



CRS Report for Congress

Kenya: Current Conditions and the Challenges Ahead

Ted Dagne
Specialist in African Affairs
Foreign Affairs, Defense, and Trade Division
Monty Rushmoore McGee
Research Fellow
Foreign Affairs, Defense, and Trade Division

Summary

Kenya, a nation of about 36.9 million people, has been an important ally of the United States for decades. Kenya moved from a one-party state to a multi-party democracy in 1992. Kenyans voted in record numbers in the country's first multi-party election in almost 26 years. President Daniel arap Moi defeated opposition candidates by a small margin. In 1997, Kenya held its second multi-party elections, at the height of tensions between the opposition and the ruling party. President Moi was re-elected with 40% of the votes cast, while his nearest rival, Mwai Kibaki, won 31%. In the 2002 presidential and parliamentary elections, the opposition National Rainbow Coalition (NARC) defeated the ruling Kenya African National Union (KANU). In the presidential election, NARC leader Kibaki defeated Uhuru Kenyatta, the leader of KANU. A number of major political figures have emerged to challenge President Kibaki in the election scheduled for December 27, 2007, although several of these candidates have dropped out of the race. The two major candidates challenging President Kibaki are Raila Odinga and Stephen Kalonzo Musyoka. In October 2007, President Kibaki dissolved parliament. A survey conducted in late October 2007, gave Odinga 50%, while Kibaki was second with 39%. A late November survey closed the gap between Odinga and Kibaki, with Odinga 45% and Kibaki 41%. This report will be updated as circumstances warrant.

Background

Kenya, a nation of about 36.9 million people, became independent in December 1963 after a prolonged and bloody uprising against Britain, with over 13,000 casualties. Kenya resisted the Marxist-Leninist ideological tide that swept much of Africa in the 1960s and 1970s and maintained a fairly stable political system in a region marred by civil

strife and political violence. Although it was governed under one-party rule until 1992, Kenya had a relatively open political system. Kenya's first president was Jomo Kenyatta, an independence advocate from Kenya's largest ethnic group, the Kikuyu. Kenyatta's successor as president was Vice President Daniel arap Moi, who took over as president upon Kenyatta's death in 1978. Moi, a teacher before entering politics, is a Kalenjin – traditionally a pastoral people based in the western portion of the Kenya highlands. Many non-Kikuyu initially hoped that his presidency would redistribute the benefits that they felt had unfairly accrued to the Kikuyu under Kenyatta. In 1991, President Moi reluctantly and under pressure agreed to move to multi-party politics, eight years after his government had amended the constitution to legalize one-party rule. The move to a multi-party state came after two years of an anti-government political campaign by opposition groups and persistent pressure by donor governments, including the United States.

In 1992, Kenyans voted in record numbers in the country's first multi-party election in almost 26 years. President Moi defeated opposition candidates by a small margin. His party, the Kenya African National Union (KANU), also won a majority in the 210-seat parliament, despite the defeat of several senior KANU officials by little-known opposition candidates. The three major opposition parties, the Forum for Restoration of Democracy-Kenya (FORD-Kenya), FORD-Asili, and the Democratic Party (DP), each received substantial votes, but fell short of expectations. In 1997, Kenya held its second multi-party elections, at the height of tensions between the opposition and the ruling party. President Moi was re-elected with 40% of the votes cast, while his nearest rival, Mwai Kibaki, won 31%. The ruling party, KANU, won 107 seats in the 222-member parliament (12 seats out of the 222 are appointed by the president), while the opposition secured the remaining 103 seats. International and Kenyan election observers said that while there were some irregularities, the results of the elections reflected the wishes of most Kenyans. The victory by Moi was largely due to divisions within the opposition and the inability of the opposition to back a single candidate against Moi.

