



Reaping the whirlwind?

The socio-economic implications of the 2008 post-election violence



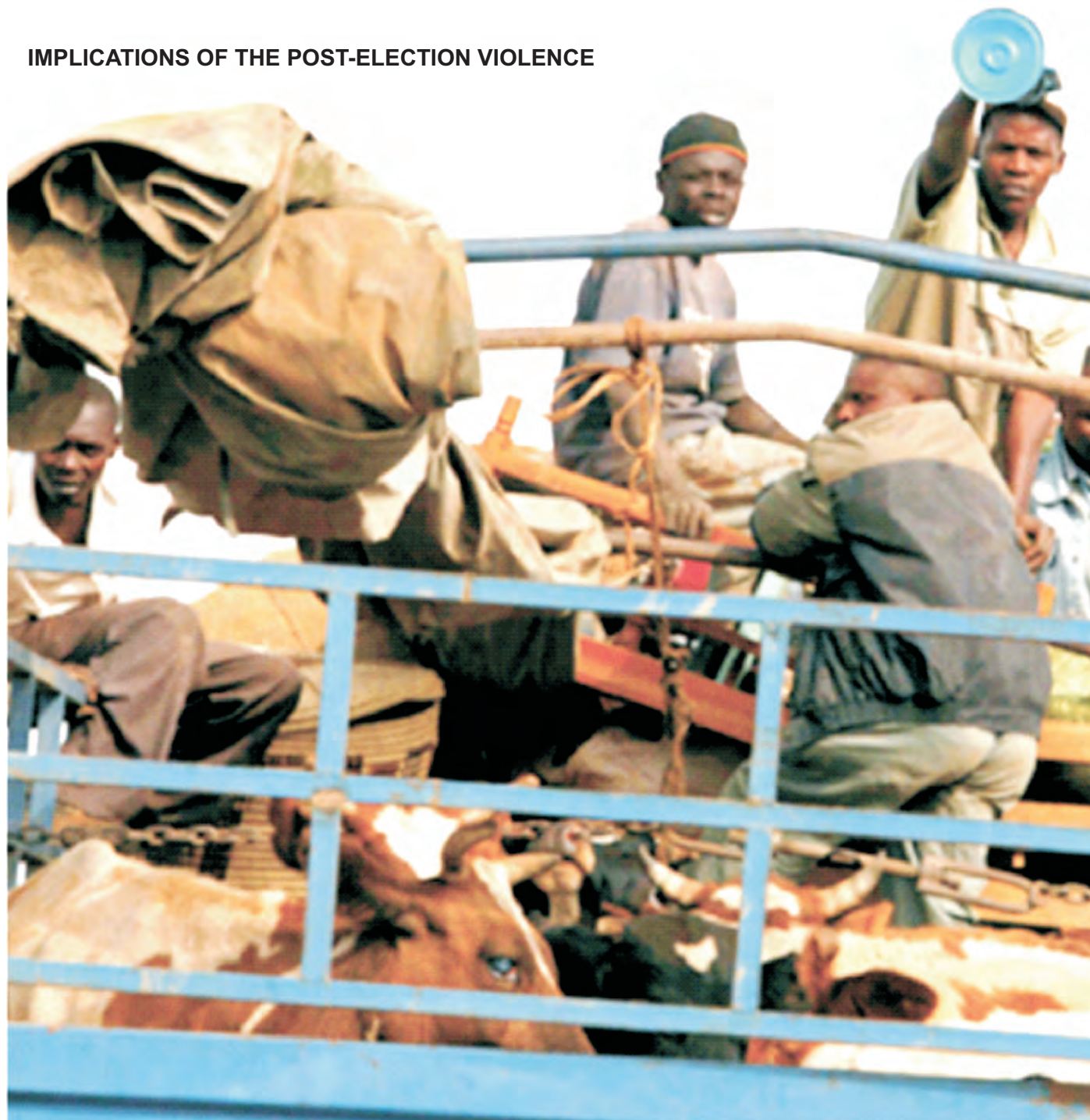
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IMPLICATIONS OF THE POST-ELECTION VIOLENCE



A Publication of KENYANS FOR PEACE WITH TRUTH AND JUSTICE (KPTJ) and AFRICA CENTRE FOR OPEN GOVERNANCE (AfricOG).

KPTJ is a coalition of citizens and organizations working in the human rights, governance and legal areas that came together after the crisis over the disputed results of the 2007 presidential elections and the violence that followed.

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1. Overview

IN JANUARY 2008, KENYA WAS ROCKED BY THE WORST POLITICAL VIOLENCE SINCE independence. By the time it ceased, and around 1,000 lives had been lost, over 600,000 displaced from their homes and property whose value is yet to be ascertained destroyed. The immediate economic consequences of the violence reverberated throughout East Africa. The hinterland countries of Uganda, Rwanda, Burundi and Eastern DRC were severely disrupted.

Almost three years on, normalcy has returned to the affected areas. Much of the debate on the Post Election Violence (PEV) is focused on the political dimensions of the crisis, notably the issue of holding the perpetrators to account. The question of long-term consequences of the violence has not attracted much attention. Yet, there is sufficient reason as well as anecdotal evidence, that these consequences may be even more significant in the future than the historical factors that precipitated the violence. These include implications for food security and the risk of long term capital flight, brain drain and the discouragement of investment, particularly from parts of the Rift Valley where inter-ethnic political violence has become endemic. The purpose of this study is to investigate the magnitude of these consequences, and to assess their potential long term ramifications.

The report is organised in five chapters as follows. This overview chapter covers the objective, the scope and methodology, and an overview of the findings. The second chapter provides the broad economic context. This is followed by a discussion of the economic and political situation of the Rift Valley in Chapter Three. Chapter Four presents the findings of the field research, and Chapter Five concludes.

Scope and Methodology

This study focuses on the Rift Valley province. There are three reasons for this. First, the Rift Valley was the epicenter of the violence. It accounts for two thirds of the deaths, 62 percent of the injured, and by end January, at the height of the violence, 70 percent of the displaced population.¹ Second, political violence is endemic in the province. In fact, all but one of Kenya's six multiparty elections (including the independence election) precipitated ethnic violence in the Rift Valley. The exception is the 2003 election. It is different from the other multiparty elections in that the incumbent was not contesting. No other region of the country has such a history. The third and most important reason is that the province is Kenya's political and economic heartland. The region accounts for 40 percent of Kenya's "high potential" agricultural land. For over a century, this land has been drawing settlers into the region, making it Kenya's most ethnically diverse region. According to the 1989 census, immigrant ethnic groups and races accounted for 40 percent of the Rift Valley population. No other region of the country, other than Nairobi metropolitan area, comes close to this character in terms of diversity. In essence then, the Rift Valley represents Kenya's vision of one nation, one people. Its political volatility is therefore of profound significance. Just as it is defined by a geological fault, along which the African continent will ultimately split, it is also Kenya's political fault line—along which the country will either hold together or fall apart.

The main source of evidence for this study is survey data. The survey was conducted at 11 sites in five districts—Nakuru, Uasin Gishu, Nandi North, Kericho and Trans Nzoia — among the most seriously

¹ *Report of the Commission of Inquiry into the Post - Election Violence (Waki Commission), 2008.*

affected. The districts account for 87 percent of the deaths attributed to the PEV in the Rift Valley, which is in turn 57 percent of the national fatalities.

