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kenya

POLITICS OF CONFLICTS AND LONG RANGE PLANNING

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1. THE END OF INNOCENCE

In a basic sense, Kenya is at crossroads. The socio-political framework which carried us from independence is no longer sufficient to guarantee recovery from the present depression and future growth. This insufficiency has led to some basic conflicts. It is the argument of this paper that these conflicts must be resolved to enable us to tackle other long range growth issues. If we do not tackle the long range issues now, we shall continue to be trapped in the miasma of underdevelopment and increasing poverty leading to more conflict.

In the first twenty years or so after 1963, there was “satisfaction” over both local and national leadership and conflict over political leadership did not engender large scale violence. The political elite, fragmented into tribal units by the colonial state’s ban on organizing national political parties, did appear to be unified in the commitment to independence. Save for the “Shifta” secessionists and the Land Freedom Army, the bulk of their followers were also unified in accepting independence and its benefits. Elites and non-elites also shared in the hope for a better future. After all, they had “their” government. They could go out and get land. They could send their children to school. These children in turn would get jobs. They could even go to formerly closed districts. What they could not do, their sons would achieve for *mburi yi mbere*.

This was not just idle hope. It was driven by an expanding economy. Although the ‘political kingdom’ was first sought by nationalism, part of what was to be added was a growing economy. In ‘What Kanu Offers You’, published at the beginning of our nationhood, it is boldly stated that the objective of independence was to fight ignorance, disease and poverty. It is a fact that the first years of independence saw significant growth.

The current development plan states; “during the first decade of independence....per capita incomes (were) growing at 2.6 percent per year.....Between 1980 and 1989, the average growth rate of per capita income was only 0.4 percent and between 1990 and 1995 the rate was a negative 0.3 per cent per year. **RAPID AND SUSTAINED PER CAPITA INCOME GROWTH HAS REMAINED AN ELUSIVE TARGET. SINCE 1980 THERE HAS BEEN VIRTUALLY NO CHANGE IN THE LIVING STANDARDS OF KENYANS.**” (emphasis added.)

The use of GDP is controversial for it masks many inequities. However, we present GDP data to make a simple point that the economy was expanding during the initial years and stagnated in the later periods. Ikiara and Killick, in *Papers on the Kenyan Economy*, point out that from independence to 1978, the constant price GDP was growing at the average rate of 6% annually, and further, that given that the average population growth for the period was 3.5%, the per capita growth rate was 2.0%. There are studies showing growing regional inequity even as early as the first decade of independence. However, Ikiara and Killick concluded that for the first fifteen years despite the inequities building up, conditions in most rural areas were still improving.

The GDP growth rate was 5.0% in 1979, Moi's first year of rule, but it dropped to 3.9% in 1980, rising to 6.0% in 1981 and dropping to 0.8% in 1984. It was 5.5% in 1986. By 1990 it was 4.3%, 2.3% in 1991, 0.5% in 1992, 0.2% in 1993, 3.0% in 1994 and 4.9% in 1995.

If the first fifteen years showed a growing economy, the next eighteen were dismal. Part of the dismal performance can be traced to two variables in the late seventies. The first is government deficits, primarily driven by the expansion in public service employment and the second oil shock, and second, the 'coffee boom', a euphemism for the smuggled Uganda coffee when that country was in chaos in the late seventies. These variables were also coupled with the expenditures by KANU political factions related to succession. The 1982 coup attempt can be understood as a continuation of these faction-based struggles.

The initial economic expansion was primarily based on improving agricultural production. Most Kenyans and academics who have written about this period emphasize the contribution of the takeover of the white-highlands. Yet recent scholarship points out that the most important expansion in agriculture took place away from there and in the areas formerly called either trust lands or crown lands. It is in the interface areas of the various ethnicities that there was dramatic expansion in opening new land. If the white-highlands were about seven million hectares, it is possible that the trust lands and crown lands were about four times that. True they were not as productive as the white-highlands but one should note that it is not all the white-highlands which were productive. Significant parts of the white-highlands were zone four and thus ranches.

Between 1961 and 1970 the Million Acre Scheme and other less formal settlement schemes had settled more than 500,000 Africans (4% of the national population) on 1.5 million acres. This was about 4% of the nation's agricultural land. At the same time, the government ensured that the emerging political and bureaucratic elite got land in the highlands, initially Z plots, the plots zoned to include the farm house which were significantly bigger than the plots allocated to ordinary allottees but later in other forms. Between 1965 and 1970, another million acres passed on to the elite as large scale farms. The elite therefore got about as much land as the poor allottees! By 1975 the remaining 40% of the European mixed farms would pass on to Africans as settlement schemes, but 60% would be passed on as large scale farms bought by the elite for themselves or as proxies for their poor! By 1984, there were 4,192 large scale farms covering 2,177,092 hectares (5,442,730 acres) according to the CBS.

Expansion to the so called empty lands, created as buffer zone between the various ethnicities by the colonial regime, is found in all the provinces. It is more dramatic in the semi-arid districts where very large chunks of land were left as hunting blocs. Studies on land in Kenya have concentrated on the land in the white-highlands generally ignoring the expansion to the so-called crown lands which offered opportunities for some ethnic groups as discussed by Mbithi and Barnes in ***Spontaneous Settlement Problem in Kenya***. They show that between the 1962 and 1969 censuses, 13% of the national population moved. Central, Western and Eastern Provinces were undergoing net out-migration. The provinces with net immigration were Coast and Rift Valley. For Coast Province, the bulk of migrants came from Machakos, Kitui, Kisumu, Kakamega and Siaya. Immigrants into Rift Valley were mainly from Kiambu, Nyeri, Muranga, Kakamega Bungoma, Kisumu, Siaya, and Kisii.

These inter-district and inter-province flows were not the only migrations. Within districts there were major movements. The Kamba exploded out into Eastern Kitui, Makueni and Yatta. The Embu expanded into Mbeere and Gachoka. The Meru moved towards Isiolo, the Griama into the areas north of the Sabaki, the Duruma towards Taita and the Digo towards Tanzania. In the pastoral districts, areas which had been zoned to keep the Somali out of contact with the Borana, Bajuni, and Orma and the Samburu out of contact with the Turkana, Eastern Pokot and Borana were widely peopled. As a consequence, districts like Isiolo, Lamu and Tana River began to have conflicts over natural resources use in livestock production. Again, within districts like Tana River, Somali encroached on the grazing areas of the Orma. Interior settlers were placed in Lake Kenyatta in Lamu and in other settlements along the Tana. The Turkana and the Pokot overlapped in their districts at different times. The Pokot lost some of their wetter areas to settlers from elsewhere, especially in Kapenguria division. So did the Maasai in areas like Mau, Transmara, Ngong and Loitokitok.

One should also note that some tribes did not really get a chance to expand significantly to their Crown Lands or the "white-highlands" abutting them. Among these are the Taita, whose "white-highlands" were privatized by members of the national elite from without and some ranches by local land buying companies dominated by some local elites. The bulk of their crown land had become Tsavo National Park in 1948.

None of these intra-district and at times inter-ethnic movements and settlements has been adequately studied, for the district boundaries subsumed the trust and crown lands. However, the point one wants to make is that the expansion into the white-highland and repossession of crown lands expanded crop and livestock production and stemmed land hunger until the eighties when land again became a conflict-triggering issue. It was then a short step to the ethnic clashes of the 1990 driven by ethnic entrepreneurs.

