

VantagePoint

Volume 2 April 2008



Guarding the peace in Kenya

The recent post-election disturbances in Kenya led to huge business losses both in nation and in the East and Central Africa region. Most observers are agreed that there was significant under-weighting of the business risk posed by political activity in Kenya. The peace accord signed on the 28th of February should usher in a united, peaceful and prosperous nation. In response, should organizations revise country risk downwards? We think not; not yet.

Given the current unique opportunity for Kenya to take fundamental corrective measures, and promising political dynamics, there are reasons for optimism; but there is nothing much beyond that. A look at some of the underlying factors and the costs associated with required sustainable solutions bears out our assessment.

Simmering explosion

Take the land question, for example, which drove many of the problems that manifested in violence early this year. Land problems in Kenya have long historical roots. The problems were compounded by a colonial period and have not been resolved since independence. Meanwhile population has

been growing, creating enormous pressure on available land. In addition, with the liberalization of the economy, agriculture, especially small-holder farming, has become a grinding occupation with lives of many farmers effectively poor.

Hostile poor

The net effect is that as a nation, Kenya is busy generating a large pool of poor people. Here is an unstable socio-economic position likely develop a strong and hostile political dimension, possibly along 'class' lines. To address this problem, bold and costly steps to deal with 'inequality' and inequity in the allocation and utilization of national resources are required.

Settlement schemes

To effectively tackle the land problem will require nothing short of three main interventions: first revisit settlement schemes approach in resettling large numbers of squatters and displaced persons. This calls for political boldness and will require for massive fundraising on the part of the government. This will need to be done within the framework of a comprehensive land policy.

Policy on liberalization

Second, it is necessary that measures are taken to ensure that micro, small and medium enterprises, including local small-holder agriculture, are attractive

ventures. This means carefully evaluating the current pace of liberalization such as the Economic Partnership Agreements (EPA) and World Trade Organization (WTO) negotiations. It would in effect amount to a watering down of current Kenya government policy positions.

Visionary leadership

Third, there is a need to grow the economy with such speed and to such a size that there is significant growth in gainful employment for large segments of the population. Visionary, focused leadership that inspires and encourages participation of the populace is required here. Kenya needs to be positioned to take good advantage of global trends and maximize the nation's growth.

Organizing principle

Leadership that thrives on tribal division and animosity is by definition short-sighted and unlikely to benefit Kenya

in the medium to long term. The political practice has been to proceed from an ethnic position not to enable Kenya to appreciate diversity and work as a nation-team; but to secure parliamentary votes, consolidate grass-root support and create reasons for violent confrontation against other ethnic groups in advancing the leaders' personal political stock. There are no concrete indications of the paradigm shift required to surmount this challenge.

Short-term status quo

Our assessment is that the forces for status quo in Kenya have no reason to take the costly steps necessary to carry out the massive changes required to sustain peace in the long term. There are chances that the main outcome will be short-term measures to address political realignment questions among the leaders. There may be some long term corrective measures undertaken, including

constitutional amendments, so long as the cost of doing so is minimal and does not unduly upset the status quo. In addition, political attention will soon shift to positioning for 2012 elections, and adopt a decidedly short term approach. It is also conceivable that political expediency could generate circumstances that precipitate early or snap elections, thus arresting long term changes.

Growth-friendly advocacy

In the circumstances organizations, are well advised to remain vigilant since businesses still face significant country risk. To address this risk proactively, it is necessary for business in Kenya and the East and Central Africa region to advocate for necessary long-term changes in Kenya that will stabilize the nation and generate a growth-friendly environment long into the future. ■

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