Another 140 business and institutions (hospitals, schools, government offices) and people who had migrated after the PEV responded to in depth interviews. The study draws from secondary data, primarily official government statistics on population, land and economic performance. The study was concluded before the August 2010 constitutional referendum.

There is no study without shortcomings. The main challenges of the study, and in effect its shortcomings or limitations, is the nature of the subject matter—the post-election violence is a highly emotive and ethnically polarised issue. It could lead to respondent bias. In view of this, we did not ask respondents their ethnic group. However, we did ask them to identify themselves as either native or immigrants to the Rift Valley. The responses provided in both categories are broadly consistent with expectations, suggesting that the respondent bias may not be a serious problem. The other problem that could arise is unwillingness to disclose information, or providing misleading information on subjects that respondents perceive as sensitive. We did experience reluctance to disclose asset transactions i.e. whether respondents had bought or sold land or property. This implies that the findings on asset transactions may significantly understate the actual level of divestment.

The survey covered
342 randomly
sampled households
who were
interviewed using a
structured
questionnaire

Summary of the Findings

The PEV affected virtually every economic activity in the areas where it occurred. Over 80 percent of the respondents economic activities were adversely affected. Business (i.e. non-agricultural activities) and property (e.g. rental houses) were more adversely affected than agriculture. Agriculture also recovered faster, and would in fact, have fully recovered by 2009 were it not for the severe drought. Respondents indicated a 30 percent decline in business turnover 2008 and a further 25 percent decline in 2009—in effect business turnover two years after the PEV was almost half of the level in 2007.

There are at least three factors that can explain this trend i.e. rapid recovery of agriculture and continued decline of business. First, business suffered more from arson and looting. Capital takes a long time to accumulate; it is much more difficult to rebuild businesses. It is much easier to restart farming even after disruption. Second, farmers depend on their own production not just for income, but for food, therefore there is a stronger imperative to get back to farming. Third, farming is a short-term investment decision since most crops are harvested within the year, while rebuilding a business or rebuilding a property that was destroyed is a long-term investment decision. People who are conscious of political risk are likely to be reluctant to make long-term investment decisions.

Our findings suggest that this last factor, i.e. political risk, is significant. Three quarters of the respondents consider recurrence of political violence as likely. Consistent with this, 60 percent of the respondents said they did not intend to expand economic activities in their current locations before the next general election. Although, as noted, the respondents were not very forthcoming on buying and selling of property, the data provided also suggests high political risk perception.

The frequency of sale of assets, both fixed (land and buildings) and movable (e.g. motor vehicles, farm machinery etc) in the two years after the election i.e. 2008 and 2009 is double the frequency in

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the three preceding years i.e. 2005 – 2007. The frequency of selling of fixed assets is about double that. However, disposal of fixed assets by immigrants is seven times higher than those describing themselves as natives to the province.

The perception of high political risk means that the adverse economic effects of the PEV will continue playing out for some time. Close to 40 percent of the respondents plan to relocate temporarily if there are signs of political violence in the run up to the next elections. Fifteen percent have plans to migrate permanently. These figures are higher among immigrants; half plan to relocate temporarily, and 20 percent have plans to relocate permanently.

Conclusions and Implications

On the surface, the Rift Valley, and the country in general, appears to have fully recovered from the PEV. Beneath the surface, longer term consequences of the violence are playing out. The post-election violence caused massive destruction of the Rift Valley's capital stock; businesses and properties that were vandalised, looted or burnt from which it is yet to recover. The adverse impact of destruction of capital is worsened by the sustained perceptions of high political risk which is discouraging people from rebuilding, and causing others to divest. In this environment the region is unlikely to attract significant new investment be it from residents or external investors. In sum, these findings suggest that getting back on to its pre-election growth trajectory is going to be an uphill task.

There are three critical potential ramifications. First, continued economic distress in the region increases the risk of political violence. The link between economic crisis and political violence is not peculiar to the Rift Valley or Kenya. Economic distress intensifies resource conflicts, worsens unemployment, creating a despondent youth easily amenable to political manipulation, and amplifies racial and ethnic tensions i.e. economically successful “foreigners” become more visible, envied and resented. This means that continued economic distress in the Rift Valley increases the risk of a downward spiral of violence where the economic distress triggers violence, which in turn causes more economic distress, begetting yet more violence.

The second consequence is for migration and settlement patterns. For a century, the Rift Valley highlands have been Kenya's “land of opportunity”, drawing settlers and economic migrants — both foreign and local. Although this trend was coming to an end sooner rather than later, as population density in the Rift Valley highlands has now nearly caught up with the regions that have been the source of migrants, the PEV may hasten the end of this era. It may also mark the beginning of reverse migration i.e. the province becoming the source of economic immigrants.

The most likely destinations for future economic migrants, from both the traditional out-migration regions (i.e. Central, Nyanza and Western provinces) as well as the Rift Valley, will be politically neutral urban areas — with the Nairobi metropolitan leading — bringing with it all the challenges of rapid unplanned urbanisations especially severe pressure on infrastructure, explosion of informal settlements and violence. However, despite all their problems, huge metropolis are also characterised by economic dynamism, which means that we could see Nairobi becoming even more economically dominant than it is today.

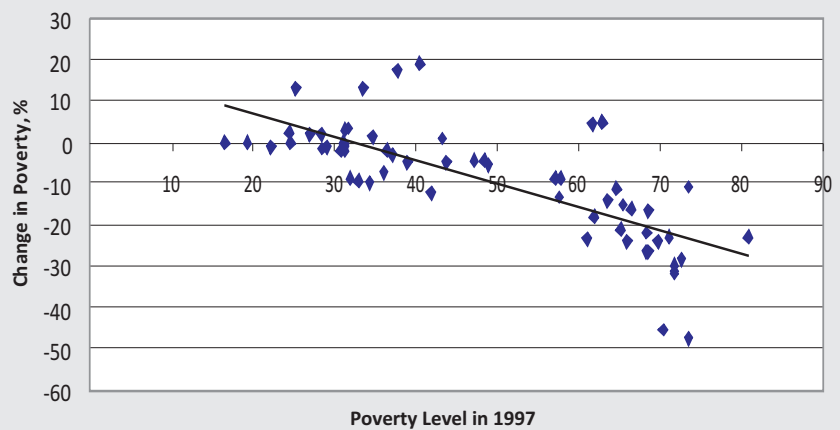
Three quarters of the respondents consider recurrence of political violence as likely

Finally, and perhaps most critical, are the potential ramifications of the PEV for the nature and character of the Kenyan state. The failure of the Government to prevent it, and the continued inability or unwillingness of the country to deliver justice for the victims, is a message to the people that we are not free to live, own property and exercise our political rights anywhere in the country. These fundamental constitutional rights exist on paper only — the state is incapable of enforcing them.

