure that local authorities' budgeting programmes fall within the Five Year Development Plans, comprehensive studies of the institution of local government will be undertaken by the Ministry of Local Government.

Such studies will concentrate on issues such as local government finances, emphasising measures to increase the elasticity of local authority revenues, improvements in revenue collection procedures, and methods of measuring the productivity of and demand for local authority services. The Plan also stipulates that to safeguard the future of local authorities, the Government will clearly define the functions to be undertaken by each category of local authorities, and provide them with reliable sources of income to enable the Councils to discharge those responsibilities and play an effective role in the economic and social development of their communities.

In the past, sound proposals have apparently not been fully effected, and this is demonstrated by the apparent worsening of the situation in the performance of local authorities. In response to this situation, the Ministry of Local Government has been complying with and implementing, as far as possible, the activities programmed in the National Development Plan 1984-88. The first step the Ministry took was to establish the Local Authority Development Programme (LADP) to ensure that the local authorities development plans were integrated into the 1984-88 National Plan. The process has now developed into a fundamental exercise in the Ministry's efforts to strengthen the institution of Local Government. The LADP process is essentially a five-year investment plan which comprises the Council's development strategy during the plan period. It enables the local authorities to assume greater responsibility for development planning and implementation; describes the physical, social and economic conditions of the area; basic needs of the residents; the development objectives of the district in general and the local authority in particular; and the proposed projects that would best meet its needs and objectives. In the selection of projects, which are presented in order of priority, a careful assessment is made of the impact on the local authority's financial condition, and, in the case of income-generating projects, the financial rate of return. In addition, the immediate and long-term recurrent expenditure implications are to be highlighted. The process also indicates whether or not the Council is able to manage and finance the projects.

To carry out the entire LADP process, the Ministry was designed manuals to give step-by-step guidance to the local authorities on how to prepare an LADP report, how to carry out feasibility studies on selected projects, and how to implement and manage the projects successfully. The feasibility study report is to include the staffing skills required in the local authority.

Discussion.

Mr. Atieno: Urban authorities have an important role to play, but can they effectively carry out their mounting responsibilities without corresponding financial support? Effective development throughout the nation depends to a very great extent on urban centres since they are the focus of industrial activity and provide the rural-urban linkages in production and marketing. The financial position of most local authorities today is clearly worse than it was a decade ago or earlier. What is the Ministry of Local Government doing to ameliorate this situation and to help them?

Mr. Odipo: The loss of revenue among local authorities is due more than any other single reason to the cancellation of the Graduated Personal Tax (GPT). Although the population of local authorities has grown steadily, there has not been a corresponding increase in available finances. The Ministry of Local Government has been attempting to correct the situation on two fronts: First by improving the financial management capability of local authorities to enable them to make the most use of current resources; and second by exploring alternative sources of additional revenues, including some form of replacement for the GPT, along the lines of a personal service charge.

Mr. Alila: The Department of Physical Planning has prepared land-use plans for virtually every local authority in the country to facilitate the control of urban development. How does the Ministry of Local Government ensure that these development controls are implemented and effective? Also, what factors are considered when the status of a town is raised from one level to the next?

Mr. Odipo: On the first point, the Ministry itself has no physical planners on its staff, and its involvement in the control of physical plans is minimal. However, a number of the larger local authorities do have them, and they are responsible for the process of evaluating and approving development plans. One of the problems in controlling development is an institutional one, since coordination between the local council and the Department of Physical Planning is sometimes difficult. On the second point, the elevation of the status of towns is based on a number of factors, including the size of population the financial resources of the authority, and of course political considerations.

Mr. Maleche: Local authorities are assumed to have the technical capacity to undertake the implementation of programmes and projects arising from the national plans. Yet only Nairobi has a fully fledged planning department, staffed with the necessary planners and architects. How does the Ministry view this problem in relation to District Focus? Are there any strategies to cope with this problem?