The opposition learned from its mistakes, and in 2002 it succeeded in forming and holding together a coalition, known as NARC (National Rainbow Coalition), that ousted KANU from power by wide margins. NARC won 132 seats in parliament, compared with KANU's 67, while Kibaki defeated Uhuru Kenyatta, son of Jomo Kenyatta, for the presidency with a 62% majority. Moi had designated Kenyatta as the KANU candidate for president in October 2002, prompting Raila Odinga, who had sought the nomination, to leave KANU and, with other defectors, form the Liberal Democratic Party. Kibaki's National Alliance of Kenya (NAK) courted these KANU defectors, and in November 2002, NAK and the LDP agreed to create NARC. NAK is itself a coalition, including Kibaki's Democratic Party and 12 other parties which typically have an ethnic or regional base. President Kibaki announced his cabinet on January 3, 2003, consisting of longtime opposition figures and also senior members of KANU. President Kibaki had to take several factors into consideration in the selection of his cabinet members, including ethnic balance, technical skills, and government experience, as well as rewarding old and new political allies.

The Challenges Ahead

The 24-year rule of President Moi kept Kenya united, but left the East African country in serious economic and political trouble. The most immediate political challenge to President Kibaki is to strengthen his political base since a number of key leaders from his coalition have left the party. In the past several months, two ministers left the government and endorsed opposition candidates. However, President Kibaki has also received the support of former President Moi and the former ruling party, KANU. President Kibaki faces serious challenge from presidential candidate Raila Odinga, who in recent polls was ahead of Kibaki.

A survey conducted in late October by the Steadman Group gave Odinga 50%, Kibaki 39%, and Kalonzo 8%. A November survey by the same group gave Odinga 45% and Kibaki 41%. President Kibaki's new coalition, the Party for National Unity (PNU), in late October, met to come up with a strategy for the upcoming elections and to resolve outstanding issues within the coalition. Some of Kibaki's key allies have expressed concerns that the opposition might win the elections, arguing that the team that brought Kibaki to power is divided.

Another challenge is the economy, which was stagnant in the 1990s, but has shown solid growth in recent years. The GDP grew by an estimated 5.4% in 2006. According to a November 2007 Economic Intelligence Unit report, "real GDP is estimated to increase to 6.3% in 2007, a fourth consecutive year of solid performance, owing to broad-based expansion. In 2008, the rate of expansion will slow to 5.6% as capacity constraints are increasingly exposed, especially in infrastructure, because of delays in starting or finishing vital projects." The IMF sent a mission in January 2006 to review progress. In April 2007, the IMF resumed lending to Kenya, after a second review of the Poverty Reduction and Growth Facility (PRGF). The IMF also agreed to extend the PRGF until November 2007. The World Bank also began assistance to Kenya, with an estimated \$800 million assistance package for projects through June 2008. Meanwhile, inflation rates reached an average 14.5% in 2006, in part due to 12 to 20 percent pay-raises for civil servants and teachers. In 2007, inflation rates are estimated at 9.4%. Unemployment is high and corruption is still a serious problem, although the Kibaki government has taken a number of measures to deal with this problem.

Tackling corruption is seen as a major priority of the Kibaki government, despite the potential political and social backlash that might result from reform measures. Rooting out official corruption may require removing senior members of the government from power and prosecution of former senior government officials. Several ministers were forced to resign in 2006, and the Kibaki administration continues to face serious allegations of corruption. The resignation of the Finance Minister in February 2006 for

Kenya At A Glance

Population: 36.9 million

Comparative Area: Slightly more than twice the size of Nevada

Ethnic Divisions: Kikuyu 22%, Luhya 14%, Luo 13%, Kalenjin 12%, Kamba 11%, Kisii 6%, Meru 6%, other African 15%, Asian, European, and Arab 1%

Religions: Protestant 45%, Roman Catholic 33%, indigenous beliefs 10%, Muslim 10%, other 2%

Languages: English (official), Swahili (official), numerous indigenous languages.