In as much as this is an indictment of the Government, it also an indictment of the people. No amount of state power can make people love their neighbours

In as much as this is an indictment of the Government — it also an indictment of the people. No amount of state power can make people love their neighbours. It is doubtful that, even if the government were fully committed to enforcing these rights, there would be a significant population of Luo and Kalenjin settlers thriving in Nyeri for instance — and there are many Kenyans who have had occasion to live and work there over the years. The import of this is that we could see the development of two parallel Kenyas: a “cosmopolitan” Kenya, which for now is the Nairobi conurbation and the urbanised coastal strip, and disparate ethnic homelands with very little contact with each other—a Kenya where you will have Ameru to whom a Luo might as well be an Australian. ■

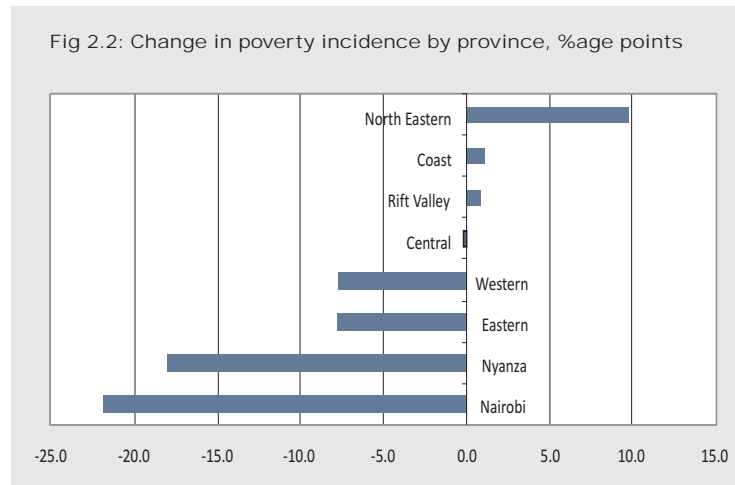
Fig 2.1: Correlation between poverty incidence in 1999 and change (1999-2005/6) by constituency, %



2. Economic context of the post-election violence: An overview²

THE PEV BROUGHT AN ABRUPT END TO THE MOST ROBUST ECONOMIC PERFORMANCE IN RECENT memory. Indeed, the period 2003-2007 was the longest episode of accelerating economic growth since the 1960s. The economic recovery was associated with significant welfare improvements in the country. The incidence of poverty is estimated to have declined by 8 percentage points, from 52 percent to 46 percent. In general, the places with more poverty registered more improvement than

the affluent areas (Fig. 2.1 on previous page1)



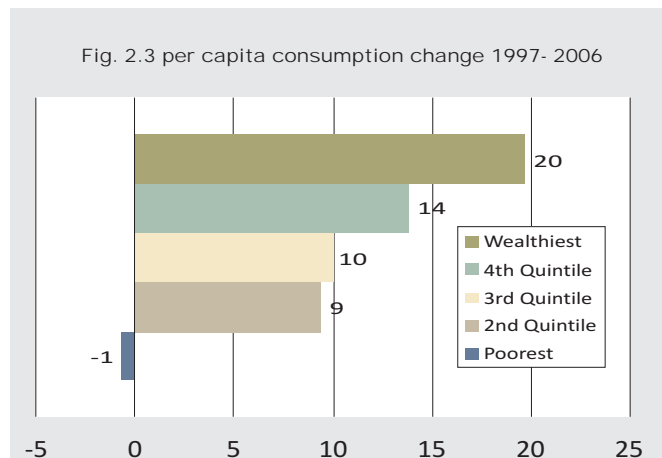
As a result, the disparities between provinces narrowed significantly (Fig 2.2). Nairobi and Nyanza registered the most significant improvements, followed by Eastern and Western provinces. Central Province, Rift Valley and the Coast remained more or less unchanged while North Eastern worsened. In addition to the economic growth, other policies

contributed to welfare improvements, notably free education and CDF. Government service delivery also improved - buoyed by improved revenue, as well as institutional reforms, notably performance contracting.

Economic Discontent

This credible performance notwithstanding, economic grievances were high on the electoral platform of the opposition on campaign for the 2007 general elections. There were two key contentions: That the gap between the rich and poor had widened, and that the government had failed to fulfill its electoral pledge to create half a million new jobs a year for the youth.

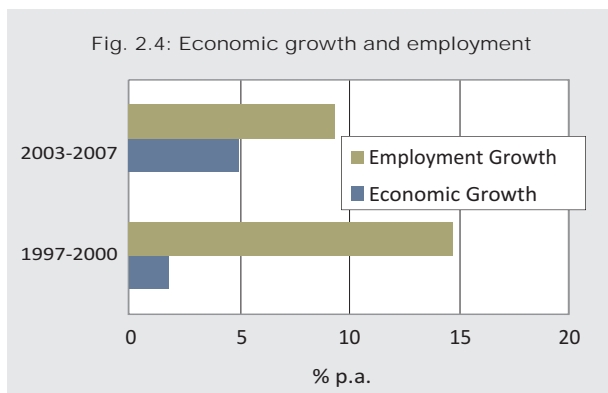
There was merit in both these contentions. As can be seen from Fig 2.3, the top fifth of the population registered a 20 percent improvement in incomes, while the bottom fifth experienced a small decline, in other words, the poorest got poorer.



Similarly with employment, although in absolute terms the number of jobs created increased, the actual rate at

² All the data used in this chapter is official government data published by the Kenya National Bureau of Statistics in the Economic Survey and Statistical Abstract.

which the economy was creating jobs actually slowed down (Fig 2.4). In effect there are at least two constituencies that had genuine economic grievances. The very poor, who were increasingly feeling the squeeze, particularly with regard to food prices, and the unemployed youth.

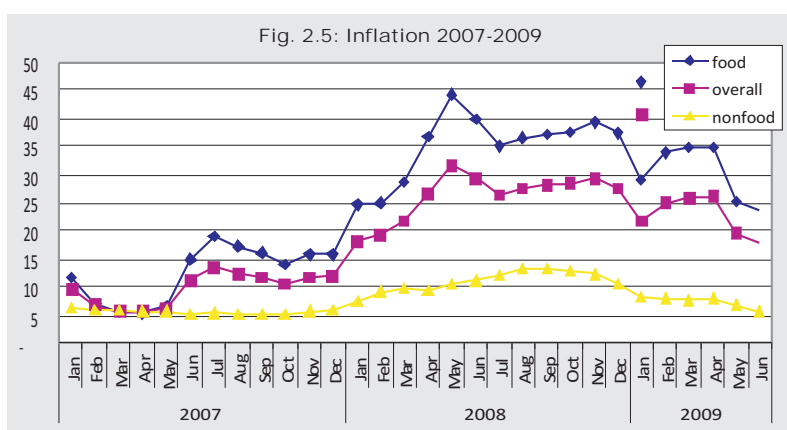


Post-election Developments

The economic disruption caused by the post-election violence saw the economy grind to a halt—from 7 percent in 2007 growth, slumped to zero in the first quarter of 2008, before recovering modestly to 2.2 percent in the second quarter. However, the recovery was not sustained and the year ended with a growth rate of 1.7 percent. The economic slump was accompanied by a steep rise in prices. From hovering at just over 10

percent, inflation surged to 18 percent in January 2008, rising steeply to peak at 30 percent in May. Food prices were the primary driver of the surge (Fig2.5). Food inflation peaked at 45 percent in May 2008, remained high throughout the rest of 2008, and only began to recede in the second quarter of 2009.

Alongside the PEV, the economy was simultaneously hit by two other shocks. The first was a very severe drought – arguably the worst drought since 2004, which began with poor short rains in 2009, followed by severe failure of the long rains in 2009. The second was the global economic crisis. Triggered by the collapse of the sub-prime mortgage market in the US in September 2007, it spread



through the global financial system, and rapidly evolved into a deep worldwide recession. The sectors most directly affected by the shocks are agriculture and tourism.

