HUNGER GAMES: Hard Times and Kenya’s Looming Economic Crisis

By Dauti Kahura

Recently, I boarded a Nissan matatu on my way to Sigona Golf Club, off Nairobi-Nakuru Highway, 17km from the city centre. Once we hit the highway, the conductor started collecting his dues. Soon an argument arose between the conductor and five of the 14 passengers: was the fare Sh50 or Sh70? The conductor insisted the fare was KSh70, the five passengers said they had been told by the freelance touts at the terminus the fare was KSh50, and therefore, they were paying not a penny more.

The back and forth shouting match went on until we reached the Shell Petrol Station, one kilometre up from Gitaru bus stop. At the petrol station, that argument continued for 20 minutes – the five passengers were adamant that they were being ripped off, the conductor retorted he was not in the business of philanthropy: The conductor gave them an ultimatum: They either pay him the full amount or the driver reports them to the police at Kikuyu Police Station.

They dared him to do so whereupon the driver took us straight to the police station. Had I alighted at the petrol station, I could have walked to the 500m to Club. At the police station, the cops were gleeful they would have some “culprits” to manhandle and extort from. The five passengers were bundled out and locked in the cells. As the matatu turned to take us to our respective destinations – the end destination was Kiambaa another four kilometres from Sigona Club – a more sober debate among the remaining nine passengers dominated the talk. Was it really fair to have let the five be locked up at the police station for lacking a mere Sh20 each? The passengers were unanimous it is highly unlikely they were bluffing: nobody in his right senses would want to spend time in a Kenyan police cell, just because a matatu guy was cheating them off such a small sum.

Because I was seated in front with the driver, I asked him why they had taken the drastic step,. “Boss, business has been very bad, very bad,” he said solemnly. “The matatu owner has been breathing on our neck because we have not been meeting his targets. Because matatu crews already have a bad name, the proprietor doesn’t believe us when we tell him business is bad: he thinks we are stealing from him. There are days we have not paid ourselves, just to make sure we deposit his full day’s collection.” This was one of those days that if they did not do their math wisely, they would go home without pay. “It is those pennies collectively that take care of the larger currency notes. Can you for a moment ponder, how much money we would be losing if every trip we forewent Sh100, just because some people cannot pay the full amount?”

Discussion in the matatu turned to how life had become harder: “It is very possible the five passengers did not have the extra Sh20 and, if they did, it had been pre-budgeted,” said one passenger. “Following the recent heavy rains, *sukuma wiki* (kale) has become very cheap. With Sh20, you could buy enough for supper to be eaten with ugali and live for another day. Today, there is no such thing as little money. Every coin counts,” he summed the discussion. The passengers all agreed that money had taken to hiding and murmured to themselves in Kikuyu about the irony of how, even after voting for Uhuru Kenyatta twice, life had become twice as hard. *“No tukeyumeria kweli na mathina niguo maingehire?”* (Will we ever make it and the way our problems seem to multiply?).

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The passengers talked off how people had become more and more uncaring and wicked and moaned loudly that if only Kenyans were a little more mindful of each other, life would be a lot better. I suspected they were shying away from candidly and publicly discussing the elephant in the matatu, which if they did, would lead them to pinpointing why they truly were facing economic hard times: bad political choices, propelled by a vicious ethnic entrapment that they had over time been politically socialized to believe was their fate.

The trip back after my meeting was even more revealing. I crossed the highway to catch a matatu back to the city centre. The Nissan matatu I took had two other passengers. It had come from Kiambaa. Between Kiambaa and Sigona, there is one major terminus – Zambezi. It was edging towards 2.00pm and if the matatu did not secure enough passengers at Zambezi, it would not augur well. From Kiambaa to the city centre, there are 11 major stops along the highway: Kiambaa, Zambezi, Gitaru, Muthiga, Kinoo, 87, Uthiru, Kangemi, Agriculture (adjacent to the Kenya Agricultural & Livestock Research Organization), Safaricom and Westlands. By the time we reached Agriculture stop, the matatu had not added a single passenger.

