W.K. Subbo (2007). An Overview of Structural Adjustment Programmes in Kenya

Abstract

Structural Adjustment Programmes may be defined as a set of policy changes or reforms, which combine short-run stabilization measures and longer-run adjustment measures. In particular, the measures consist of the following elements: fiscal policies aimed at reducing budget deficits through tax increase and reduction of public expenditure. Monetary policies aimed at reducing the money supply either directly or by means interest rate policy, wage and price policies to control inflation and exchange rate policies to reduce the balance of payments (van Der Hoeren and van der Geest 1999:9-10). According to Ikiara and Ndungu (1999:73), Structural Adjustment policies in developing countries mainly involve changes in macroeconomic policies to make the economy adaptable to changing economic realities and basically more market oriented. Such macro prices include rate of interest, the exchange rate domestic prices and wages. They furthermore observe that the short-run consequences of structural adjustment policies have been a severe recession in many developing countries, rising unemployment, inflation and exchange rate depreciation capital inflows. With the accompanying short-run This paper analyzes the consequences of SAPs on vulnerable groups in Kenya. It is argued that SAPs have increased the poverty levels among those groups. For example, it has undermined food security and self- reliance and led to unsustainable resource exploitation environmental destruction population dis-location and displacement.

Key words: Structural Adjustment Programme, SAP, economic adjustment measures, short run programme, long term programme, budget deficit, inflation, micro and macroeconomic policies, poverty levels, food security, developing countries, Kenya.

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