Agriculture

Agriculture was affected by all the three shocks i.e the PEV, the drought and the global recession (horticulture), while tourism was affected by the PEV and the global crisis. Tourism, which had been the second fastest growing sector over the preceding three years, contracted by a massive 36 percent. Agriculture contracted by 5 percent, from an average of 4.5 percent over the preceding three years. Although the tourism sector contracted by more, the impact of agriculture on the overall economy was larger. This reflects two factors. First, by virtue of agriculture being the single largest sector in the economy accounting for a quarter of GDP directly and a significant indirect share, for instance in manufacturing (agro-processing). Second, through its impact on food prices and incomes of farmers, agriculture has a very big impact on purchasing power of consumers. ■

3. Political economy of the Rift Valley Province

RIFT VALLEY IS THE LARGEST OF KENYA'S EIGHT PROVINCES, BOTH IN PHYSICAL SIZE AND POPULATION. It occupies 31 percent of the country's area. Its 2009 population, estimated at 10 million, is 26 percent of the country's estimated population of 39 million people. Landwise, Rift Valley is 20 percent larger than Eastern, the second largest province. The population gap is more significant--64 percent more than Eastern, which is also the second most populous province (Fig. 3.1).

The large population is not a reflection of the vastness of the province. Rather it is a reflection of the resource base, specifically land. Kenya's agricultural land is classified into three categories: high, medium and low potential. Only 13 percent is classified high potential, and close to half — 45 percent of it is in the Rift Valley province. The high potential land in itself constitutes only 20 percent of the region's agricultural land — the other 80 percent is classified as marginal.

Shrinking Land Base

The relative abundance of land has seen the Rift Valley serve as the shock absorber of Kenya's population explosion. The country's population has increased nearly fourfold in four decades—from 11 million in 1969 to an estimated 40 million in 2009. This is reflected in the change in spatial distribution of population over time. The region is one of three whose share of the total population has increased, from 20 percent in 1969 to an estimated 25 percent. The other region's whose share has increased significantly are Nairobi and North Eastern, and Eastern province to a lesser extent, while the populations of Coast and Western have grown more or less proportionately.

The country's rapid population growth has put a lot of pressure on land. The amount of land has declined from ten acres per person to just under three acres per person, and high potential land from two acres per person to just over half an acre per person. Not surprisingly, the dwindling of land resources is most pronounced in the Rift Valley, reflecting the disproportionate population growth (Fig 3.3). Forty years ago, the Rift Valley province had

Fig. 3.1: Kenya population by province, millions, 2009 estimate

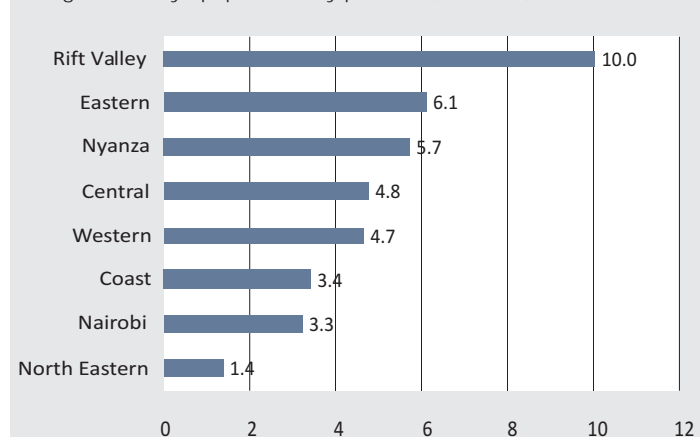
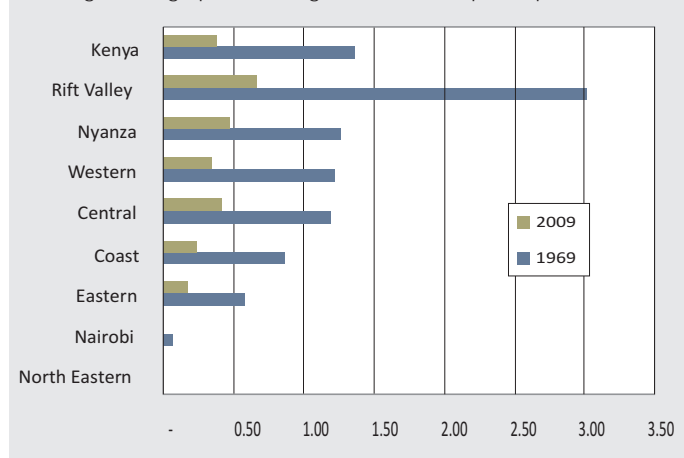


Fig 3.3: High potential agricultural land per capita, acres



an average of three acres of high potential land per person, compared to a national average of two acres per person. This has shrunk to 0.7 of an acre, which is not significantly higher than the national average of 0.4.

Economy

The Rift Valley is rightfully referred to as Kenya's bread basket. As noted, however, this accolade belongs to the one quarter of the province that accounts for almost half of Kenya's high potential land. The province accounts for virtually all the commercial production of maize — Kenya's staple cereal, and is in fact the only surplus producer i.e. producing more than it consumes. This in effect means that the regions' production is the most critical factor in the national food demand-supply balance, and in effect market prices.

The “land question” — then meaning the future of the settler farms in the Rift Valley shaped the political formations in the run-up to independence, and the power politics that followed it.

Data on agricultural land use from the 2005/6 Integrated Household Budget Survey (IHBS) indicates that the province is the dominant producer of wheat and barley, accounting for 82 and 95 percent of national acreage respectively. It also accounted for about a third of the planted acreage of the country's other important food crops; 30 percent of tea acreage and 70 percent of pyrethrum and 10 percent of coffee. Rift Valley also leads export horticulture, particularly cut flower industry concentrated around Lake Naivasha. The cut flower industry is Kenya's single second largest export by value after tea.

Although agriculture is the mainstay of the Rift Valley, the region's economy is quite diversified. Production statistics for other sectors disaggregated by region are not published. However, their relative significance can be discerned from employment by modern establishments (formal wage employment). Rift Valley ranks third, after Nairobi and Coast, in contribution to formal wage employment.

It leads in the agricultural sector, reflecting the importance of commercial agriculture (horticulture and tea industry), is second to Nairobi in all industrial sub-sectors (manufacturing, construction and mining), and third in the trade and hospitality sector, reflecting the importance of the tourism industry. The region is also the main reservoir of Kenya's geothermal resources. The current installed capacity (128 megawatts) accounts for 10 percent of total capacity and on average 20 percent of annual electricity production. It is estimated that the country has over 2000 megawatts potential of geothermal power — which is going to become more important in the future.

Colonial Background

The availability of arable land made the Rift Valley the heartland of the Kenya colony. The colonial government expropriated over 7 million acres of land, most of it in the Rift Valley, for European settlement. While the European settlers were the landowners, the majority of “settlers” were other Africans who came as migrant labor, “squatters” and the so called “Kaffir” farmers. By the outbreak of World War 1 in 1945, there were over 200,000 African migrants in the Rift Valley. The majority of these migrants (122,000) were Kikuyu — many of them victims of land expropriation. As early as 1910, over 10,000 Kikuyu families had been rendered squatters on their own land in Kiambu.³

³ Tabitha Kanogo, *Squatters and the Roots of the Mau Mau 1905-1963*, East African Education Publishers.