The driver was clearly agitated: *“Oo niguo tukuruta wira?”* he groaned. “Is this how we are going to get the job done?” The driver said the whole of this year, his matatu business had been hard hit by a lack of travellers. “Why weren’t people travelling? It is not as if they had relocated,” he mused aloud. At the Agriculture stop, a few passengers boarded, paying Sh20 to the city centre. “These people cannot even afford to pay Sh30?” lamented the driver. Usually the fare, especially at the onset of the rush hour, would be up to Sh40.

After alighting at the terminus on Kilome Road in downtown Nairobi, I looked for a freelance tout to explain to me the oscillating dynamics of matatu fares for people going to Kiambaa and Limuru. "During off-peak hours, it is normal practice for matatus, big or small, to charge Sh50," said Davy. It is understood that off-peak hours are from 9.30 am–3.00pm and from 8.30pm–10.00pm. "The fare for peak hours ranges from Sh70 to even Sh100 when there is a downpour." At the moment, the matatus were asking for Sh80. Davy told me an interesting story: "The passengers have learnt how to play the waiting game with matatus. Most of the menfolk would rather go home after 8.30pm, when the fares have substantially dropped, even if it's by Sh10."

Davy said the matatu owners have been itching to increase the fares since the beginning of the year, but they sense rebellion from the passengers. "Already they have surreptitiously increased the Kiambaa fare by KSh10 to KSh80 and the people have been grumbling quietly about the increase, which they have been made to believe is temporarily." According to Davy, the matatu owners really want to hike the fares, but they do not know how to without raising a commotion among the people. When I asked what was necessitating this urge, he blamed operating costs and low business trends over the previous last eight months. "The business class had hoped that the [9 March] handshake between President Uhuru Kenyatta and Raila Odinga, would work magic, return the business climate back to normal, but business had stagnated," said Davy. A freelance tout for close to 10 years, Davy told me he had worked in the matatu industry long enough to know when people had surplus money in their pockets. "People are broke, their disposable income has dwindled, so they are not travelling as frequently. The cost of living has also certainly gone up," he said." People today are budgeting to the last shilling."

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I had gone to Sigona to meet a petroleum products' magnate who asked not to be named. "Business is tough my friend," said the tycoon. "The first half of this year, we've have not done any meaningful business and so, the profit margins have been dwindling. The increase in the fuel levy in the budget was not helpful: Business has become even harder – and the profit margins have become slimmer. This is a volume business; if you don't move volumes, you're not doing any good business." He said that bureaucrats at the Ministry of Energy were not making life for oil businessmen any easier when they went to renew their import licenses, among other things. "They've been unrelenting and squeezing us for even heftier bribes which, as you know, run into in the millions." Life for the ordinary mwananchi was about to get even tougher as they passed on the costs, he hinted.

Already, he could tell the people were experiencing hard economic times. "The vehicular movement in Nairobi has certainly reduced. There are less traffic jams, because many people are leaving their vehicles behind, parked in their compounds, only using them when it is very necessary. I have been long enough in this oil business and understand the patterns of fuel consumption vis-à-vis motor vehicle movements." The businessman, apart from distributing petroleum products in bulk across the East and Central African region, also owns, in partnership with others, several petrol stations across the country and in neighboring Uganda. "Fuel usage in Kenya is at its lowest. People are facing economic hard times."

To fully comprehend the impact of what the oil tycoon was saying, I looked for my matatu crew friends to explain how the fuel increase would affect their businesses and customers. "Diesel was increased by six shillings per litre, from Sh98 to Sh104," said my tout friend. "For sure, as night follows day, we will increase the fares – all the matatus Saccos in Nairobi have met and agreed. It is just a matter of time. We've have no choice but to do that. Whether people resist or not, will they walk to work?"