GDP (purchasing power parity) \$41.36 billion (est. 2006)

GDP Per Capita (purchasing power parity): \$1,200 (est. 2006)

Source: The CIA World Factbook 2007

alleged corruption was seen by some as an important step in fighting official corruption in Kenya. However, the clearing of the Energy Minister from corruption charges has raised serious doubt about the government's resolve to fight corruption. In early 2005, the government's anti-corruption chief resigned from his position, arguing that the Kibaki government is not serious about fighting corruption and accusing a number of senior officials of corruption.¹ The United States, Britain, and other donor governments have also made similar accusations.² In October 2006, Attorney General Amos Wako declared that he will not prosecute suspects in the corruption case against Anglo-Leasing, a British firm. According to Wako, successful prosecution will not be possible because of "a number of material and significant gaps."

Constitutional reform had been the rallying cry for opposition groups prior to the 2002 elections. As part of a pre-election agreement reached among the key players within NARC, a proposed new constitution would create a position of prime minister with executive powers. Reportedly, leaders from the main opposition groups agreed that this position would go to Raila Odinga, one of the major political figures within NARC. The constitutional drafting process was marred by delays, changes, and serious disagreement within NARC. President Kibaki and his supporters managed to get a draft approved in a process seen by some senior members of NARC as undemocratic. These members campaigned against the draft constitution, arguing that the agreement reached earlier was violated, and in November 2005, Kenyans defeated the draft constitution in a national referendum.³ In late 2005, a number of senior officials left NARC and formed the Orange Democratic Party (ODM). The defeat of the 2005 draft constitution signaled that President Kibaki had lost the support of many Kenyans who once gave strong support to NARC. President Kibaki's credibility was further shaken in February 2006 by the resignation of three ministers on corruption allegations. Following these events, some observers asserted that President Kibaki would struggle to complete his term. However, the formation of a new party, NARC-Kenya, appears to have altered the Kenyan political landscape. NARC-Kenya, formally launched in June 2006, replaced NARC, and demonstrated its political strength by winning three of the five parliamentary seats in the July 24 by-elections. In September 2007, President Kibaki announced the formation of a new coalition, the Party of National Unity. The PNU includes KANU, NARC-Kenya, FORD-Kenya, FORD-People, and the Democratic Party.

Despite the enormous challenges facing Kenya, the Kibaki victory in 2002 had a positive impact in Kenya as well as in Africa generally. The smooth transfer of power and the transparency in the conduct of the elections indicated that democracy can flourish in Africa. For example, the power of incumbency and the entrenched clout of a ruling party did not stop an opposition victory in Kenya. The lessons learned from the Kenyan elections are many and could strengthen democracy movements elsewhere in Africa. Kenya is also a key player in regional affairs, having hosted negotiations on Sudan and Somalia. Kenya is home to many refugees from Uganda, Sudan, and Somalia. In recent

¹ "An Exile Sees Graft as a Piece of Kenya's Social Puzzle." The New York Times, March 18, 2006.

² "Corruption haunts Kenya's leader." BBC News Online, February 2005.

³ The author interviewed opposition leaders and government officials in Kenya in 2005 and 2006.

months, Kenya has come under criticism from the United Nations and human rights groups for barring additional Somali refugees. The government of Kenya handed over more than 40 Somalis to the Transitional Federal Government of Somalia (TFG) and the Ethiopian government. Human rights groups are concerned that some of these individuals would be tortured or killed. In addition, Kenyan Muslim leaders accuse the Kibaki government of handing over Kenyan Muslims to Ethiopian and Somali security services.

A number of factors could complicate the December 2007 elections. In recent months, relations between the government and opposition groups have worsened. In February 2007, five ministers in the Kibaki government accused two opposition presidential candidates, Odinga and Ruto, of being criminals. In January 2007, President Kibaki appointed nine commissioners to the Electoral Commission of Kenya (ECK). Opposition groups accused the government of appointing political allies to the Commission without proper consultation with opposition groups. Meanwhile, the government also announced the creation of 37 new districts, raising the number of districts from 71 to 108. The Chairman of the ECK criticized the move, arguing that the Commission was not consulted by the government. If the situation in Somalia continues to deteriorate, it could have a serious impact on Kenya.