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The settler colony enterprise culminated in the Kikuyu led Mau Mau uprising, whose clarion call was “land” and “freedom”. The “land question” — then meaning the future of the settler farms in the Rift Valley shaped the politics of independence. The imminent independence generated expectations for land restitution. Restitution was destined to be a minefield — pitting the ancestral claims against the reality of settlers, both European and African. This conflict shaped political formations in the run-up to independence, and the power politics that followed it. The conflict played out in the “majimbo” (regional) question.

Sowing the Seeds of Political Violence

The two parties that emerged to contest the independence elections were KANU, which identified with the majority tribes (Kikuyu and Luo) and stood for unitary government, and KADU, which identified with the “minority tribes”, and advocated “majimbo”. KANU's stance was seen as protecting and furthering Kikuyu settlement in the Rift Valley, and KADU's majimbo stance as representing restitution of ancestral claims. Although they were not the only actors or interest groups, it crystallized into a Kikuyu-Kalenjin political contest as these two narratives from the period attest:

“I knew there were two possibilities—one that the Rift Valley would be divided free amongst all the tribes, and two, that it would have to be bought...After talking to some more Kikuyu leaders, I began to see the issue more clearly. The Kikuyu were beginning to think that that if the Rift Valley was to be divided amongst the tribes, they would have very little claim. The Maasai would get whole stretches of it to the west of Kijabe, and the various Kalenjin groups would claim much of the rest. The leaders could see that it would be better politics to settle all the major disputes about political matters first, and then eventually open the Rift Valley to all who could afford to buy it. This was quite openly discussed in these terms back in the autumn of 1959”⁴

“Out in the rural constituencies were tribesmen like the Kalenjin who feared that in the highlands the Kikuyu were penetrating everywhere and they would be much the quickest off the mark when it came to sharing out the formerly white farms... Many rallies were held like that at the end of October 1961 at Iten. The young warriors of the KADU Youth Wing squatted where they had parked their spears and their vividly quartered shields and chorused the newly-learned slogan Uhuru na Majimbo...They had come to listen to their local member, William Murgor, the Parliamentary Secretary to the Ministry of Defence and Internal Security, who leapt on top of a trestle:

“Kenya has said that the Kikuyu are spread all over the country, but they won't come here... I say that, if the Government cannot move the Kikuyu squatters from the Kapsabet forest, we shall have to take steps to do it...The school opened for the Kikuyu children...should be closed...I was insulted by the Kikuyu in the Nakuru meeting...If Kenya orders the Kikuyu in Nakuru to declare war on the rest of the tribes we are ready for them.”⁵

This divide led to stalemate in the negotiations for a constitution that threatened to derail the independence timetable. In the end, KANU relented and Kenya became independent on a

⁴ *Rebman Wambaa, quoted in Colin Leys, Underdevelopment in Kenya: The Political Economy of Neocolonialism, Nairobi, East African Education Publishers, 1975.*

⁵ *Keith Kyle, The Politics of the Independence of Kenya, Palgrave MacMillan, 1999.*

“majimbo” constitution. But KANU under Kenyatta went on to win the independent elections hands down. The overwhelming mandate emboldened KANU to dismantle the majimbo constitution. Within a year, KADU capitulated, dissolved itself and its members of parliament, led by former President Moi, joined KANU. This was the end of the agenda for restitution of ancestral claims. Far from restitution, the next two decades saw massive influx of new settlers.

Influx into the Rift Valley

This influx saw the share of non-native ethnic groups increase from 30 percent to just under 40 percent between 1969 and 1989.⁶ Although in absolute terms Kikuyus constituted the largest group of migrants, the influx was quite diverse. Although the actual figures of migrants are not available it is possible to estimate the number of migrants by estimating the natural growth of the base

Table 3.1: Contribution and impact of migration to Rift Valley by ethnic group

GROUP	ESTIMATED MIGRATION	POP. GROWTH	% OF MIGRANTS	MIGRATION/ POP. GROWTH,%
Kikuyu	279,563	2,254,233	40	12.4
Kisii	70,245	616,730	10	11.4
Luhya	172,785	1,629,971	25	10.6
Luo	74,194	1,132,337	11	6.6
Other	61,184	4,867,660	9	1.3
TOTAL	697,941	10,500,931	100	6.6

populations in 1969 and subtracting this from the population in 1989. This enables us to get a picture of how different ethnic groups have “benefited” from the resettlement policies.

This is shown in Table 3.1. Overall, the data suggests that the Rift Valley absorbed 6.6 percent of

the population increase in the two decades between 1969 and 1989. Four ethnic groups, Kikuyu, Luhya, Luo and Kisii, account for 90 percent of the migrations with Kikuyus alone accounting for 40 percent and Luhyas for a quarter. Proportionately, the migration to the Rift Valley absorbed just over 12 percent of the increase in Kikuyu population, about 11 percent of the increase both Kisii and Luhya and just under 6.6 percent of Luo and only 1.3 percent of all other communities put together.

Political Violence and Democracy

The wind of democratic change triggered by the collapse of communism saw Kenya revert to multiparty politics in 1992. It also marked the beginning of ethnically targeted, politically motivated violence. Prosecuted by a militia of “Kalenjin Warriors” suspected to be state security personnel, the so called “tribal clashes” targeted and displaced hundreds of thousands of Kikuyu farmers from the central Rift Valley in the run up to the election.

There are three possible political objectives that could have motivated the violence. First was to disenfranchise the substantial Kikuyu vote in the Rift Valley, thereby reducing the chances of either one of two leading contenders, both Kikuyu, from defeating Moi. The second, also electoral, could have been to deny opposition parties parliamentary seats in the Rift Valley – indeed one of the clarion calls of the KANU campaign was to declare Rift Valley a “KANU zone”.

A third possible objective could have been to demonstrate Kikuyu vulnerability as a bargaining chip in the event that Moi lost the election to a Kikuyu challenger. This objective is lent credence by the fact

⁶ The 1969 census was the first post-independence census, and the 1989 was the last one to publish ethnic breakdown of the population.

⁷ The KAMATUSA talks, KAMATUSA being an acronym for Kalenjin, Masai, Turkana and Samburu.

that after the election, a section of the Kikuyu political elite initiated a dialogue with their Kalenjin counterparts.⁷

The Escalation of Political Violence

The second multiparty election in 1997 pitted Moi against a divided opposition — with Mwai Kibaki and as the front-runner. Once again political violence erupted in the Rift Valley — but this time, also in the Coast province. While the violence in the Rift Valley was still predominantly rural i.e. targeting landowners, the violence at the Coast was both rural and urban—targeting all residents from “upcountry”. The spread of pre-election violence also fits the “ethnic arithmetic” of presidential elections.

Unlike 1992 where the leading challengers were strong in only Kikuyu and Luo dominated provinces (Nyanza, Nairobi, and Central), the 1997 election pitted Moi against challengers with solid ethnic support bases in five provinces (Nyanza, Western, Nairobi, Central and Eastern), leaving him with only three provinces that he could dominate (Rift Valley, North Eastern and Coast). However, the Coast had a large population of opposition-leaning ethnic groups, in particular Kamba and Kikuyu. Mwai Kibaki had performed well with Kamba voters in 1992, and there was also a strong Kamba candidate, Charity Ngilu. In effect, the stakes were higher. Thus, disenfranchising the upcountry voters at the coast would have increased Moi's chances of getting the highest vote, and also undermined Kibaki's chances of securing the five province 25 percent rule in the event that he got the highest vote. The third multiparty election in 2002 election was relatively violence free. Of note is that the incumbent was not contesting, having served out his two term constitutional limit. Secondly, both leading contenders – from KANU and opposition – were Kikuyu. In effect, there was no ethnic factor.