Yet under the economic expansion lurked the destabilizing growth of the population. In 1948 Kenya's population was 5,405,966. In 1962 it was 8,636,263 and grew to 10,942,705 by 1969. By 1979 it was 15,327,061 and by 1989 it was 21,443,636. In ***Searching for Land Tenure Security***, Mighot-Adhola writes: "Only about 20% of Kenya's land is considered to have high or medium potential for farming or intensive livestock production ... Kenya has one of the highest agricultural population densities in the world when its agro-climatic potential is taken into consideration." The problem is not just overall densities but also that the high densities in the high potential areas have led to landlessness and further that population has spilled from the high density areas to marginal lands so much that currently more than 25% of the national population is currently in fragile ASALs. Further, given that most of the population is rural (90.1 % in 1969, 84.9% in 1979 and 82% in 1989) and depends on agriculture, clearly acquiring land for economic survival as well as ontological reasons, was already a problem in the eighties. Ayiemba and Oucho in ***The State of Population in Eastern and Southern Africa***, calculate that there was only 0.10 hectare of cropland per capita by 1990.

The expanding economy died by the mid eighties. The demographic cluster time bomb continued to explode in different parts and times depending on the food

availability and fertility histories of the local communities. Hope has diminished so much that lack of it is part and parcel of the Budget in 1998.

The rest of this paper will discuss SIX conflict areas needing immediate political and policy attention to facilitate regeneration of hope and social tranquillity and EIGHT areas needed to spur a different growth than what propelled us to the present. The six conflict areas are: 1. Fragmented Political Elites and Followership. 2. Land. 3. Education. 4. Water. 5. Pastoral Grazing and 6. Security.

2. FRAGMENTED POLITICAL ELITES AND FOLLOWERSHIPS

By 1969, the single party was institutionalized to end those differences which had emerged within the national political elite. Those who had attempted to bring policy differences, mainly land and socialism, to national focus, the Odinga wing of KANU, were banned or imprisoned. Mboya, perceived as a potential challenger, was eliminated. From then to 1992, one can therefore talk of a "unified" but cowed national political elite. One cannot talk of a unified followership for the very process of creation of a single party with only one policy tendency ensured that followership was fragmented. The political elite appeared to be unified only because it did not allow organizational diversity whether it was based on ideology, as JM tried, or on ethnicity. This is the organizational reality until the onset of multi-partism in the nineties.

Ironically multi-partism for its part has led to fragmentation of the elite. At the simplest level, some elite members left KANU to create other parties. That is not all. Some of the parties have attempted to create ideological political following. Yet all parties seem to be trapped by the basic building blocs of the society, ethnicities. This phenomena may be explained from two perspectives. First, perhaps it is simpler to mobilize ethnics. Chinua Achebe wrote a long time ago that what most African communities seek is their eyes and ears at the capital. Perhaps there is a grain of truth in this. Second, perhaps it is simpler for members of the political elite to mobilize their ethnic brothers and sisters on the basis of the recent history of the single party state and what it did not deliver to particular ethnicities. This again is suggested by Achebe who implies that the only value for an ethnic member of the political elite is to deliver to the group. This argument has begun to be called the role of the ethnic entrepreneur i.e., a person who mobilizes his ethnic group for particular profits, mainly to themselves as opposed to the group. Mobilization can range from innocuous organizing to actual ethnic war.

Whatever the reasons for the political elite fragmentation, it is clear that the various political parties have followerships in particular ethnicities. Perhaps it will take time and a lot of organizational effort to make the parties truly national, defined as having significant following and shared power across many ethnicities without being dominated by one. One does not see that any of the current parties have created organizations which assure cross ethnic followership, leadership and shared power.

The problem though is not just the political elites. It is also the followers. True they were fragmented when their eyes and ears were ignored, imprisoned, banned or killed by the single party state. They also have traditional values that militate

against following leaders from other ethnicities. “Why would you follow an uncircumcised boy!” one hears. “Why would you follow somebody who chases livestock!”, another refrain. “Why would you follow a man wearing a skirt!”, as variation. “Would you follow a camel herder?” Why follow some mshenzi who only digs?” The permutations are endless from this perspective. Such traditionalist views, mainly perpetuated by ethnic entrepreneurs, keep us from making true national political parties.

Political parties are instruments of collecting people of particular persuasions, usually ideological or policy, to try and capture state power. In our case it may be that we only see them as instruments for assuring that our ethnicity captures state power. This is not likely to contribute to the democratization of society and the national polity, for in questing for the ethnic group to capture state power we can oppress the ethnics. Therefore, it behooves the national elite (note, not national **political** elite) to educate Kenyans to the fact that ethnic-oriented political parties are dangerous for they are more than likely to lead to competition over control of the state by ethnic groups without worrying about democratization at the local or national levels as Mahmood Mamdani argues in ***Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism.***

The most important action to assure that political parties do not become instruments of ethnic entrepreneurs is to require that all political parties show representation of more than one ethnic group in the key national organs, office bearers, the governing council and the national executive committee or their equivalents. All party constitutions should prohibit ethnic agitation as a matter of course and have provisions for denying party leadership to any of their politicians who agitate on ethnic grounds. Absence of this clause should be grounds for their being denied registration. Further, we should, as part of both the national constitution and national security laws, prohibit as a matter of course ethnic agitation by parties and individuals. If they are ministers, the law on their appointment should specify that they should be fired on the basis of such agitation. Controlling ethnic agitation should be one of the issues treated in our revision of the Constitution. It should get prominence for if we do not curb the activities of the ethnic entrepreneurs, we shall be condemned to ethnic violence like some of our fellow Africans or our Balkan friends.

3. LAND CONFLICTS

The basic problem with land is that we Kenyans overvalue it. Since we have occupied most of the land which was supposedly empty during the colonial period, we continue endless litigation of it. In our attempts in the past to manipulate land for elite advantages, we created different laws for different communities. For the pastoralists in semi-arid areas, we created group ranches which have become no more than accumulation vehicles for the elites of those communities. For the coastal strip, we have left its law in limbo so that we can occasionally shift some of the land to some individuals as patronage. For the pastoralists in the arid districts, we have not even attempted to bring the land under modern law, thereby allowing us to occasionally privatize bits of it which are important for tourism or fish farming. These favored areas are essentially pastoralists' survival areas.

In many areas where land adjudication was initiated, we have not completed it, for to do so would mean that patronage for the local elites and their appendages from the national bureaucracy would end. Some districts have waited for title deeds for thirty years or more! We are told that the reason the system of issuing title deeds is so slow is the production of adjudication maps. We can map all the adjudication areas in one year if we use the available satellite mapping technologies for which there is even a whole department of the government with experts in this process. Such mapping will finish the corruption of the adjudication officers.

Since we created a land administration mess, we flip flop about the institutions which handle land cases. Initially such cases were being handled by elders. This is on the whole irrelevant for some of the contested areas do not belong to one tradition and thus elders operate on different assumptions. Besides, since ultimate grievance settlement in law is based on modern law, what do they know of it? Is using elders not just another step of increasing the costs of litigation? Witness the problems where it is pastoralists interfacing with agriculturists.

Rural land law should be unified probably all under the freehold system. It will also enable men and women to get title deeds to use in financing their operations. This is important for delaying title deeds is condemning some communities to non-participation in the national credit system which is almost entirely based on producing titles.