The matatu crew friends said, business had become tougher: "It is as if people have migrated. Since the beginning of the year, people have not been moving around as much, so we had to find a way of increasing the fares, but quietly. If, say, we used to charge Sh30 off peak hours, we increased it to Sh50. Likewise, if during peak hours the fare was Sh70, we increased it to Sh80. We knew people would be up in arms, if we just raised the fares formally and directly and publicly." The clarification somehow explained the tiff between the conductor and the unrelenting passengers, who could not part with their Sh20.

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Budgeting to the shilling, as Davy the tout told me, were the key words. Because it is not only the folks who use matatus and live in less privileged neighbourhoods that are currently feeling the pinch, in money matters. A Runda housewife who buys all her green groceries at City Park Market, opposite the Aga Khan Hospital in Parklands area, told me how for the first time she had to write down her shopping list of all the vegetables she needed. "When I unleashed list the next time I went to the market, carefully picking what I wanted and not just throwing things in the basket, my fruits and vegetables vendors asked me: *"Nikii thiku ici mutaragura indo? Mwaga kugura, murenda tucitware ku?"* (Why are you people not spending as much? If you don't buy these goods, where do you expect us to take them?)

Her husband, a real estate magnate, had told her she needed to curb her free spending mania. "So, I have also taken to writing a list when I'm shopping at my favourite supermarket; Chandarana. Do you remember how I used to just shop, throwing anything and everything in the trolley? My budget has now been drastically trimmed and I must account for every penny spent. *Kweli* (truly) times are hard, that it is me, daughter of Mwaniki, who has taken to writing a shopping list." She said her hubby had told her, money had become scarce and the country had yet to achieve political equilibrium. "I think he has decided to hoard the money, until such a time, there will be money in the economy."

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If the posh people, like my friend from Runda estate, were scaling down on their spending, what about the rank and file? I decided to pay a visit to Githurai Market, one of the busiest markets in Nairobi. Githurai Market is 10km from Nairobi's central business district, off the Thika Superhighway. It has one of the widest catchment areas that goes all the way to Thika town (30km from Githurai) and its environs, apart from its Nairobi area shoppers.

The market, which is completely controlled by the Githurai chapter of the Nairobi Business community aka Mungiki, receives truckloads of fresh produce from as far as Tanzania and eastern Uganda. I was going to meet Susan Mweru, a fruit seller, who has been transporting oranges and tangerines from Michugwani and Mwanza in Tanzania to Githurai Market for the last five years. "We are reeling from very tough economic hard times, there is no business…*'aahh wira we thi muno'* (business is really low),” she moaned.

“In the best of times, I would offload a 12-ton truck of top-class oranges from Tanga, home of sweetest oranges in East Africa, in two days flat and I would be on my way back to Tanga to bring more oranges.” She told me the oranges would be snapped up by retail fruit sellers from as far as Makongeni in Thika town, and as near as Kasarani, Mwiki, Roysambu, and Ngara market, which is just 7km from Githurai, in Nairobi.

She would alternative her travels between Tanga and Ukerewe, the largest island on Lake Victoria, where the juicy fruits much loved by Nairobi’s well-to-do are grown.*“Itonga cia Garden Estate, Kahawa Sukari, Kahawa Wendani na Juja mokaga kugura matunda na waru guku Githurai thoko.”* (The rich people of Garden Estate, Roysambu, Kahawa Sukari, Kahawa Wendani and Juja, come to buy their fruits and potatoes at Githurai Market.)

However, when I went to see her, she had not travelled for the third consecutive week. “Even these rich people, they are not spending: The consignment I brought in three weeks ago is still with me – the fruits have been moving at a snail’s pace. *Nikii kiuru? Ndiramenya kurathie atia.”* (What’s wrong? I don’t understand what’s going on.)