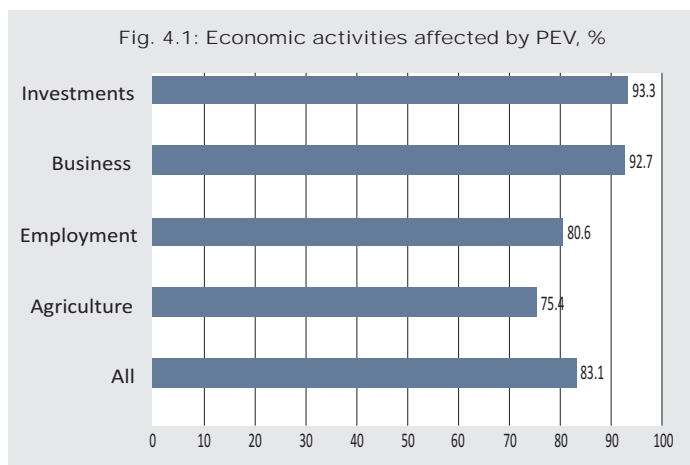
New Pattern of Violence after the 2007 Election

The fourth multiparty elections in 2007 brought Kenya to the brink of civil war. Although there are parallels, it differs in three respects. First, the violence erupted after the election, ignited by contestation of the outcome of the presidential election. In the previous elections, the violence had been pre-election and had subsided very quickly once the incumbent was safely back in power. That said, there had been pre-election violence in the Rift Valley. Second difference was the geographical spread. Although the Rift Valley remained the epicentre, accounting for over 70 percent of the displaced at its height, the violence spread to five of the eight provinces. Third, while the previous violence had the hallmarks of state instigation, the 2007 post-election violence was largely civilian driven, and provoked by opposition supporters.

This departure from the previous pattern of violence is underlain by three grievances that built up since 2003. The first was the failure of the pre-election power-sharing pact—the NARC memorandum of understanding — that propelled Kibaki to power in 2002. On assuming power, Kibaki backtracked on the MOU. He did not appoint Raila Odinga Prime Minister and did not give Raila's party, the LDP, half the cabinet posts as agreed. This grievance played out in the constitutional reform process that culminated in a referendum that the Kibaki group (‘Yes’ campaign) lost to the Raila Odinga led ‘No’ campaign. Emboldened by the victory, the LDP left Government, transformed their referendum campaign platform- Orange Democratic Movement- into a political party and embarked on campaigning to unseat their erstwhile partners. ■

4. Economic impact of the post-election violence in the Rift Valley

THE PEV HAD AN IMPACT ON MOST ECONOMIC ACTIVITIES — 83 PERCENT — IN THE PLACES THAT IT occurred. However property and businesses were more severely affected than agriculture. Over 90 percent of property owners (e.g. rental houses) and businesses were affected as compared to 75 percent of agricultural activities (Fig. 4.1)

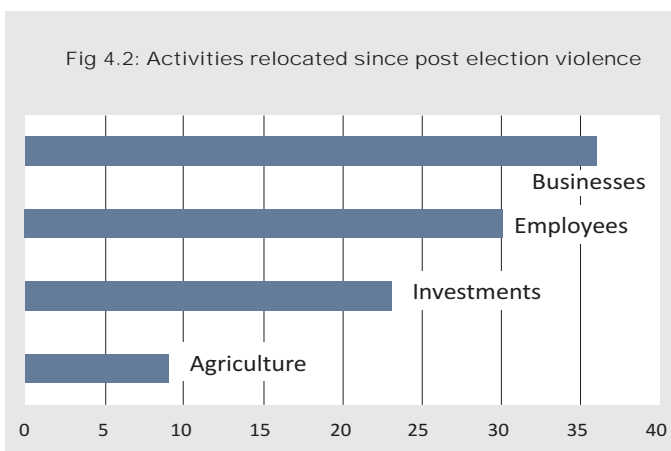


Twenty one percent, that is one out of five of the respondents to the survey has terminated an economic activity they were involved in before the PEV. The main reason cited for termination of the economic activity was loss of property to vandalism and theft during the PEV, followed by displacement. Almost a third of non-agricultural enterprises and ten percent of the agricultural ones have

relocated since the PEV (Fig 4.2).

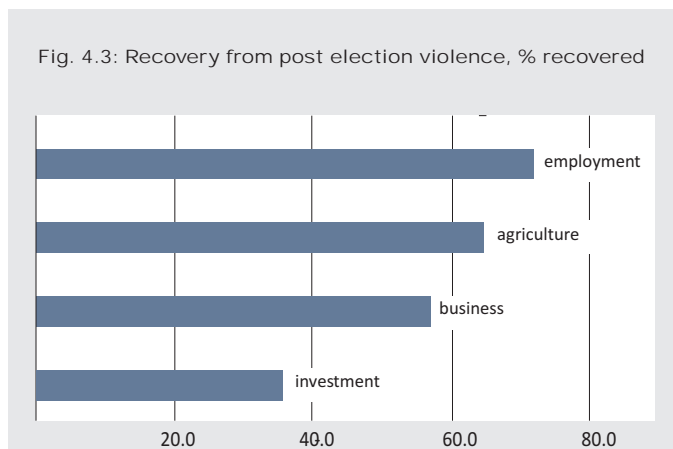
relocated since the PEV (Fig 4.2).

Most people in employment — just over 80 percent — had recovered from the violence economically. More than three quarters of agricultural activity has also recovered. Businesses have fared less well, with close to 40 percent not recovered. Investments, which is mostly property (e.g. rental housing), have fared worst of all with more than half not having recovered (Fig 4.3).



Production

Agricultural production suffered a sharp drop in 2008 following the violence. Some commodities registered modest recovery in 2009. The maize and dairy sectors seem to have experienced the most severe production shocks. The maize harvest reported by the respondents in 2008 was 85 percent below 2007. There was

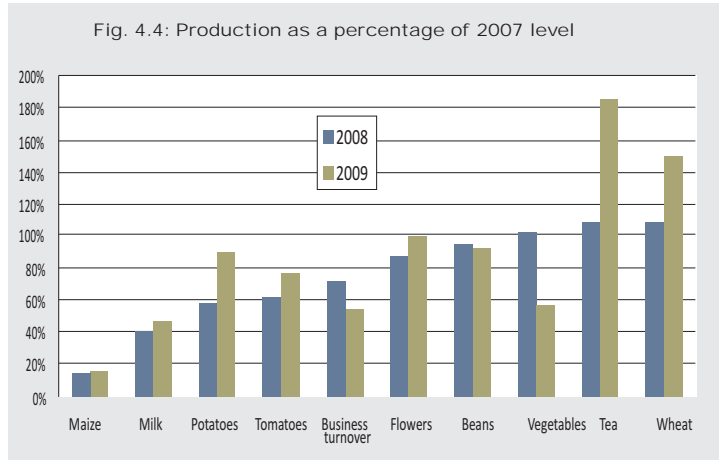


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a very modest recovery in 2009. The production shock in maize appears to be primarily as a result of poor yields, since planted acreage reported by the farmers in 2008 was higher than 2007. (Fig 4.4)