Mr. Odipo: The root of the problem lies in the lack of finances, which means local authorities are unable to recruit the necessary manpower. The Ministry has been examining the issues related to manpower, but only if the authority has sufficient resources are they able to hire the professional staff required.

Hon. Ngengi: The problem of the local authority's tax base is related to the problem of financial management. During the colonial period, council members were nominated, but now they are elected politically, and considerations of personal ability are secondary. Despite the advice of executive officers, councils tend to make decisions on a day to day basis. Furthermore, in many cases the staff of the councils are poorly qualified. Recently, the senior officers have been absorbed by the Public Service Commission, and the Department of Personnel Management participates in the appraisal of their work.

On the question of the financial weakness of local authorities, the heavy demands on the central Government mean that local authorities will continue to play a major role in the efficient management of the urban centres, both through the developmentoof local resources and by identification of innovative and cost-efficient ways of extending urban services. However, supplementary efforts, for example from sectoral Ministries, are welcome.

Mr. Omwando: Another approach that should not be overlooked, is the potential for tapping private resources. To reduce local authority costs and mobilize private resources, consideration should be given to motivating private developers through the provision of infrastructure and by encouraging joint venture investment projects with local authorities.

APPENDIX

Note: In response to the background paper prepared for the workshop by Mr. Evans, and in light of the morning's discussions, the following written comments were submitted by Mr. Kagwe, since he was unable to attend the afternoon session.

URBAN FINANCE AND MANAGEMENT: SOME ADDITIONAL COMMENTS

By

F.W. Kagwe

Infrastructure in Support of Productive Activities

I do fully concur with the view that it should be a deliberate policy of the Government and the local authorities to give priority to investments in infrastructure which support productive activities. In the urban areas, the infrastructure may include the laying of water mains, the provision of trunk roads, surface water drainage, the provision of a sewarage system and the provision of street lighting. Where these services have been provided, shopping centres, markets, industries, and housing estates are easily established. What seems to be singularly lacking is the understanding that these various services have a bearing on each other in enhancing complete development. In this Republic and especially in this City, we have been fortunate in having the World Bank to provide the capital finance for our water supplies. However, in some of the areas where water mains have been laid (North of the City) there has been no construction of trunk roads to open the areas for housing development especially by the private sector. In these areas, sub-divisions into small plots are feasible but due to lack of trunk roads water cannot be connected to the sub-plots. Consequently, the consumption of water in these areas is low and the potential of the water supply is not fully realised.

In some of the newer estates in the East of the City, the shopping centres and the markets have inadequate sewerage system, street lighting and surface water drainage. In some of these areas, markets and shopping centres have been earmarked for private development after allocation of the plots have been done by the Commissioner of Lands. However, cadastral survey work has not been carried out and this hinders allocation and subsequent development for lack of title to be charged. The Government and the local authorities do not seem to have appreciated the enormous potential for contributions which the users and the beneficiaries of the various services may be required to make for the cost of the provision of the infrastructure under the various Acts of Parliament:-

a) Charges for the supply of water - the Water Act (Cap. 372).
b) Charges to be paid by frontagers and immediate beneficiaries for the construction of trunk roads and surface water drainage - The Streets Adoption Act (Cap. 406).
c) Charges for use of sewers and drains - Section 174 of the Local Government Act (Cap. 265).
d) Charges for the sale (including sale against payment by instalments) of electric lines, fittings and appliances to private consumers - Section 181 of the Local Government Act (Cap. 265).

A large portion of the capital cost incurred in providing these long-term infrastructure services is recoverable over a period of time from the users and beneficiaries. What the local authorities are lacking is immediate short-term capital to carry out the works and then recover the same from the users and the beneficiaries over a period of time. In some instances, funds for road construction have beven been handed over by the Commissioner of Lands only to disappear with the local authorities without the roads being constructed. The Local Government Loans Authority is hardly in a financial position to lend to the large urban local authorities. Ways and means should be explored from external sources to finance these services. What the external donors have been worried about is the fact that the Government and the local authorities have been timid in raising the charges and fees when these are called for/due to inflation.