Mweru introduced me to her colleague, Muthoni, in the market, who majorly deals in potatoes, some of which come from as far as Moshi, whose rich and fertile red soil is akin to that of Kiambu County. She is one of the biggest potatoes sellers in the market. “Before things become bad, I’d move up to six sacks of potatoes daily, and you know how they pack those sacks – nearly half of the potatoes are packed outside the sack itself,” said Muthoni, sitting on one the potato sacks. “Today if I sell two sacks in a day, I count myself lucky…*nikuru muno*” (the situation is very bad).

The women told me they had hoped the national budget read in June would somehow alleviate the situation – it was hard for me to understand their ubiquitous optimism – but said their hopes had been dampened by the tax increases on petroleum and paraffin products. “You know if the government increases fuel, it negatively affects everything else.”

“Life is about to become even harder for the ordinary folk,” says Joy Ndubai, a tax expert with Oxfam. “The Finance Bill 2018, which proposes to hike fuel and kerosene will impact on other mwananchi necessities such as electricity, food and transport. The Bill intends to do away with indirect taxes, that is zero-rated and excise duty taxes. Take it from me, if that happens, the price of unga Kenyan (staple food), will shoot up and matatu fares will increase manifold and life will become really hard for Kenyans. Perhaps the Unga Revolution squad should start regrouping for foodstuff protests in the coming days,” said Ndubai tongue-in-cheek. The Unga Revolution was a civil society initiative basically driven by Bunge la Mwananchi (People’s Parliament) members, who, in 2017, loudly agitated for reduction of price of maize flour, which had skyrocketed and was out of reach of the ordinary Kenyan.

Ndubai says the government wants to get rid of Value Added Tax (VAT) rebates or refunds that it gives manufacturers. Indirect taxes such as VAT on consumable goods such as, bread, milk and sugar, are hidden in the prices and in order for the government to cushion manufacturers, it encouraged them to reclaim the 16 per cent tax rebates from its exchequer. This is what is referred to as zero-rating. “What it will mean now is that the government will remove the zero-rating and the manufacturers will be exempt from claiming any tax relief. Sounds good on paper? What this means is that the consumer will have to bear the burden of increased taxes on everyday commodities.”

One of the most common expenditure by wananchi that will be hard hit is electric power. “The cost of electricity is certain to go up, because of the intended increase of fuel levy. This is because we still rely on diesel engines," said Ndubai. "Manufacturers had been given a 30 per cent allowance on electricity. Electricity was among the expenditures that manufacturers count, at 100 per cent, when deducting their profits [for tax purposes]. So now, what this means is that the manufacturers will add 30 per cent over and above, to their respective expenditures. Guess who the added 30 per cent will be pushed to? The mwananchi." It was as if the national budget was written by the Kenya Association of Manufacturers mandarins, observed Ndubai. "There isn't anything pro-poor in that budget, the budget favours the manufacturers and the big boys all the way. Majority of Kenyans are too bamboozled by real big, impossible numbers, trillions of shillings, to really take time to understand" the implications of the budget.

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The tax expert said the Kenyan people need to wake up to the realization that their lives will soon be very difficult to manage and they should come out to protest to safeguard their social interests because that is the only way they will be heard. She gave me the example of Jordan and how Jordanians had forced their Prime Minister out of his office, through mass street protests and camping out at his office.

A conservative society, Jordanians rocked the capital, Amman, with a wave of mass protests, culminating in the resignation of Prime Minister Hani Mulki. They were protesting austerity measures imposed by the International Monetary Fund on the Kingdom. Unemployment and stiff price hikes occasioned by high inflation had become unbearable and on June 3, 2018, 5,000 Jordanians camped at Mulki's office. Perhaps, unsurprisingly, the critical price hikes were in electricity and fuel. In 2012, the same Jordanians had also gone onto the streets to protest against increasing economic hard times, after the government bowed to IMF's stiff conditions by cutting off fuel subsidies, all in an attempt to secure an IMF loan to lower the public debt. Jordan's national debt, which runs into hundreds of billions of shillings, just like Kenya, is equivalent to 95 percent of the country's Gross Domestic Product.