Title to land is property. Property is constitutionally protected. Indeed it was the major constitutional issue negotiated during the independence constitution making. If we are not to change the constitution in this regard, we need to stop playing with titles to land for it is the only major property owned by the bulk of our people. Besides, we have created a national credit system almost solely depended on having title to land. In ethnic clash areas, titles have been revoked and new ones issued for the same pieces of land. Politically this is not on for it seeks to transfer wealth illegally from one community to the other. That is not all. To invalidate title deeds in one area is to cast suspicion on the whole land system which backs almost all national credit systems. It is also to generate continuous conflict given the attachment to land found in all communities. If we end up with tittle deeds which cannot be honored for there are double issues, we threaten not just the few owners of the titles but the national credit system.

The other major issue of land is the idea that some lands belong to some ethnicities and others should not be there. Whereas all ethnicities can claim to have been dominant in some areas, it is not clear what advantage pure ethnic areas offer in the future. If our main objective is to create a Kenya where we all contribute to its building , we have to be systematic and allow Kenyans to move all over the country and make their contributions wherever they settle. We have to protect whoever moves outside their ethnic areas, for if ethnics can only contribute to their ethnic areas, we shall be de-developing.

There is no point in putting provincial administration and elders in the administration of land. We should clean the ministry and departments and let formal

law handle all land problems. If formal land law is inadequate, we should revise its principles now that we are revising the constitution and enact whatever is necessary to facilitate all Kenyans being handled fairly and competently when they have land problems.

There are individuals who hold large tracts of agricultural land and who do not use it for productive agricultural purposes. This in itself has become a source of conflict, for more often than not the tracts have been acquired illegally or inequitably. Those who need agricultural land for survival will increasingly stake claims to such lands. To deflect incipient conflict on this, we should seek to get this land transferred to those who can use it, for we are short of food at existing technology.

To force owners of such idle land to sell to others who need it for subsistence or commercial food production, we should institute a land tax on all land above 5 hectares in zones 2 and 3. This is usually land referred to as high potential. In zone 4 lands, there should be a tax on all land above 20 hectares. In zone 5 the tax should be on all pieces above 100 hectares. In zones 6 and 7 we should tax all pieces above 500 hectares. The rate of taxation should be punitive enough to force idle land to be sold or used. Since we are now revising the constitution, we should make land tax on agricultural land one of the new items to be included.

4. EDUCATION CONFLICTS

Eradication of ignorance was one of the objectives of the first independence government. Education seemed to be the pathway not only to formal employment but also to improving the standard of living of particular individuals and their families. Although the state invested in the expansion of education, the process was iniquitous as only the more developed areas could establish Harambee schools, as David Court discusses in ***Politics and Public Policy in Kenya and Tanzania***. Some currently argue that education has become fool's gold, first, because of the cost to households, second because and also since many educated people cannot get jobs.

According to the Eighth Development Plan, for the period 1963 to 1995, primary school enrolment grew by 5.7% annually. Secondary school enrolment annual growth on average was 9.5% and university enrolment on average grew by 13.6% annually. There was explosive growth in the numbers of schools during the first decade of independence. Primary schools increased more than seven fold. Secondary schools increased thirty two fold. This growth is not repeated in the subsequent decades. Overall primary school enrolment increased just slightly over six fold between 1963 and 1995. Enrolment in secondary schools has increased twenty fold and university enrolment has increased one hundred and fifty fold!Whereas these are spectacular growths, lately there has been a drop in the age cohorts attending school, especially after the hyper-inflation triggered by the deviant fiscal practices related to the 1992 elections. The subsequent economic down turn has made education unattainable for significant numbers.

Several points are worth making. First, if the bulk of the population was illiterate at independence, the population is now highly literate and thus open for mobilisation/manipulation through mass media. The 1989 census reports literacy as 73.4%. The second point is that educational opportunities were availed to the wider public for the first and second decades and this was part of the hope for a better life.

This is no longer so. As a result, access to education, especially national high schools and post-high school institutions, is politically contested. It is handled as patronage by state bureaucrats, including university administrators. Witness the current squabbles about the district rankings on primary school results, reported in all media. The third point is that educational enrolment growth rates have also slowed in the recent past again due to the dismal economic performance. As cost sharing bites, access to education will be denied the poor. Fourth, only about a quarter of the high school age cohort is getting educated. This in the long term will become a limiting factor to our industrialisation for high school literacy and numeracy are requirements of industrial labour.

In the literature on conflict, it is not clear what the impact of education is in terms of either generating or reducing conflict and the attendant violence. In the literature on development, it is generally argued that an educated public contributes to development, not just as labour, but also as a thinking and participating public. The assumptions are that educated people break away from primordial prejudices and can interact with "strangers" comfortably and thus contribute to nation-building and democratisation. In this framework, education minimises potential for conflict against the "strangers" for it encourages tolerance. However, given the fact that the literate are also more mobilisable by mass media, it is conceivable that ethnic demagogues can mobilise them. State controlled media can also be used to mobilise sections of the population against others. Some argue that this happened during the ethnic clashes related to the 1992 elections and the 1997 ones. Witness how the radio was used for ethnic cleansing in Rwanda.

Education therefore seems to be a double edged sword as far as conflict containment is concerned. However, from the point of view of creating a multiethnic nation it is worthwhile to introduce specific curricula to cover democratisation at all levels. It is also important that access be made more transparent especially to post-primary institutions. Here again, there is a case to be made for identifying the ethnicity of whoever gets into these institutions for it is only by doing so that we can debate rationally whether some communities are benefiting more than others and thus defuse potential conflicts over access.

Finally, it should be clear to all and sundry that one way of improving our economy is to export the manpower we have developed and who do not get employed in the country. Such a strategy will contribute to our well being as well as contributing to the development of our neighbors. We should begin to pursue such strategy aggressively if for no other reason than the fact that armies of unemployed are tinder for political agitation.

5. WATER CONFLICTS

Although conflicts over water resources have not yet become full blown, we are already seeing beginnings of conflicts in the Ewaso Nyiro North Basin, Ewaso Nyiro South Basin, Nyando Basin, Yala Basin, and Athi and Tana River Basins. It is hypothesised that the next ten years will lead to open clashes over water rights. In the Nyiro basins, the issue is simply irrigation over pastoral livestock water. In the Ewaso Nyiro North, the expansion of horticulture has meant that there is no water downstream for livestock. More significantly, the Lorian Swamp, a survival area for livestock during extreme droughts, is not even getting recharged. In the long term, livestock losses during droughts will increase thereby further marginalising the pastoralists. The same argument is being made in the Ewaso Nyiro south basin.

Nyando and Yala Basins present problems of both access and control. If flooding is to be controlled, these rivers need to be dammed at the high grounds. Some politicians from the lower areas seem to oppose this for they argue that they are not sure the water so dammed will be reticulated to the lower areas to support irrigation other than being used by the ethnicities in the highlands. What keeps us from doing both? Why should we let the ethnic entrepreneurs poison plans which could lead to improving the material conditions of both the high and low lands? The purely technical parameters of flood control and utilisation of the water demand that the dam(s) be on the high ground. We should be able to enforce that without some ethnic chauvinists interfering.

The Athi and Tana River systems are actively polluted by the coffee and horticulture chemicals used by producers on the Eastern Highlands and cotton producers in the Eastern ASALs. Athi is also seriously polluted by the City of Nairobi. The Athi is still a major supplier of water to the tourism industry and the coastal urban and rural areas besides being the major source for significant parts of Ukambani. The Tana system is very seriously polluted by Thika town. The levels of pollution are serious enough to attract interest, not just of the communities but also environmentalists. This year there was a private members question on the same in Parliament Yet there is no national programme to address this issue of the active poisoning of people and livestock in the basins. The communities who depend on water from the Athi system are sensitised to the problem of water pollution and soon will begin to agitate against getting poison from other communities.