In my view, the Government should be closely supervising the local authorities and ensuring that the debts are serviced adequately and on time by making local authorities raise the charges and the fees steadily and regularly because abrupt rises are politically unacceptable to the members of the public. In my view, Harambee contributions for permanent durable local authorities facilities would in the long run be inadequate and should not be considered a viable local government resource. The Harambee contributions have no legal basis and are best for highly politicised once-and-for-all facilities.

Selection and Financing of Projects by District Development Committees & Local Authorities.

The overlapping and duplication of functions, responsibilities and obligations between the local authorities and the District Development Committees especially in the Municipalities will have to be resolved at the earliest to avoid unnecessary waste of time, conflicts and misunderstandings.

Local Authorities have been established by an Act of Parliament while the District Development Committees have been established by the Executive Branch of the Government. Urgent and far reaching amendments to various laws are called for to ensure that a harmonious relationship between the two is devised. At present, local authorities do not have a realistic local tax base. In the urban areas services which were originally meant to serve a small population are being expected to serve a very huge population. These services are deteriorating as the local authorities are not in a position to maintain repair or extend them. The public is clamouring for the amelioration of these services but the local authorities have limited legal fiscal powers of taxing the public so that they may provide these services. In this capital city 65% of the expenditure is expected to be met from rates which are paid by only 4.5% of the population of the City. The majority of the City residents neither pay income tax nor any other direct tax and they are the main beneficiaries of the general services which users cannot be called upon to pay adequately such as: a) Existing street lighting; b) Existing trunk roads; c) Ambulance Services; d) Anti-Malaria Services; e) Recreational grounds and open spaces; f) Sanitary services; g) Fire Brigade services.

I am advocating that local authorities be vested with the necessary powers so that they may be in a position to levy either a) a Poll Tax, or b) a Local Personal Service Charge or Tax, to all the residents within their jurisdiction.

The financial problems of urban local authorities became manifest with the abolition of the Graduated Personal Tax in 1973. Since that time grants from the Central Government have dwindled until now hardly any are forthcoming. The Central Government is experiencing financial problems of its own and can hardly be expected to provide any grants.

Some local authorities are experiencing such financial liquidity difficulties that they have not paid their staff for the last 8 months. The only option open to the Government is to enact enabling legislation which confers legal powers on local authorities to levy general taxes to the residents. After a local authority has replenished its general funds from the taxes, then it will be in a position to make meaningful contribution in terms of ideas and finance to the District Development Committee. At present local authority representatives to District Development Committee only attend and talk. Various Ministry representatives not only talk but state what the allocations from their parent Ministries are to be for the District Development Committee.

Without Government Guarantees, no financial institution either internal or external would consider local authorities credit-worthy. They do not have sufficient legal fiscal powers to raise and generate revenue over a period of time nor do they have the necessary fiscal autonomy. Without these, the urban authorities are heading for eventual demise. If the intention is to have them eventually absorbed by the District Development Committees, then I am of the view that this should be made clear so that an orderly transfer of power could be arranged.

SYNTHESIS

Chair: Professor T.C.I. Ryan

Chair: This workshop was designed to be an opportunity for brain-storming on issues of Rural-Urban balance. In this concluding session, we need to summarise the principal issues and to synthesize the preceding discussions.

Mr. Evans: The speakers have tended to concentrate on issues from a sectoral point of view. We need to consider strands which cross sectoral boundaries in order to understand better the spatial dimensions of the issues raised, and the implications for rural-urban balance.

Agriculture and rural/urban migration. Clearly agriculture is the cornerstone of the Kenyan economy, and any national strategy for economic development must aim to raise agricultural productivity and rural incomes. Raising agricultural productivity requires a greater use of a wide range of non-farm inputs, and this has direct implications for the urban sector. Secondary towns and smaller urban centres have a crucial role to play in the provision of supplies and facilities for agriculture, and in the collection, marketing and processing of farm outputs. But what are the key linkages between agriculture and other sectors of the economy, between urban and rural areas, that need to be stressed in future policies?