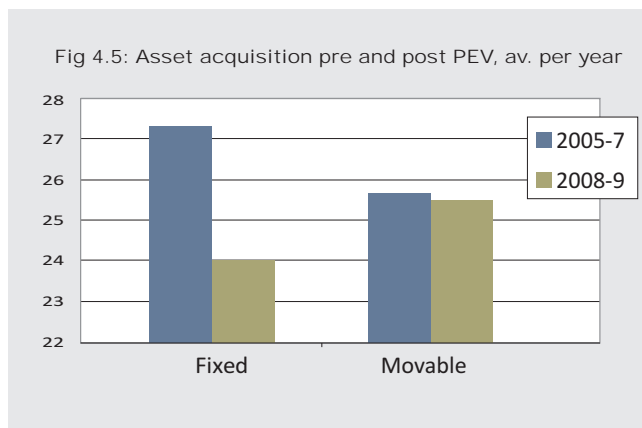
Milk production reported in 2008 was 60 percent below 2007. Although there was a marked recovery in 2009, the production was still less than half the 2007

output. The production shock in milk production is a combination of both decline in number of animals and yield. The number of animals declined by 15 percent in 2008, and further still by a similar magnitude in 2009. In effect, the recovery in 2009 reflects an increase in yield only. Potato and tomato output contracted by 60 and 40 percent respectively in 2008, but both recovered substantially in 2009. Beans, wheat and other vegetables seem not to have been affected at all, although vegetable production fell sharply in 2009. Business (i.e. non-agricultural) turnover suffered a 30 percent loss in 2008 and a further 25 percent decline in 2009. In effect, business turnover in 2009 was 45 percent lower than in 2007.

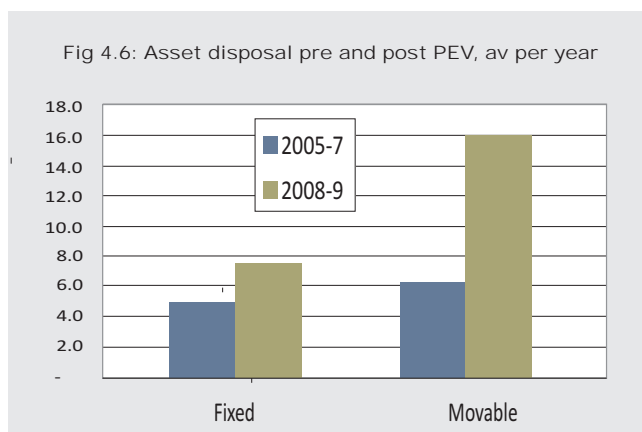


Investment and Divestment

There is a marked drop in the acquisition of fixed assets (i.e. land and buildings) by the respondents in the post-election period from an average of 27 per year in the three preceding years (2005-2007), to an average of 24 per year. The rate of acquisition of movable assets (cars, farm machinery, consumer durables etc) did not register significant change (Fig. 4.5).

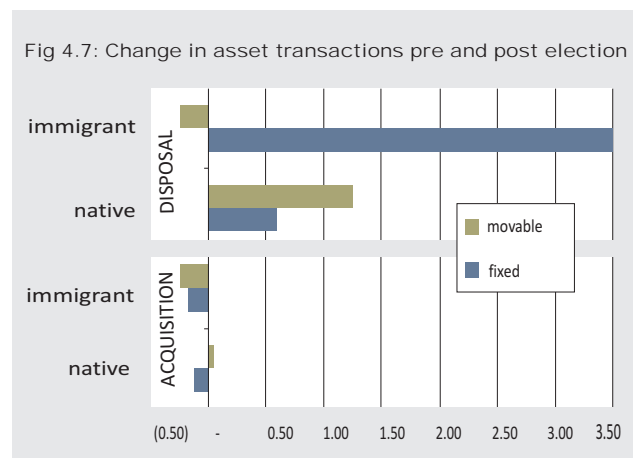


The frequency of asset disposal in the post-election period is more than twice that in the preceding period, an average of 24 as compared to 11. This is accounted for primarily by non-fixed assets, specifically motor vehicles. However, frequency of disposing fixed assets is also one and a half times higher, from 5 per year to 7.5 per year on average (Fig. 4.6)



There is a marked difference in the trend between respondents describing themselves as natives of the Rift Valley, and

those describing themselves as immigrants. Although the frequency of disposal of assets increased for both groups, the rate is much higher for immigrants than natives. Overall, the frequency of disposal of all assets for natives in the post election period is about twice (1.86 times) the pre-election frequency, as compared to immigrants' 3.5 times. The difference is more pronounced for fixed than non-fixed assets.

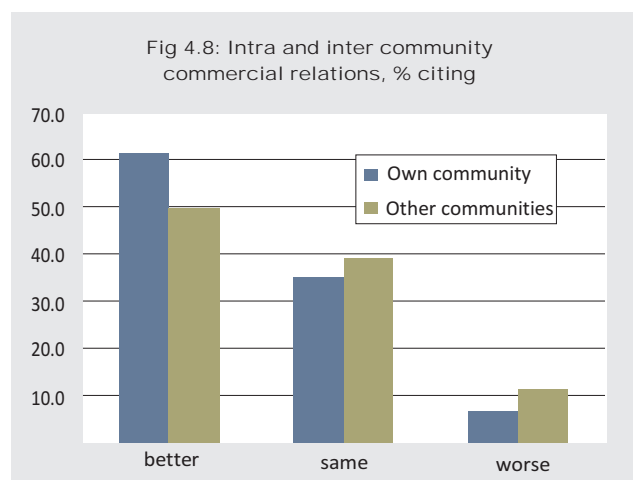


The frequency of disposal of fixed assets by natives is one and a half times higher post-election and that of immigrants four and a half times higher.

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Social Capital

Eleven percent of the survey respondents reported deterioration of economic relationships with people not from their own communities. However, 7 percent also reported worsened relations with people from their own ethnic group, hence the 11 percent figure may not be very significant.

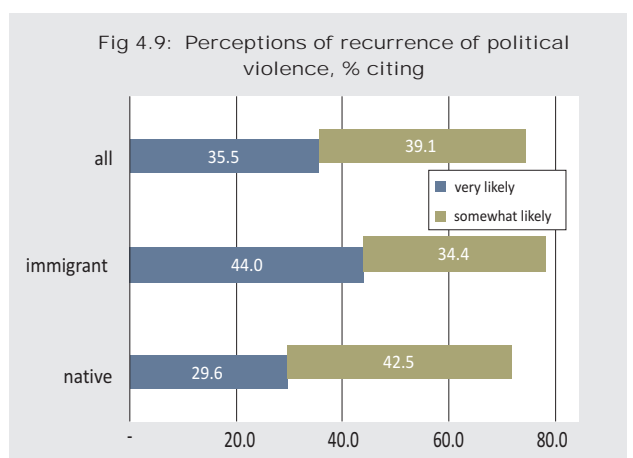


That said, on average, 61 percent reported improved economic relationship with people from their own communities, as compared to about half who reported improved economic relationships with people of other communities.