The other source of conflict in water rights is the taking of water and water generated power by urban areas without supplying the rural areas with water or electricity. Nairobi is the major culprit. We are now told that it has exhausted the potential of the upper Athi system and the next supplies will have to be based on inter basin transfer; from the Tana system to the Athi system where Nairobi is based. The next dam(s) will be on the Mathioya River. Two issues can be raised about the favouring of urban areas. One is about equity. The classic case on this is the Ndakaini community which was left out of the development of the last Nairobi supply. Less noticed is Nol Turesh, developed to supply Machakos , later extended to Kajiado but at all times ignoring the Masai and Kamba rural communities living in the region where the pipeline passed. This has been made more unpalatable politically when the water has been diverted to flower growing at the expense of the urban areas and even a university located in its supply area. The mess within this project was so extensive that the Athi River Export Processing Zone had to get water from Nairobi. One could also use the example of water for power generation in Turkwell. It not only changed the river regime, denying downstream pastoralists their survival grazing, but also provided no water or electricity to the downstream communities. The same point can be made about the power dams on the Tana system. Witness how vocal local communities and environmentalists have opposed the new Mutonga dam proposals from this equity point of view. Witness that the people displaced by Kiambere dam have never been resettled. Their case has become the classic citation of building power dams and ignoring local communities as discussed by Catherine Caulfield in ***Masters of Illusion: The World Bank and the Poverty of Nations***. The second problem area is ecological . Inter basin transfers of water will no doubt change the ecology of the two rivers. More polluted water, sewage really, will flow into the Athi, to be drunk along its length and the urban coastal areas between Malindi and Mombasa.. Less water will flow into the Tana, with increased pollution and dire impacts on its delta ecology which is of significance to production for the people of the basin.

There is urgent need for a national long range water plan which will have to include pollution control. Some basic water resources data have been collected under a variety

of donor projects. Some of the outputs were misleading for they offered the data as national water master plans! What is lacking is relating the collected data to current production, pollution, ecological and equity concerns so as to develop action plans for supplying both rural and urban areas. There is need to support community based planning of water resources on basin basis. So far the water resources studies and development plans have been from the top with little participation by local communities let alone bringing regional stockholders in catchment basins together to deliberate and find solutions to use conflicts. These issues are the next major political issues in these communities and politicians from the regions better pay attention to their explosive nature.

6. PASTORAL GRAZING CONFLICTS

The interface between primarily agricultural areas and pastoral areas generate conflicts based on grazing resource use. The conflict is basically between those who want to take part in crop agriculture and tourism and those interested in livestock agriculture. The key conflictual areas are to be found in Tana River District where the riverine areas are contested (Hemsinger 1992), Kajiado, Narok and Transmara, (Kituyi 1990) Turkana, (Helland 1987) Kitui/ Mwingi, (O'Leary 1984) West Pokot, Elgeyo Marakwet, Baringo (ASAL Policy 1993) Samburu, (Wamba ASAL Development Project 1987) Isiolo, Laikipia, Garissa and Marsabit. (Gauff 1996) These are all arid and semi-arid lands. These are the lands with exploding populations because of high growth rates and net in migration. This type of conflict is most clear where there is irrigation agriculture in dry districts like Turkana, Isiolo, Laikipia, Garissa etc. It is less clear but perhaps has more impact where agriculturists find some relatively wetter areas in the pastoral districts and cultivate them. Such patches are usually the survival grazing areas of pastoralists and as they are taken away from pastoral production, they speed up the marginalisation of the pastoralists. Clear conflicts along these lines exist in Laikipia, Isiolo, Kajiado, Samburu, Baringo, Turkana, West Pokot, Tana River, Kwale, Mandera, Wajir and Garissa.

This problem has in the past been seen as a problem of alien agriculturists. In the future it will not be easy to dismiss it as such for many ex-pastoralists now eke out a living in marginal crop agriculture. To see the problem as tied to aliens is also to miss the rapacity of the pastoral ethnic elites who, more than the aliens, privatise the more favoured areas and get out of pastoralism into ranching or crop agriculture. The best examples are found in Samburu, Kajiado and Narok where local elites zoned for themselves private ranches whilst still being the major livestock keepers in the group ranches. In Narok they have got into wheat and maize. In Samburu, some are into wheat. In most of the other dry districts, private ranchers are the in thing. Only the poor remain pastoralists.

Conflict over grazing rights across state boundaries is also intensifying and is usually masked under cross border raiding. In North-western, Northern and North-eastern and South-eastern and ,to a limited extent, Southern and South-western Kenya, local populations move to neighbouring countries in search of grazing. When droughts break, Kenyan pastoralists raid the neighbours to restock as they collapse back to their normal grazing lands. These patterns have held since the droughts of the seventies and eighties. They have been accelerated by the ethnic entrepreneurs who agitate their people to raid for commercial reasons as opposed to the traditional raiding.

There are serious conflicts between pastoralists and agriculturists in all the main river systems passing through pastoral lands. Probably the most acute is on the Tana where there also is conflict among different pastoralists. As large scale development projects

like the Tana Delta Irrigation Project and delta fish farming come on stream, conflicts will be increase. On rivers like the Ewaso Nyiro North, the down stream pastoralists are not getting water, for irrigation upstream is getting the bulk of it. In Turkana, riverine forests, used as drought survival areas , are now settlements as drop out pastoralists seek to eke out a living as agriculturists.

Pastoralists get a raw deal on the use of their water and higher potential lands. In the name of equity, this should be reversed by assuring them access to these resources as long as the national economy does not offer them other sources of livelihood. Since their areas are becoming over-populated and their carrying capacity at existing technology has been passed, it is important that resources for the development of these communities be found, and soon. The alternative is for them to go to war. The guns will flow upstream for the future generations of pastoralists will want the good things of life which increasingly they argue are found in the highlands. That kind of conflict we do not deserve.

7. SECURITY CONFLICTS

It is not usual to think of security as a source of conflict. Yet when the state deliberately initiates violence against its citizenry, logically one has to see this as conflict needing resolving for in classical political science , the justification for the state controlling the means of violence is that it will protect the citizens. Since the nineties, pastoralists will argue that it is since independence, the citizenry demand security but the state provides insecurity by means of clashes. These have been in all the provinces but mainly concentrated in the Rift Valley. This kind of conflict is extremely expensive in political and economic terms.

In 1987 and 1998, we showed that we did not understand the cost of insecurity perpetuated in parts of the Rift Valley at the beginning of the decade. In the earlier period, we had experimented with ethnic cleansing at fantastic cost to the economy of the province and adjoining districts in Western and Nyanza provinces. We pretended there was no cost for there were political objectives which clearly those in power were interested in, to destabilize the Kikuyu in the diaspora first and secondarily to give the Kalenjin populations command over the assets owned by the other ethnicities in the province whilst also giving them control over the politics. How else can one explain that the ethnic killings have gone on for more than seven years without their being stopped by the state? How come nobody was ever prosecuted for the so called clashes?

In any case, in the last two years, insecurity in the coastal region has been triggered, initially at Likoni. Subsequently it has taken different forms in different places. The current -mid-1988- fashion is to raid police stations. Most Kenyans believe that those in control of the state also had a hand in it. Again , there must have been a political objective at the outset, to ensure that some interior ethnicities do not control the politics of some coastal constituencies. The current permutations only serve to further document that once one is on the ethnic cleansing escalator, peace is not easily restored for others appropriate the violence for their own ends. To argue that hooligans are raiding police stations and it is not ethnic is to miss the point, just as to argue that it was stock raiders who continued in the Rift Valley after 1993. Simply put, if the powers that be initiated ethnic cleansing, other s took the

opportunity to deepen it beyond the immediate objectives the initiators had dreamed about.