U.S.-Kenya Relations: Issues. Kenya has been a valuable U.S. ally since independence, providing the United States with access to its military facilities and political support in the United Nations. Washington once considered Kenya a model developing country with shared democratic values in a continent where civil wars raged and military and authoritarian governments reigned. In the early 1990s, relations between Kenya and the United States became strained due to deteriorating human rights conditions and the government's resistance to a multi-party system, though relations improved slightly after the 1992 multi-party elections. Relations have improved significantly in the past several years; however, the United States remains concerned about corruption and human rights conditions. The most recent edition of the State Department *Country Reports on Human Rights Practices*, issued in March 2007, stated that "The government in many areas respected the human rights of its citizens or attempted to institute reforms to address deficiencies. However, serious problems remained, particularly with regard to abuses by the police."

Kenya has been an important ally in the war against terrorism, especially since the U.S. embassy bombings in Kenya and Tanzania in 1998. As many as 5,000 people were injured in the Nairobi blast, and 86 people in Dar es Salaam. Kenya became a target again, when on November 28, 2002, near simultaneous terrorist attacks struck targets in Mombasa, Kenya. Suicide bombers drove a truck packed with explosives into the Israeli-owned Paradise Hotel in Mombasa, killing 10 Kenyans and three Israelis. Minutes earlier, terrorists fired two shoulder-fired missiles that missed an Israeli passenger plane taking off from the Mombasa airport. The State Department's 2006 *Country Report on Terrorism* stated that "Important Kenyan officials spoke out publicly about the dangers of terrorism and key elements of the Kenyan security apparatus took concrete steps to increase counterterrorism efforts, including the formation of an interagency Coastal Security Steering Committee. At the same time, however, political and bureaucratic resistance remained to the formation of an interagency Kenyan Joint Terrorism Task Force (JTTF)."

U.S. Assistance

Kenya has been one of the major recipients of U.S. foreign assistance in Sub-Saharan Africa for decades, and is an important trading partner with the United States. Despite Kenya's years of poor economic performance and serious corruption problems, the United States maintained a robust development assistance program focused on good governance, economic development, education, health care, and rural area development efforts in income generation and the effective use of natural resources. In regard to the promotion of good governance, the U.S. Agency for International Development (USAID) "continues to promote transparent and accountable governance by improving the balance of power among the various branches of government."⁴ U.S. support for health care is largely focused on the fight against HIV/AIDS. Kenya is one of the major focus countries of the President's Emergency Plan for AIDS Relief (PEPFAR) and a major recipient of the Global HIV/AIDS Initiative funding. Security co-operation and support is another area in which Kenya and the United States work closely. In October 2006, the Bush Administration removed restrictions on IMET funding for Kenya. The restrictions were imposed because of Kenya's refusal to sign an agreement with the United States to provide immunity to U.S. personnel from prosecution by the International Criminal Court (ICC).

Kenya: U.S. Assistance (\$ in thousands)

Account	FY2005 Actual	FY2006 Estimate	FY2007 Request	FY2008 Request
CSH	14,600	17,840	14,611	16,950
DA	15,782	21,615	21,002	28,300
ESF	7,678	6,420	6,755	
FMF			25	800
GHAI	116,495	175,950	285,000	481,000
IMET	139		45	550
NADR-ATA	3,484	3,168	2,938	
NADR-CTF	700	100	600	
NADR-EXBS	75	100	500	
NADR-TIP	285		300	
P.L. 480 Title II	45,056	85,700	12,500	
Peace Corps	3,150	3,264	3,190	

Source: Department of State. CSH: Child Survival and Health; DA: Development Assistance; ESF: Economic Support Fund; FMF: Foreign Military Financing; GHAI: Global Aids Initiative; IMET: International Military Education and Training; NADR-TIP: Nonproliferation, Anti-Terrorism, Demining, and Related programs; NADR-CTF: Counter Terrorism Financing; NADR-ATA: Anti-Terrorism Assistance; NADR-EXBS:Export Control and Related Border Security Assistance; P.L. 480: food assistance.

⁴ USAID's Strategy in Kenya. [<http://www.usaid.gov>].