Kenya: caught between debt and political indifference

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A report from the recent strategy and network-building meeting of Kenya's anti-debt movement

I reached Kenya on my way back from South Africa on April 13, 2019. This visit was a follow up of the earlier initiatives including a training on debt audit held at Nairobi, Kenya from July 29-30, 2018 [1] [2] in collaboration with the Kenyan Social Movements for the Abolition of Illegitimate Debts [3]. The idea was to reinforce the initiatives taken in the previous years and advance the campaign against illegitimate debt in the country.

According to a Oxfam report [4], ;*"extreme inequality is out of control in Kenya. Despite an impressive economic growth since 2005, poverty still affects millions of people's lives. A minority of wealthy individuals and investors are creaming off the yields of the country's economic performance. The rich are capturing the lion's share of the benefits, while millions of people at the bottom are being left behind. If inequality remained at the same level for the following five years, 2.9 million more people could be living in extreme poverty."*

Kenyan Debt

Likewise, Kenya's borrowing spree has increased the accumulation of new debts with signs that the country's capacity to repay the loans could be impaired, eventually leading to debt crisis. The total national debt exceeds over Kenyan shillings (KSh) 5 trillion ($50 billion), i.e. 60% of the GDP, and the country has already breached key debt service to revenue ratios. Data released by economists at the Kenya's Institute of Economic Affairs shows that in 2017, 2018 and 2019, Kenya's debt service to revenue ratio stood at 35.8 per cent, 30.5 per cent and 33.4 per cent respectively against the threshold of 30 per cent. [5]

The latest worry results from the aggressive Chinese loans like many other parts of African continent. Recently, a leaked copy of the contract between Kenya and China for the construction of the Mombasa-Nairobi Standard Gauge railway mega-project revealed that the country could lose the Mombasa port to the Chinese government, if the National Railway Corporation defaults in the payment of KSh 227 billion ($ 2.27 billion) owed to Exim Bank of China [6]. China is Kenya's largest lender, accounting for 72% of all its foreign debts. The country is set to spend a staggering KSh 800 billion ($ 8 billion) in 2019 to service its debts, becoming the third indebted country behind Angola and Ethiopia [7].

Moreover, the bulk of the population is saddled with all sorts of private illegitimate debt, viz. Student loans, micro-credit, peasant debt, etc. I discussed with David Otieno of Kenya Peasants League the issue of debt crisis of the Nairobi County government. It is struggling to implement various projects and pay wages due a huge debt accumulated to statutory bodies. David has collected data and have raised the question in a number of public debates.

Peasant Agroecology Summer School

My visit coincided with the Peasant Agroecology Summer School (April 15-17) organised by the Kenya Peasants League (a member of La Via Campesina) at Mariwa Village in Migori County, around 350 kilometres from Nairobi close to Lake Victoria and the Tanzanian border. This programme was self-financed by the members of KPL and held under very modest conditions in the Kenyan countryside. It was a great occasion to discuss the relevant issues and speak, interact and discuss with the participants from different parts of the country on burning agricultural issues including debt. After a eight-hour travel, I arrived at the venue with David, Susan Owiti and their daughter Melanie, on April 14, and was warmly welcomed and hosted by the villagers. The programme started the next day.

Around 25 participants (10 women and 15 men) took part in the Summer School. Five of them had participated in our training programme last year. Oskar Epelde from the Basque country who also works with TeleSur also participated, documenting farmers struggles in Kenya and other places in Africa.

After the inaugural sessions, I provided a brief background of CADTM and explained why it was necessary to struggle against the debt. The issue was seized by the participants and they started reporting about the micro-credit loans, mostly from private lenders like Izwe, Letshengo, Tala, and Branch that is causing havoc in the Kenyan society. These agencies are charging as high as 200% per annum depending on the loans. According to reports, the freeze in commercial bank lending to individuals and small businesses coupled with demand for quick loans have boosted the unregulated micro-lenders [8]. It seems that there were some discussions in the Kenyan parliament to cap interest rates for micro lenders in a law review aimed at curbing predatory lending practices. However, nothing meaningful has taken place in the absence of any informed and organised peoples' protests. We discussed the issue and decided to collect testimonies of at least 100 victims and then plan a further course of action.

Peasant Debt

The next day, I took the floor once again, to speak about the peasant debt leading to suicides in India. David Otieno from the KPL complemented on the Kenyan situation. While the situation is not so disastrous in the country as of yet - owing to lower integration with markets – Kenyan farmers are feeling the pinch of debt. In spite of having a better harvest in the year 2018, farmers earned less than they did in 2017 as high crop production didn't translate into more money for the people who toiled. The Economic Survey 2019 attributed the decline in earnings in 2018 to lower prices for commodities compared to 2017 [9]. The country's agricultural sector, mostly rain-fed, is facing a major crisis this year due to a prolonged dry spell.