As happens where irrational political decisions are made by ethnic entrepreneurs, the permutations of triggering insecurity are extremely costly in economic and political terms. Politics first. The impact of the ethnic clashes in Rift Valley and adjoining districts, the large scale cattle raiding by organized "armies" and the clashes at the Coast have contributed to the ethnicisation of politics. We should therefore not be surprised that by the last elections there was more ethnic polarization than in any other previous election. This is so inspite of attempts by parties to campaign outside their ethnic areas. We have climbed on the ethnic escalator and it will cost us dearly to figure how to get off it in terms of political organizing.

The impacts of insecurity are more dramatically clear in terms of the economy. Kenya tourism industry has dropped to less than a tenth of what it has traditionally been. Tourism is not only a key sector in the national economy but the national political elite invests in it significantly. It is to be hoped that the personal losses to the political elite will assist them in thinking through the high cost of self inflicted insecurity through ethnic cleansing. They did not appear to lose in economic terms in the earlier clashes in the Rift Valley. They have lost a great deal of money in the clashes at the Coast.

In thinking about managing insecurity, we should not only concentrate on the economic impacts on tourism. We should also pay attention to the decline in economic activities where ethnic cleansing took place. What has been the economic impact of clashes on ,say, Kapenguria or Nakuru towns and their hinterlands? What is the economic impact of the large scale raiding in Samburu and Keio? What is the cost in terms of lack of teachers in districts like West Pokot, Isiolo, Samburu? In economic terms, how long will Nakuru take to recover its economic activities?

The other side of insecurity is driven by dismal economic performance nationally. Government statistics show clearly that about half of the national population lives below the poverty line. Why should we then be surprised if stealing, killing over property within families and business partners etc. are increasing? Why should we be surprised if members of the elite barricade themselves in Nairobi and other urban areas to avoid being slaughtered in their rural homes? These are the fruits of insecurity.

Security related to land holding has been compromised by the canceling and re-issuance of titles to lands which belonged to ethnic groups cleansed from some areas. This is not just a violation of constitutionally protected personal rights but also of property rights. Both are guaranteed by the constitution. It complicates our ability to develop all parts of the republic, for who is to take a chance outside their ethnic areas given the losses incurred in all clash areas?. It also limits our ability to attract foreigner investors, who we are constantly begging to come and invest. Who is to invest in a country which cannot even protect the personal and property rights of its own people? If one does not think this is a serious point , check the impact of targeting Chinese in the economies of Indonesia and Philippines this year. Closer to home, what was the impact of Amin cleansing Uganda of Asians?

8. CONFLICT RESOLUTION NOW AIDS LONG RANGE PLANNING

Even after these conflict areas are addressed, there is need to get back to a national growth strategy to support the teeming population. Minimizing conflict on the six areas will only address short term concerns. Growth is a long term concern. Again we must break with our past where our post-independence growth was essentially driven by expansion of agriculture in the white-highlands, the trust lands and crown lands. Growth will not be driven by utilization of agricultural production for its value added is not enough for the whole population which has grown tremendously since 1963. In our circumstances, future growth can only be driven by services and light manufacturing. Towards this kind of growth there are EIGHT areas needing attention now to set up a platform for future economic well being These are 1. Energy 2. Telecommunications 3. Banking and Insurance Industry. 4. Information Technology Industry 5. Greater Horn of Africa Road Infrastructure 6. Light Manufacturing Industry 7. Land Sea and Air Transport 8. Trading beyond Uganda and Tanzania

9. ENERGY FOR INDUSTRY AND BETTER LIFE

Modern economies depend on electricity. Assuring enough electricity supply to industry and the population in general is therefore mandatory to industrialization. Lack of it and brown outs increase the cost of our national production. Thus we are not competitive. There are many sources of electric power but the one with the least unit cost is hydro generation as opposed to thermal, geothermal, nuclear and solar generation. The primary issue in Kenya's attempt to provide electricity is that the national hydro generating potential, the cheapest form of energy, is limited.

According to a consultant's report baptized national energy master plan, we should by now be exhausting our hydro generation potential. We have not followed that plan. We have failed to raise the funds to exhaust the existing hydro capacity. The energy sector is murky now for given past failures in bringing hydro generation on stream, we have resorted to thermal generation, which is more expensive, to fill in the shortages. Lately, we even have allowed private individuals to invest in thermal generation. Whereas some have argued that these steps towards privatization of the sector are positive in the long term, the question remains why did we not demand that those private investors help us first with hydro generation whose unit costs are cheaper?

We have significant potential for geothermal. It is, relative to hydro and some forms of thermal generation, a very expensive source for many industrialized nations have never gone that route and thus the technology for exploiting geothermal is owned by a few countries and fewer companies. These problems basically lead one to conclude that geothermal should not be our main energy source focus.

The bulk of our rural population has no access to electricity. If we are serious about industrialization and reducing the use of plant-derived energy sources, the mainstay energy for the bulk of our people-- for they impact negatively on the environment-- we will have to make electricity available to rural populations. This will enable some

kind of production to take place in the rural areas so that the bulk of the population is not depended on agriculture only. This should assure us not only of increased production but also an expanding consumer base. However, that electricity supply must be relatively cheap. Our toy rivers cannot produce cheap hydro electricity. It is strictly a problem of scale. Therefore we should recognize this fact and buy hydro generated electricity from Uganda or Tanzania or as far afield as the Congo river system for they have cheap potentials they will not exhaust in the long term.

Since the fifties we have bought power From Uganda. There have been ups and downs on this . Some argue that the decision to develop our hydro generating capacity, although not enjoying the economies of scale of power dams say on the Nile, Congo or Ruvuma systems, was based on the POLITICAL JUDGMENT of how Uganda could interfere with supplies to us. That is one side of the argument. The other side is for us to realize that building/buying into dams built in the Ruvuma, Nile and Congo river systems will assure us of long term supply of relatively cheap energy because of economies of scale. We should therefore be negotiating with these countries to find ways of separately or jointly investing in power dams in those countries. A corollary to this is that we have to forget the petty and personalistic politics of presidents in the region where we have used power supplies to score points. It is to the mutual interest of all the countries to develop this resource.

Over and above investing in power dams in the region, a more imaginative strategy, which we can implement immediately, is to connect the Eastern Africa and Southern Africa power grids so that we can buy power from wherever there is surplus to reduce brown outs which limit our industrial production. This idea was worked on long time ago by South Africans long range strategists who as a result got involved in the financing and construction of Cabora Bassa in Mozambique. They did not stop there. The current South Africa perspective is to connect all systems up to Gabon and to develop the massive hydro generating potential of the Congo river system. The objective is to get cheap energy for industry. True , it will initially be for South African industry first but in the long term the other countries will also benefit. The secondary objective for the South Africans is get involved in financing, design, construction and servicing the building of the various dams and related infrastructure. This will generate jobs for their economy. We should be competing with them for these for we have the personnel needed in most of the work. What we lack is large scale organization of the consulting firms and financing institutions. This should be opportunity to build them up. At the same time, during construction, we should also seek to get our people employed in the dams for when we build construction capacity, we can sell it. Egypt earns significant amounts of money internationally from its construction firms. So does China as most of you know for Chinese firms are now called in Kenya the construction firms of the political elite.

