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Abstract: A Region of Contradictions

East Africa, the Horn of Africa and the Sudan form a heterogeneous region. Kenya, Uganda, Ethiopia, Somalia (including its northwestern region which aims at independence as “Somaliland”), Eritrea, Djibouti, and the Sudan are loosely integrated by the Intergovernmental Authority on Development (IGAD). Several states of the region have shown considerable political and economical progress in 2006/07. Overall, however, the region is still characterized by numerous conflicts within and between states, and these conflicts dominate regional politics and the region’s international perception. This report concentrates on Kenya and Somalia, the focus areas of HBF within the region, and provides an overview of regional developments. (The HBF Ethiopia country office in Addis Ababa presents a separate report.)

Developments in Kenya were characterized by contradictions. On the one hand, the economy grew solidly, accompanied by a positive groundswell of opinion; many were convinced that President Mwai Kibaki will win the elections scheduled for December, although he disappointed some of the great hopes set in his rule in 2002 (concerning anti corruption politics, the reform of the constitution, etc.). On the other hand, the impression was widespread that economic growth did not substantially reduce poverty. The political party system remained opaque; and since early 2007 waves of violence hit the country. With regard to foreign policy, Kenya maneuvered closer than ever to the U.S. “War against Terror”.

In June 2006, the “Union of Islamic Courts” took over South-Central Somalia. Its rule created a degree of security unknown for a long time, especially in Mogadishu. At the same time, however, the Union threatened the transitional government supported by Ethiopia and the international community; it was also suspected by the U.S. to support international terrorism. An Ethiopian intervention around the turn of the year 2006-07 ended Islamic court rule and established the Somali transitional government in Mogadishu which to this date, however, has not been able to implement a national reconciliation process. Meanwhile, the autonomous region of Somaliland that targets independence experienced stability and developed in a notably positive way, despite economic difficulties and occasional attacks on press freedom by its President.

In a regional perspective, there were contradictory trends as well. While East Africa’s economic and political development was overall positive, regional integration progressed, and two new members, Rwanda and Burundi, joined the East African Community, the Horn of Africa remained a centre of crisis, with their image still being defined by poverty, violent conflicts and little democratic legitimacy.

1. Kenya

Image and self-image of Kenya by mid-2007 were full of contradictions. On the one hand, the economy grew solidly, accompanied by a positive groundswell of opinion; many were convinced that President Mwai Kibaki will win the elections scheduled for December, although he disappointed some of the great hopes set in his rule in 2002 (concerning anti corruption politics, the reform of the constitution, etc.). On the other hand, the impression was widespread that economic growth did not substantially reduce poverty. The political party system remained opaque; and since early 2007 waves of violence hit the country. With regard to foreign policy, Kenya maneuvered closer than ever to the U.S. “War against Terror”.

Ambivalences in economy and social development

Since its low point in 2002, the Kenyan economy registered continuously increasing growth rates. In 2006 the GDP grew per 6.1%, while expectations for 2007 are even higher (with an inflation of a little less than 10%). The Kenyan currency has been stable and grew in relation to important currencies in the first half of 2007. In July 2007 the rate of exchange was 1 € = 90 Kenyan Shillings (KSh). Compared with many other African countries where extractive industries just profit from high global demand for natural resources, the Kenyan industry has a solid base, with diversified exports of agricultural goods (many of them processed), a flourishing tourism and a service sector based in Nairobi and Mombasa that supplies large parts of East Africa. The stock exchange index and property prices reached all-time highs in early 2007; the fast growing number of shiny malls in Nairobi and some other big cities point to the increased purchasing power of Kenya’s middle class.

All this does not appear to be simply a bubble about to burst. In the past, business usually declined in election years, because public sector demand went down. But in 2007 there is no indication of a downturn. Many business owners argue that structural reforms of recent years have disconnected the spheres of political and economical development. By African standard, the Kenyan state has a considerable income; after years of intense reform, tax receipts doubled between
2002 and 2005; the tax ratio today is about 22% of the GDP, and is expected to rise further. The budget, presented in June 2007, expanded to 603 billion KSh. This includes some gifts to the electorate, especially in the educational sector. The deficit scheduled at 18% has stoked fears of inflation, but is seen as overall realistic. Remarkably, the contribution of external donors of development assistance to the budget is only 5% (although the proportion is much higher when weighed against the capital budget). As against other African countries where the proportion of the budget's external funding reaches 40% or more, “the donors” have comparatively little relevance. Their capacity to exert pressure on the Kenyan government (for example, on anti-corruption issues) is rather limited, as diplomats complain in 2007. Instead, the Kenyan government took steps to dissociate a little from the West and to diversify its external relations, by talking to China on economic cooperation, and to Libya in order to secure cheaper oil supplies.