Structural adjustment and non-farm activities. It has been pointed out that Kenyan industry is undergoing a structural adjustment, in which the former emphasis on import-substitution behind protective tariff barriers is being replaced by a greater concern with more efficient domestic production, capable of competing effectively with foreign producers. Equally important for the manufacturing sector are the twin challenges of meeting the demand from agriculture, and of creating sufficient employment opportunities to absorb surplus rural labour productively. The brunt of the burden will fall on small-scale businesses and the informal sector. Current government programmes reach only a small fraction of the total number of small enterprises involved. How can the government support these activities in the most cost-effective way?

Urbanization and physical infrastructure. Previously, government strategies for urban development have attempted to promote a predetermined pattern of growth. Is this appropriate, or should resources be allocated to support urban growth where it is already occurring? Either way, what forms of infrastructure should be given priority, and how does the government channel sectoral resources - for water, energy, roads, and so forth - in the desired direction, given that so many different factors are involved?

Financing and managing urban development. If towns and urban areas are to fulfill their role effectively in supporting agriculture and new productive activities, and accommodating their growing populations, they must be efficiently managed and have adequate resources to provide the services and facilities required. Yet, most local authorities today are handicapped by inadequate financial resources and many are poorly managed. How can this situation be ameliorated, and what approaches should the government adopt, given the limited resources at its disposal?

Prof. Rondinelli: We need to trace through national policy changes and their spatial implications. A shift from imports to exports for instance will mean a significantly different set of investment decisions, but we need to think through what these are.

Dr. Alila: On the question of limited resources, exactly how limited are these resources? What does this mean once they are disaggregated in sectoral terms, or allocated between urban and rural areas? The resource base needs to be considered vis-a-vis the desired spatial settlement pattern. Where should growth be encouraged or discouraged? Development should start from the resources available.

Prof. Jones: There is a close relationship between urban and rural areas, between agriculture and other sectors of the economy. The key to development is increased productivity. The country should concentrate resources where the country can do best. As was pointed out by Mr. Sharma, there is a symbiosis between the rural and urban sectors in terms of inputs from one sector to the other. As the economy grows and develops, the linkages between agriculture and other sectors expand and multiply. For the economy to grow, urban centres must keep pace to support development. Yet in 1979 there were only 16 towns with 20,000 people or more in a country with 15 million. If the targets of increased agricultural productivity and economic growth are to be achieved, the pace of urbanization must be accelerated.

Between 1962 and 1969 the population increased by 2.5 million, and net rural to urban population was only 155,000. This compares with a population increase of 5 million over the period 1969-1979 and migration of 670,000 from rural to urban areas. This suggests that urban centres are not being built fast enough to support a dynamic economy. The urban base is simply inadequate to support a widespread increase in agricultural productivity.

Mr. Fine: There are three significant omissions in the discussion today. First, there was no mention of telecommunications which are important determinants of industrial location. Innovations in telecommunications have implications for employers of labour and the role of the post office. Second, little reference has been made of the decentralization of Government activities. Must all Ministry headquarters be located in Nairobi? There are examples of other countries where the headquarters are not all to be found in the capital city. What are the costs and benefits associated with different kinds of organization? Third, we have not heard much about institutional reform and institutional innovation. This is particularly relevant in relation to local government lending authority, and the growing reliance on non-governmental organizations including cooperatives.

There is scope here for thinking creatively. Those who complain that politicians distort rational plans should think of ways to relieve them of burdens from pressure groups, or alternatively to stimulate pressure groups to articulate their interests. Those desiring protective tariffs, for example, should bear the onus of justifying them. Appropriate criteria need to be established, and the ground rules need to be set.

Dr. Sharma: Many of the comments made earlier point to a conclusion reached by others that the concentration of population in medium and small towns is necessary to facilitate development, and this should be emphasised.