The first steps have been taken on buying power from one neighbor. What is required now is serious commitment to the idea of getting involved in the build up of cheap hydro power in the region so as to assure ourselves long term supply as well as getting significant numbers of our people and firms employed in the build up of the sector.

We will need to address the problem of fuel wood now. It provides about 60 percent of the nations primary energy requirement. It is estimated that by 2010 the country will be short of 23 m. tonnes of fuelwood annually. Most of the fuelwood is found in

the semi-arid lands. Its increasing exploitation will lead to serious land degradation over and above the shortfall. Further, as more population moves to the urban areas, 25% by 2000 and 50 % by 2025!, supplies will become extremely expensive and perhaps not even available. Current policy assumes that the fuelwood substitute for the poor will always be paraffin. The paraffin solution, as substitute for fuelwood, may not be adequate for its supply could be problematic. We have to find other substitutes like gas to replace wood and charcoal in cooking. In the region there are some potentials. Tanzania has significant amounts of natural gas. Should we not begin to discuss with her a relationship which will enable us to expand the utilization of gas both in urban and rural settings as a substitute for fuelwood? Should we not also begin to discuss with Tanzania and Sudan supplies of petroleum products, especially paraffin, now? Should we not be looking for sources of coal in the region? Is it possible to start piping gas to urban houses? All these hard questions need to be satisfactorily answered now if industrialization is not just a nightmare. The issues are essentially problematic in the political sense and not the economic or financing sense for many consultants have plans for the solutions: the political will is lacking.

10. TELECOMMUNICATIONS INDUSTRY .

The telecommunications sector is the second most important sector if we are to become a service economy for it reduces society's operations costs drastically. Telecommunications are also important in molding a people together for they increase the level of interaction. Classical political science argued that the growth of communication infrastructure, sea going ships, canals, railways, roads and newspapers, was the most important contributor to the growth of European economies and the peculiar democratic institutions which came out of those economies. These forms of communication increased interactions between peoples. This generated trade initially and later industrialization. At the same time, from national perspectives, increased interaction developed national foci and thus values, including values about governance.

Currently, telecommunications have replaced these earlier forms of assuring increased interactions. They are not only supposed to play this role in national settings but also in the global perspective for the service industries which drive growth cannot be locked in national boundaries. KCB is aware of this argument for its commercials now talk about linking a rose farmer to the international markets through the use of computers and telephony so as to guarantee him an income. Yet one would argue we have not as a nation internalized how critical telecommunications are to our future existence.

We Kenyans like to brag that we have more phone per capita than most African countries. Although this is true, it misses the point. First how many of them work a hundred percent all year round? Two, the density we have achieved is nowhere near what is required by industrial society. Three, because of the encapsulated nature of those who manage the industry, we are trapped in a technology which is not only out of date but whose unit cost is high per unit of service. The reasons are various. Among them are reliance on copper wire, unsystematic service, high overheads and lack of automation for cost controls. When these are coupled with the uninformed debate that communication needs a parastatal to assure us of national security in telecommunications, as if we cannot assure ourselves of communication security with modern equipment, we end up limiting the use of telecommunications

for development. Fourth, our neighbors are already in satellite telephony in a big way. Even Somalia, without a government, is now in satellite telephony!

The important national question is to separate national telecommunication security needs from ownership. This way, we will be able to get other actors into the sector to service development needs over and above generating the cash to invest in the growth of the sector. In the past, we created ICDC to protect a niche to nationals in trade. If the fear is foreigners, why not create a private ICDC owned by Kenyans to dominate the field?

However, there are sub-policies and actions which need to be addressed and immediately in the public domain. The first one is to go into fiber optic for land based systems as opposed to the copper wire systems. The second one is to explore new wireless technologies for they will cut out a lot of investment and maintenance costs. These are issues KPTC should address now. Investment funds for these should come out of savings by making the corporation efficient and effective. KPTC does not have to await privatization to effect these. At the same time, as a country we should be involved in the new satellite systems which are set to revolutionize telecommunications. Here the strategy should be to open up dialogue with the many varied corporations and to insist that Kenyans are clear players. Public institutions should have a role to play in this also. For example, the Ministry of Education and Manpower Development should become a major player if its commitment to distance learning, school and individual based, is to become a serious national approach to retraining the nation completely every few years to cope with industrialization. Again the policy generation idea should be to put those sectors of society with vested interests together to plan the future. There is no way we are to set up national training and retraining programs unless we can solve the telecommunications access to the whole nation. Conversely, unless Kenyans design the future of telecommunications, we will not be able to use it for our own development, for the international companies will essentially be interested in peddling these bits of telecommunications which they have developed to suit their industrialized societies.

11. INFORMATION TECHNOLOGY INDUSTRY.

Current GOK policy is hostile to the whole information technology industry. First, because of misguided notions that computers take work away from people, we tax computers heavily, supposedly with the objective of keeping people employed. Consequently, we are not investing in IT. It is estimated that we sell less than 3,000 computers a year. Although some in the sector expect sales to grow, we are still way behind. Not only do we tax computers, we have yet to factor them into our educational system. Practically none are found in the public primary schools. In the public high schools, where PTAs are interested, a smattering of computer clubs are found. Less than one percent of all high schools offer the subject. Further, we have not set standards for commercial computing training and as a result, fly by night schools exploit those who know the importance of the sector and want to buy the knowledge without state assistance. Overall, whether in public or private sector, we do not even understand the importance of the technology for if we did, there would be more than the ten thousand internet connections existing now.

What must be done? First, Government needs to openly state that IT is an important sector of growth. This will erase the past mis-informed comments about reducing jobs. Second, the Ministry of Finance needs to reduce taxes on the sector particularly for those Kenyans who are going into assembly of computers and other related equipment. If we protect car assembly, we should be double protecting computing and related fields for the divisibility and spread of the technology is greater than car assembly. Entry is easier and in the long term its impact is much greater than a vehicle assembly plant if one calculates employment or income generation. Third, the Ministry of Education should introduce computing as a subject at all levels of education. It does not have to await a national electric grid, for they can be operated with a few solar panels. The Ministry of Education should set standards for private computer training schools, for too much money is lost by exploitative and not particularly useful training in the sector. KPTC should assist the sector by upgrading telephone transmission by installing fiber optic cables or modern wireless transmission between towns and in areas of large densities so as to reduce data transmission costs as well as investigating other transmission technologies coming on stream in the industry. Finally, we should create our own Silicon Valley to design and adopt available technologies to our own situations. Investments in this should be tax exempt so that we can build a large service industry related to IT.

A final comment is in order. It globally is a technology of the young. Witness the service providers in IT in the country. They are as young as their international counterparts. It also is a fact that we are beginning to get young Kenyans operating at the international cutting edge of the technology. Some are now processing data for large international companies. Others are working on Internet. Some are modifying mechanical controls in production to electronic controls. Given all this, it is possible that this sector can expand tremendously. Of course we have to facilitate its growth by improving its back up infrastructure- essentially the work of KPTC, which is not being done. The limitations are the controls KPTC has on transmission and its antiquated telephone system. These increase costs to those who want to expand the sector. We should force KPTC to modernize for it limits other technology driven growth.

12. BANKING AND INSURANCE INDUSTRY

Our geographical location gives us an advantage in becoming a significant banking and insurance center. We have already taken the most important step towards realizing this by putting into practice that anybody can hold any currency in the banking system. What needs to be further done is to create tax havens for banking and insurance industry. We can put these in the EPZ framework so that such funds do not impact on our currency. Towards that end, the banks operating here could be allowed to put their tax haven operations in the banking and insurance EPZs.