Thus the survey indicates that the post-election violence has resulted in erosion of social capital between communities, although the magnitude does not appear to be very large.

Political Risk Perceptions and Responses

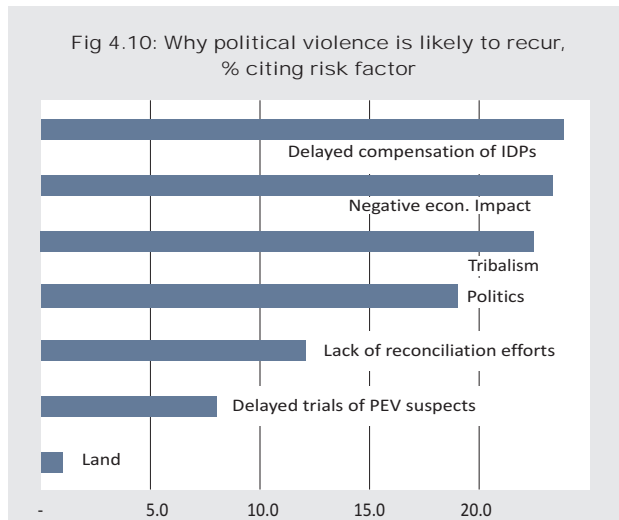
Three quarters of the respondents think that recurrence of the election violence as likely, of whom half think it is very likely. People who consider themselves migrant perceive recurrence risk more than those who consider themselves natives—44 percent of immigrants think that recurrence is very likely as compared to 30 percent of natives (Fig. 4.9)



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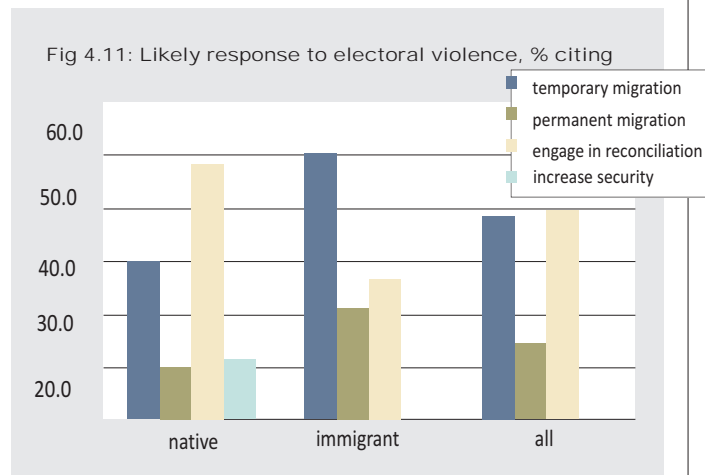
tribalism (21 percent) and ‘bad politics’ (19 percent). Notably, land does not feature among the risk factors, and was only cited by one respondent. In effect, the consequences of the PEV are seen as more critical risk factors of occurrence than the factors regarded as the causes of the violence (Fig. 4.10).

Should their fears be realized, that is, electoral violence recurs, migration is the most likely response of the majority of respondents. Thirty eight percent have made plans to migrate temporarily, while 15 percent envisage migrating

permanently. And as might be expected, those who consider themselves migrants are more likely to relocate — 50 percent temporarily, and 20 percent permanently.

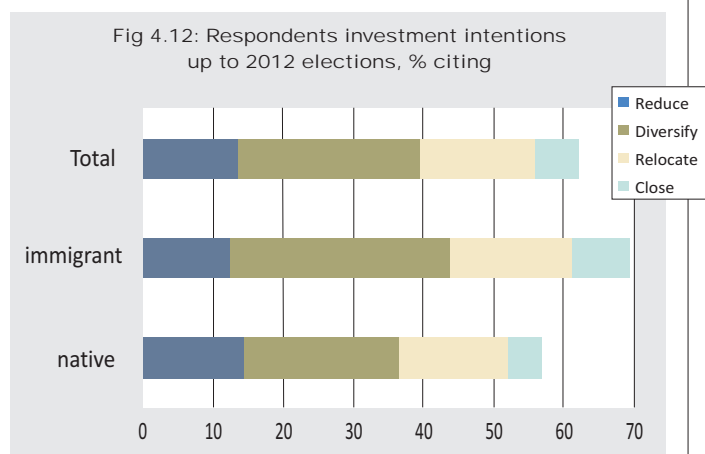
Migration as a Response to Violence

As a result of the high risk perception, the majority of respondents — 60 percent — do not intend to expand their economic activities in the current location between now and the next election. Geographical diversification is the most frequently cited risk mitigation strategy – by 26 percent of the respondents. Sixteen percent plan to relocate their activities, 14 percent intend to scale down and 6 percent intend to close down.



Economic Response to Violence

As may be expected respondents who consider themselves immigrant are more wary. Only 30 percent of them anticipate expanding their economic activities in their current location before the next elections, as compared to 43 of those who consider themselves native to the region. Thirty one percent of the immigrants intend to diversify locations, as compared to 22 percent of natives, and 8 percent plan to close down an activity as compared to 5 percent of the natives. ■



5. Conclusions

Direct impact of the destruction of capital

The PEV destroyed a lot of property and businesses through vandalism and arson. This has resulted in loss of capital. This means that many businesses that were employing people, generating incomes and supporting other economic activities in the affected areas either no longer exist, or are operating at lower capacities than before. Capital takes a long time to accumulate. This means that the overall economic capacity of the level of economic activity in the affected areas may take some time before it returns to the pre-election level.

Discouraging investment

The impact of the considerable destruction of capital is being worsened by the continued lack of confidence in the political situation. The fact that three-quarters of the people expect the violence to recur suggests that risk aversion is likely to be the dominant sentiment in the violence prone areas. This loss of confidence is likely to impact most the growth of micro and small enterprises (MSEs) which are the main source of employment in the country. Lack of jobs and diminished livelihood opportunities for the youth will lead to frustrations that in turn increase the risk of violence. In effect, continued widespread perception of high risk of violence can become a vicious cycle i.e. economic distress, which provokes increased risk perception, precipitating even more economic distress.

Impact on food security

The PEV no doubt contributed to the food crunch experienced in 2009. However, severe drought has had a more significant impact on the food situation than the PEV. Agriculture has recovered better than non-agricultural activity. There are at least three reasons for this. First, food production is dependent primarily on land, i.e. it was easier to restart as compared to other businesses whose capital was destroyed. Second, the food market (i.e. demand for food) is more certain than for other businesses, and investment is short term (i.e. 3 to 9 months). Third, farmers do not have short-term options, i.e. farming is not easily relocated, therefore, to generate income they have to plant. That said, the risk to food security is not fully attenuated. The large percentage of those who plan to relocate if the risk of violence is imminent suggests that there is a risk of disruption of farming in the period around the 2012 elections.

Indirect and long-term consequences on migration

As observed, the Rift Valley has been the shock absorber for Kenya's population explosion over the last century. Land being a finite resource, this role was bound to end as the relative population density began to resemble the other regions with similar landscape. The political violence of the last two decades and the PEV and its precursors 1992 and 1997 will no doubt hasten this end. Unless there is very fundamental economic transformation to attenuate the dependence on land—this pressure will be borne by the traditional “out-migration” regions, namely Central, Western Province and Nyanza (Kisii). The other likely impact is on urbanisation in particular on the Nairobi metropolitan area, increasing the already immense pressure on infrastructure and resources. ■