Mr. Maleche: The omissions mentioned earlier need to be addressed. Both sectoral and spatial dimensions of development planning need to be considered: whereas sectoral dimensions are often more prominent and important for implementation, the spatial dimensions make it possible to integrate sectoral activities. Urbanization policy requires an integrative strategy, which is missing at present. Current urbanization policy dates back to the 1960's and the Sessional Paper No. 10 of 1965. While there have been efforts by the Government to evaluate the urbanization strategy, no reference has been made to its effectiveness. The strategy appeared sound given resource limitations, but more urban development skills are necessary. Besides Nairobi and Mombasa, it has been proposed that a third growth centre be developed in Kisumu, as part of a strategy at the regional level to promote an urban settlement hierarchy.

Six years ago, a World Bank team under Mr. Harry Richardson reviewed Kenya's Settlement Strategy. The team concluded that the strategy was sound but implementation has not been effected due to limitations of manpower resources, finances and institutional constraints. Besides urbanization there should be supporting sectoral activities. How do we overcome these problems of institutional and sectoral coordination, and effective approaches to integrated planning? The issues of implementation and institutional reform need to be addressed.

Hon Muigai: Policies exist but implementation has been a bottleneck. There is no lack of knowledge of what needs to be done: resources are limited and have to be allocated to the most productive activities and locations; basic needs are desirable, but can only be financed with resources generated by productive activities. This is largely a question of political will. For instance, the discussion paper suggests that investments in infrastructure should follow growth not lead it. This might be rationally correct, but always there are political considerations. Experts have a duty to point out to politicians the implications of current strategies. The message to the seminar participants is: educate politicians; tell them what should have been done, and what should be done; but stress only one or two projects or actions in each sector.

Mr. Cohen: Implementation requires communication and coordination between Government departments and local people. It is necessary to raise issues among senior government officials and field agents. Seminars are a useful means for doing this. There was a substantial discussion of the food policy paper - Sessional Paper No. 4 of 1981. A workshop was held for three days at the national level, and this was later followed by a series of provincial seminars. This proved an exhilarating experience and set the groundwork for inter-Ministry cooperation. If rural-urban policy is to be better understood, there should be more communication and discussion through seminars like this one.

Mr. Green: A key question to be answered is whether the process of urbanization in Kenya should be accelerated or slowed down. The usual response is that it should be slowed down, although the evidence presented today suggests it should be speeded up. But urbanization should be accelerated only if it can be coupled with equitable development. The most effective way of speeding the process is likely to be through spurring the expansion of larger towns or selected growth poles, rather than smaller urban centres which lack the necessary critical mass to attract new development.

Chair: Unfortunately, we are running out of time, and must draw this session to a close. Please bear in mind, however, that this is not the end of the discussion, but rather we hope the beginning of a debate to be carried on in our Ministries, departments of the university, and elsewhere. Today's seminar has been a productive start, but we hope you will send at any time further comments, proposals and ideas, to us at the Ministry of Finance and Planning. Thank you.

PROGRAMME

8.30 am	WELCOME Dr. Kinyanjui, Institute for Development Studies
	INTRODUCTION Professor T.C.I. Ryan
9.00 am	Session I: AGRICULTURE AND RURAL INCOMES Mr. J.N. Kesa and Dr. K.W. Gitu
10.00 am	Session II: NON-FARM ACTIVITIES Mr. K.O. Atieno and Mr. D.J.O. Mwasaga
11.00 am	Coffee Break
11.30 am	Session III: URBANIZATION STRATEGIES Mr. J.E.N. Alela and Mr. P. Kinyua
12.30 pm	Lunch at the Boulevard Hotel
1.45 pm	Session IV: URBAN FINANCE AND MANAGEMENT Mr. A.M.R. Odipo and Mr. Z.P. Omwando
2.45 pm	Tea Break
3.15 pm	Session V: SYNTHESIS Chair: Professor T.C.I. Ryan
5.00 pm	Close of Workshop

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