With regard to manpower in this sector, regionally we have a comparative advantage in manpower in banking, insurance and law. In the past we have also attracted some large international firms in these sectors. Although some divested, with the right climate we can expect them to come back and expand operations here. Mauritius has taken steps to become a banking and insurance center but its growth is limited by availability of manpower. The issue is simply whether we allow these industries to grow here by making the necessary legislation to give them tax havens. Our primary interest will be the employment they will generate. Secondarily

we will be targeting some of these funds to be invested in our open economy for proximity should breed familiarity with investors. It is the same investors who look for tax havens who also control the masses of international investment funds which are country less.

If we are to industrialize and create a vibrant service sector, banking and insurance growth is mandatory to produce the investment funds. We should take the internationally available opportunities of attracting what is called hot money for it travels the globe without permanent location. If we come up with investment proposals to fund energy, telecommunications and infrastructure in the region, we should be able to attract some of this money to be invested in the region. However, those with this kind of money demand high levels of personal security. Johannesburg is finding out that lack of personal security is very expensive in terms of keeping those with money in its region. Again the demand of this sector is that we provide adequate security to our people first and to them second. Car high jacks and house break ins are deadly to investment. Remember though, the desperate poor will do both.

13. LIGHT MANUFACTURING INDUSTRY.

We established light manufacturing as part and parcel of the import substitution strategy of the colonial and post colonial periods. Lately, we have tried to expand it by manufacturing in bond and export processing zones. On the latter, we have spent a lot of public money establishing an export processing zone in Athi River. That investment is yet to be recovered. We can speed up the process by attracting local companies in telecommunications and IT. The Mombasa EPZ seems to be caught in local politics. Other private EPZs are found in Nairobi and Nakuru. Yet we did not establish these zones at our export points namely Kisumu, Homa Bay, Busia, Lokichoggio, Lamu, Moyale, Mandera, Isbania, Namanga, Lunga Lunga, Mandera and Liboi. True some of these are of limited value for there is no power, labor etc. but can we not deliberately establish these as export growth nodes and ensure that the necessary power and other back up facilities are there. Is there a case to be made for licensing private EPZs in these and other export nodes? In an earlier period , we offered tax investments to businesses which located outside Nairobi. Can we use this mechanism to stimulate light manufacturing at the periphery?

One area of light manufacturing needs some major attention. This is biotechnology based industries. Biotechnology offers a very large menu. In Kenya presently, some university based laboratories are producing plants with biotechnology techniques. These plants-- bananas, vegetables, flowers, pyrethrum etc.,- are of superior quality and would make a major contribution to Kenya's agriculture. Other food crops, particularly those of the arid and semi-arid areas, need biotechnology attention. Equally important is to develop new fruit strains and types for national and export market. Some of the materials developed in the laboratories lend themselves to large scale expansion by going industrial. Kenyan industrialists have not yet invested much in it. The academics who have the technology cannot afford to invest in the sector. Can we negotiate a support grant system for them to commercialize a lot of what they have ready now.? Can we attract venture capital into this sector?

Yet perhaps the greatest contribution by biotechnology can be in the manufacture of assorted bacteria and viruses which are important in both food and medicine

production. For example nitrogen fixing bacteria can be produced to replace fertilizer in our farming systems as has happened in Brazil and Cuba. So can some bacteria for breaking down urban waste. Some bacteria have been bred to produce desired medicines.

This is not a particularly complex technology and we should be able to make entry into it especially if we can favor the sector from a financing and taxing point of view, for many of the Kenyans who have the skills to get into it are not the Kenyans with masses of capital. This, again,-- like opening up the IT sector,-- will enable those with skills but not capital to begin businesses which will not only employ more people but also in the long term generate high level incomes for the country.

14. GREATER HORN OF AFRICA ROAD INFRASTRUCTURE.

If one looks at the road infrastructure in the wide Horn of Africa, one is still struck by the lack of connectivity between the countries, first. Second, one is struck by the spine nature of the road system, essentially one major road transecting the state with short feeder roads towards its periphery but not linked systematically to the other countries feeder roads. Third, one is struck by the sea orientation of all infrastructure. In short, it was built for colonial extraction and its basic logic has not been challenged by all infrastructure development since then. Systems of extractive infrastructure do not contribute to regional development. Connectivity between countries is needed when the objective is to get all high potential regions to become drivers for their hinterlands be they in the same country or not.

Perhaps the best example is South Western Ethiopia, a region of surplus food which if it were connected to the dry parts of North-western Kenya and Northern Uganda by good roads could become the key driver of food self sufficiency in those regions. This would not only be beneficial to the Ethiopian farmers who would get better prices for their produce but it would also benefit the people of the dry areas by getting cheaper food than they get from their countries' internal networks.

Recently ,everybody is talking about roads. However, what is being discussed is not any where near what must be. The issue is not just the Mombasa-Kampala axis. It is also an international standard road access to Ethiopia, Sudan, Zaire and Somalia. These are the roads necessary to increase inter-regional trade. There reason manufactured goods are so expensive in the peripheral areas is because of the bad road infrastructure to the regions. This means that consumers are exploited. It also means that manufacturers cannot increase their throughputs and thus reduce prices. For the states it means less revenue.

Unfortunately, since the seventies the development industry of the West ,--- whether it is in the bilateral, multilateral or ngo sectors, ---has for more than thirty years argued against infrastructure, mainly in the name of ecological parameters or benefiting elites. We on this continent swallowed that warped argument and forgot to link our roads regionally to assist in the general development of all the countries. Some of us in Kenya, involved in arguing for better roads to the ASAL regions , suffered humiliation during those years. Only NORAD was deviant enough to finance the Kitale Lokichoggio road thanks to consultants who argued for its long term impact on the development of the dry Northwest and regions beyond..

For Kenya to realize its regional role as the main manufacturing center, it must ensure that roads connecting it to Ethiopia, through Moyale, Kibish and Mandera are developed to tarmac international standard. Its road connection from Lamu to Kismayu, Liboi to Baidoa are important for trade with Somalia and onward to Djibouti. They should be brought up to the same standard. The Isbania, Namanga, Taveta and Lunga Lunga connections to Tanzania should be upgraded and maintained to the same standard. So should be the Eldoret, Kitale , Lodwar, Lokichoggio connection to Southern Sudan.

The Mombasa-Nairobi-Kampala-Eastern Zaire road has been discussed. It is expected that this road will be rehabilitated in parts collectively by the Kenyan and Ugandan state. Yet current discussion does not seem to include building this as the major road in the region. It should be built up to four lane level with internationally accepted axle loads (90 ton), for we now know that any specifications below this will lead to collapse in one or two years as all the constant repairs and re-building of roads during the past thirty years have taught us. If state budgets cannot afford to finance such construction, it may well be that this road should be privatized and those who construct it allowed to recover their costs by charging under either build, own and operate or build operate and transfer schemes.

15. LAND, SEA AND AIR TRANSPORT INDUSTRY

The issue here is simply that we have to get a strategy which will create *inter alia* a major trucking industry, efficient sea and air ports as well as the back up services for lack of vibrancy in this sector adds to our manufacturing, trade and consumer costs not to speak of limiting our potential for growth.