The mere mention of IMF for some Kenyans old enough to remember the 1980s, sends cold shivers down their spine. The Washington-based financial institution, once described by Mwalimu Julius Nyerere as The International Ministry of Finance, introduced what came to be known as Structural Adjustment Programmes (SAPs) in many of the Africa countries heavily indebted to western nations, beginning 1980. Prof Said Adejumobi, a political economist who has written numerously on SAP wrote in his paper in 1997; *The Structural Adjustment Programme and Democratic Transition in Africa*: "For Africa, the 1980s could be better described as the 'adjustment decade' as most African countries, in response to their ailing economic conditions, introduced one form of adjustment reform or the other." Other political scientists, such as Adebayo Olukoshi, called the 1980s the "lost decade" for Africa.

Kenya first became an IMF patient in 1980; that is when the first SAP was introduced in the country. To fully comprehend what SAP meant and did to Kenyans, I will quote Adejumobi: "But what is the political import of SAP? SAP is a class project which seeks to create a 'stable' economic environment for the accumulation of capital by local and foreign bourgeoisie, while suppressing labour through wage freeze, insistence on strict work sector, reduction in workforce, (retrenchment), especially in the public sector. It also seeks to contract the provision of social services and infrastructure, like health, education and transportation."

During the just ended G7 meeting in Quebec, Canada, President Uhuru Kenyatta was spotted engaging Christian Lagard, the IMF's Managing Director, on the sidelines. In his article – *One Week in March: Was the Handshake Triggered by the IMF?* for the E-Review – John Githongo, wrote: "On the 6th of March, the Minister of Finance, Henry Rotich, made the surprise announcement that the government was 'broke'. He would deny this a day later in rather incongruous fashion. On the same day he and the Central Bank Governor Patrick Njoroge essentially signed on to an IMF austerity programme. It wasn't the traditional IMF programme circa 1980/90s, but it nevertheless was an acknowledgment that we were complying with a range of 'confidence building' measures 'agreed' with the IMF as we renegotiated our expired precautionary facility with them." David Ndii, reiterated in another E-Review article, *A Quest of Power – Why Ethiopia's Economic Transformation is a Cautionary African Tale*, the fact that "Kenya is surviving on speculative capital inflows and juggling debt as it negotiates an IMF bailout."

To add salt to injury, Ndubai told me that the cost of M-Pesa transactions had gone up as a result of a 2 per cent increase in excise duty imposed by the government. M-Pesa is today the most transacted money transfer channel in the country. "The biggest population that uses M-Pesa is the ordinary man and woman, especially the rural folk and urban poor, because these people do not have bank accounts. When M-Pesa came, it was relief, but now it may end up being a burden. Think of the rural elderly who receive pensions. With the increased tariff, which Safaricom is going to push to the consumer, it is going to be difficult for the poor people of Kenya to effectively use mobile transfer platforms."

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I found out this to be true, when I went to meet Mweru at Githurai Market. She asked me whether M-Pesa charges had been increased. "I do all my payment through M-Pesa and I have noticed these people are taking a lot more of my money. This is very unfair," she lamented. Going to Githurai Market had also revealed something else: during off-peak hours, Githurai residents pay Sh20 as matatu fare to the city centre and vice versa. "But some matatus were being adventurous by charging Sh30," said Mweru. "If they push the fares further up, they are going to annoy the people. I think they are testing the waters to see how the people are going to react."

I now understood what Sh20 meant to the five matatu travellers on their way to Kiambaa: in Githurai, it covers your entire fare back home. When I returned to Kiambaa stage at Kilome Road terminus after talking to Ndubai, the fares had been pegged at KSh100, irrespective of the weather. Hard times indeed.

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