Nevertheless, this is not the end of the tragedy. The proposed Crops (Food Crops) Regulations, 2018 is a recipe for a perfect disaster. If the Bill is passed in its current form, farmers will be prohibited from using animal manure on crops, or growing crops on, or near, potentially contaminated land. Farmers will also be required to maintain records of substances used in crop production and they will also be barred from selling crops to unregistered dealers. This will do more harm than good in a country where people are dying of hunger and it struggles to increase food production in order to sustain the population. It is clear that the Kenyan state wants to prohibit peasant farming and corporatise the country's agriculture leaving millions of small farmers in peril. Agriculture is a major part of Kenya's economy, accounting for 31.5% of GDP and employing 38% of the formal workforce. The current bill amply manifests the avid and pernicious interest of large agribusiness and big capital in the country's agriculture.

IFC funded oil exploration project

In another interesting session on challenges faced by Fisher Folk and Pastoralist Communities, Isaiah Biwott from Baringo County highlighted the impacts of exploration of oil and gas by Tullow oil and Delonex on the local livelihood and environment in Turkana County bordering Ethiopia, South Sudan and Uganda. This project is financed by IFC. Tullow Oil is based in London and is active in 16 African countries. Local communities are already protesting against this project . They have also signed a petition and authorized the Justice and Corporate Accountability Project (JCAP) [10] and the International Senior Lawyers Project (ISLP) [11] to provide leadership and to file a petition with the office of Ombudsman at the International Finance Corporation (IFC) so that the companies may be compelled to respect the rights of the communities and to start a structured dialogue to address some very crucial issues.

Widows dispossessed of lands

In Kenya, when a husband or father of the family passes away, his widow and children are often unable to inherit the land and property. The first panel discussion focussed on land grabbing targeting widows with case studies from Kakamega, Migori and Baringo Counties. Until 2010, land administration was based on old laws (rooted in Indian laws) such as the Registered Land Act CAP 300 (RLA). Such laws, borrowed heavily from Kenya’s colonial administration, which empowered men in land ownership, limiting opportunities for land ownership by women. In addition, they did not make any reference to people with disabilities or provide any measures of protection for their land. They offered a certain level of protection for the interests of children, but did not ascertain clear roles regarding the power of trustees of the land belonging to them. [12] The Land Act 2012, the National Land Commission Act 2012, thereafter, the Kenya National Land Commission Act 2012 and later in 2016, the Community Land Act 2016 sought to address some of these imbalances. However, oppressive customary laws are in vogue making it very difficult for widows to retain their land after the death of their husbands. This is despite the fact that women are heavily engaged in agriculture and livestock rearing.

The third day, April 17, was utilised for field visits to different peasant farms practising traditional agriculture with success. The International Day of Peasants Struggle was observed in one of the farms with a pledge to organise the farmers and fight for their rights.

I returned to Nairobi the following day, April 18, with Isaiah Biwott accompanying me. It almost took us the whole day by bus during which we discussed a number of issues including the plans for our future activities on debt. He will be co-ordinating the campaign against micro-credit. We could also see the huge construction work for the SGR that is now being extended to Naivasha. The original plan was to extend it till the port city on the banks of Lake Victoria, Kisumu and then extend it further to Kamapala, Uganda. However, the project has hit rough weathers as Kenya has failed to secure another round of Chinese loans of KSh 368 billion ($ 3.7 billion). The government now plans to revamp the old Metre Gauge Railway from Naivasha to Malaba on the Ugandan border. The estimated cost for this restoration is KSh 40 billion ($400 million) while constructing the SGR line between Naivasha and Malaba via Kisumu would cost KSh 400 billion ($ 4 billion). There is very little valid logic for the government to spend such an astronomical sum of close to Ksh 500 billion ($ 5 billion) when the existing railway lines could be restored and also upgraded at a fraction of the cost. The answer my friend is blowing in the wind!

I returned to India the following day spending the night in Nairobi.

Sushovan Dhar

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P.S.

COMMITTEE FOR THE ABOLITION OF ILLEGITIMATE DEBT
http://www.cadtm.org/Kenya-caught-between-debt-and-political-indifference

Footnotes

[1] http://www.cadtm.org/Africa-Strengthening-the-anti-debt-initiatives-in-Kenya

[2] http://www.cadtm.org/CADTM-successfully-holds-Citizen-Debt-Audit-Training-in-Nairobi

[3] Kenyan Social Movements for the Abolition of Illegitimate Debts comprises of Kenyan Peasants League, the Coalition for Grassroots Human Rights Defenders Kenya, Bunge la Mwananchi, the Mathare Social Justice Center and a score of other grassroots groups.

[4] https://www.oxfam.org/en/even-it/kenya-extreme-inequality-numbers

[5] https://www.theeastafrican.co.ke/business/Kenya-rising-debt-and-doubts-over-repayment/2560-5090750-13j1y9o/index.html

[6] http://en.rfi.fr/africa/20190114-kenya-mombasa-port-china-debt-default

[7] Ibid

[8] https://www.nation.co.ke/business/Parliament-gets-notice-to-cap-micro-lenders-rates/996-4838822-y7sqmsz/index.html

[9] https://www.the-star.co.ke/news/breakfast-briefing/2019-04-26-jobless-booming-economy-farmers-earning-less-parastatal-debt-threat-your-breakfast-briefing/

[10] https://justice-project.org/

[11] https://islp.org/

[12] https://www.landcoalition.org/sites/default/files/documents/resources/ilc_case_study_0080_kenya_en_