On trucking, several points need to be made up front. First, nationally we do not have enough long distance trucking capability. The evidence is simply that trucks from as far as South Africa are competing with our fleet and winning contracts for the Sudan run. A few years ago, when there was work for UNISOM in Somalia, the long distance trucks again came from without our borders. It is true that in the eighties, as Kenya and Ethiopia were simultaneously confronted with drought and trucking demand rose, Kenyan transporters build up their fleets. However, since then, the capacity has eroded, mainly because of our poor roads. The sector has not been profitable enough to replace the trucks, again basically because of our heavy maintenance costs. The banks who lend into the sector have very large non-performing loans as a result.

The second point then is that our long distance trucking transport capacity will not be built up or become competitive unless we can build up the road infrastructure. Third, we need to reduce costs of acquisition of trucks by establishing local assembly of the same. Since we have a plethora of types, the approach should be to choose one or two types, make a deal with the companies making them for local assembly, and then tax all other models out of the market. This will have two effects. It will reduce purchase and spares costs. It will also ensure that proper maintenance knowledge is encapsulated in the country. Third, we need specialized training in all aspects of transport, logistics planning, maintenance and even driving.

Those who laugh at the last point should note that when the South Africans contract to truck for UN into Southern Sudan, they put two drivers into each truck and operate the truck twenty four hours. They are thus able to make three trips whilst Kenyan trucks make one on the Mombasa-Southern Sudan runs. With this kind of scenario, they can afford to under bid our truckers.

On air transport, we have already perhaps the largest fleet of small aircraft in black Africa. However, we do not have the intermediate transports. Again it is South African and overseas companies which compete for jobs which call for intermediate air transport. Very limited number of Kenyan companies have built up this capacity. Clearly there is room here for the companies in light aircraft to expand. They argue that their expansion is limited by the large operating costs (fuel, licenses and parking fees) the state demands of this sector.

The privatized national airline does not seem to know or care about its potential role in the transport sector other than just air passengers. This is something the government should discuss with it for locally based air transport will become a major issue in assuring our expanded trade in the region. Again the policy framework for this should be changed. Since that kind of transport will be for export, investment into it should be supported by a tax and fees structure. National air transport capability can also be built up if the armed forces can acquire some capacity primarily not for their own use but to be contracted. This will also earn them some money as is the case in several African countries. Again institutionally, we can make these investments part of the EPZ formula.

On sea transport, there is no reason why we cannot build up sea capacity for regional trade. However, the key issue in this area is our running of the port of Mombasa in a professional way. To date we have a mishmash of strategies. They range all the way from appointing mzungu managers because they are not thieves like Africans, to using it for political patronage. At the same time we want to privatize the most profitable sections- container depot. We need a clear strategy in the national interest. Elements of such a strategy should include *inter alia* include making the port an EPZ. This would be desirable from both manufacturing and shipping point of view. Second, we Kenyans can run a port. Even if we privatize it, there should be a limit to how much foreign control we are willing to accommodate. At best, any foreign control should be a joint venture with local investors and the government in some capacity, not necessarily dominant. Reasons, first security, and secondly as a long term investment, for sea ports are some of the best cash cows around. Witness Amsterdam historically, Rotterdam and Singapore currently.

We need to expand our port for dry dock work, ship construction and chandelling. These will not only have significant linkages to the wider economy but also can become major employers. Already pleasure boat building is becoming a significant activity. We should not only encourage it, but negotiate with companies in this sector elsewhere where labor costs are prohibitive to relocate here. The logic is the same as we use in EPZ recruitment. We should also shoot for a share of the large scale ship construction industry only after we solve our energy problems.

Ship based tourism , usually called cruising, is set to grow dramatically world wide. There has been Kenyan entry into this but there are problems at the port which limit

its growth. International companies complain about the quality of services and costs. Chandelling is too expensive compared with Mauritius, South Africa etc. We should solve these and expand the industry by coupling the cruising with animal based tourism for which we have comparative advantage. Those Kenyans who have entered the market should not gate keep it, for there is room for many more Kenyan to go into joint ventures with overseas operators. This keeping of some Kenyans from entering the market has become an issue with overseas investors in the sector. Again, like at the port, we should get political cronies out of the management of the sector.

A major bottleneck shared by the various components of the transport sector is corruption. It adds significant costs to transporters be they truckers or ship owners as plant lies idle or is charged irrelevant costs. This we are capable of solving if we have the will.

Our geographical location gives us some structural advantages in terms of building this sector. We have not exploited enough for we do not appreciate the point that the natural transport hub of the region is here. To recognize that is the first step. The second is to relate to our sister states to ensure that they use our capacity as is while we are improving it. We should reduce the operating costs for the truckers, shippers and airline operators by creating efficient, non-corrupt support infrastructure not just at the ports but also within the policing and supervising institutions. Authorities which have oversight powers on these sectors should be cleaned out as a matter of course. We have the potential to become a major trans-shipment center.

It goes without saying that one of the major costs to transport is fuel. We do not have national sources yet. We need a strategy therefore to get cheaper fuel. We can start by reducing taxes in the sector. However, in the long run, we have to build up supply reliability and reduction of unit costs by a mixed strategy of pipeline transport, modernized refining and negotiations with our immediate neighbors (Tanzania, Southern Sudan and Somalia among others) with proven reserves for cheaper supplies in the long term.

16. TRADE BEYOND UGANDA AND TANZANIA.

For coffee, tea, horticulture and floriculture our major trading partners are in Western Europe. Is there no niche for us in the Middle East, Asia and North America? Why should they be buying our products from middlemen in Europe? Is there a case to be made for industrial imports from the less developed countries of Asia and Latin America other than Western Europe and Japan where the bulk of our industrial imports are from?

The bulk of our oil and oil products are from the Middle East. Given that Tanzania and Sudan are going to be important producers, do we have systems in place to replace our traditional suppliers or to negotiate down the prices? Even if the regional producers do not sell at lower prices than the traditional suppliers are there other geo-political reasons why we should shift and buy from the region?

Tourism is going to continue being an important sector in international trade. Clearly we have in the recent past mis-invested in it by starting clashes which have led to its near collapse. I think the lesson was learned by those who started the clashes for they are also major investors in the sector. In terms of the overall industry what should be our strategy; mass tourism or specialized tourism or a mixture of both? Do we also keep it exclusive for hotel owners or should we find ways of diversifying to family based tourism as many Caribbean states have done? Should we just sell sun sand and animals or can we sell culture also as in Thailand and the Caribbean? Should we not market more in the NICs, Eastern Europe and the rest of Africa?

Yet perhaps the most important aspect of our international trade is to accept that we can become the suppliers of light manufacturing and services to the region. This should go hand in hand with being sensitive to Uganda and Tanzania so we do not get accused as in the past of dominating their economies. Thus expansion must be into the Zaire, Burundi, Rwanda, Sudan, Ethiopia, Eritrea, Somali, Djibouti, Zambia and Mozambique.

17. CONCLUSION

This paper has argued that there are conflicts which sap us and keep us from focusing on long term issues important for our growth. Perhaps the most important of these is the fragmentation of the political elite and its ethnic orientation. It is not possible to grow in the small units we call tribes in a meaningful way. Again it is not possible to grow if we do not accept the idea that growth will have to be driven by the service sector. This sector cannot grow in turn if there are no reliable sources of energy, telecommunications and IT technologies to drive it. Resolving the current conflicts and ensuring that the drivers of growth are put into place is, in the opinion of the writer, the modern role of representation. Kenyans elected leaders to Parliament looking for leadership into the future. The desired future belongs to those who can image it now. It is time to act on these issues.