However, such positive developments cannot hide the fact that little of the gains from economic growth reaches the poor. In fact, Kenya remains a country with massive contrasts of poverty and wealth; Nairobi may well be the city with many of the harshest slums in Africa. Kenya has seen much and heated debate about poverty and inequality, but there were few data. That changed in spring 2007 when the office of statistics published the results of a recent household survey. They showed a slightly positive trend: The proportion of the poor among the total population decreased from 52.3% (1997) to 45.9% (2005/06); in urban areas it declined from 49.2% to 33.7%. The massive social inequality in Kenya (measured by the Gini-Index) increased in the cities (2005/06: 0.447) but decreased in rural areas (2005/06: 0.380) (Kenya National Bureau of Statistics 2007: 43, 83). While the Kibaki government presided only over half of the 10 years' period under review, critics of government saw their views confirmed by such data that – compared to the official euphoria – represent rather minor improvements.

Noteworthy regional differences in poverty exist. The poorest regions are situated in the arid areas of the north and northeast, on the borders to Ethiopia and Somalia. Although there has been more rain during the last twelve months than in 2005/06, food relief remained necessary in these regions (East African, 2.-8.7.07). But next among the poorest regions is Coast Province, even though much of Kenya's tourism industry and a substantial commercial agriculture are located there. It is frequently argued that this state of things is the result of "political marginalization" – and of the lesser degree of accountability to the local population displayed by elected officials from the Coast.

Nevertheless, the government viewed the new poverty data as indicators of a successful turnaround, and radiated optimism. The Kibaki government made good progress in the reconstruction of infrastructure and services, not just by higher investments but also by privatization and reform of parastatals, some of which operate profitably now. Such progress also reaches the poorer population – and is well appreciated, especially the abolishment of primary school fees (years 1-8) and the termination of secondary school fees announced for 2008. Criticism of the quality of the tuition does not devalue the popularity that the government gained by ending the fees in a nation with great hunger for education. The rehabilitation of the road networks, disregarded over two decades, makes visible progress even in rural areas. The reform of rural marketing systems brought substantial increases of income even for small-scale farmers; one example is the dairy sector where the producer prices doubled and the production rose by one third since 2002 (Daily Nation, 27.4.2007).

Like other parts of Africa, Kenya and its East African neighbors experienced a continuation of the rapid expansion of mobile phone communications. The number of users doubled once more in the last twelve months. Since inception of the GSM mobile phone system in 2000 until spring 2007, the number of lines in the region increased to 17.7 million. The mobile phone revolution has changed everyday lives in the region. One popular innovation of recent months was the creation of a mobile phone-based financial service that allows fast and cheap money transfers throughout Kenya. Safaricom, one of the two large telecommunication companies of the region, set a new record in June 2007 by announcing an annual profit of 17.8 billion KSh.

Party Politics

President Mwai Kibaki seems to have fully recovered from his popularity low during the failed constitutional referendum in 2005. According to polls in the first half of the year 2007, the majority of the Kenyans would vote for him again (Steadman Group, March 2007; Daily Nation, 18.04.2007). This fact may not be surprising, given the pleasantly high economic growth rates; at the same time, however, the political party system before the elections scheduled for late 2007 is in severe crisis, and this includes the very coalition with which Kibaki won the last election.

The National Rainbow Coalition (NARC) that had won the 2002 elections broke up without official announcement. Remarkably, President Kibaki did not yet even declare the party "ticket" that would serve as vehicle for his re-election bid. But one thing is sure: He will go for a second term. By mid-2007, a coalition of NARC fission products with the involvement of Ford-Kenya and some regional parties (such as the Coast-based Shirikisho-Party) seemed the most likely option. By July, negotiations went on about an official revival of NARC.
In the meantime, the opposition has been deeply split. The *Orange Democratic Movement* Kenya (ODM-K) was born out of the campaign against the constitutional reform. Among its leaders are political heavyweights such as Raila Odinga, chair of the *Liberal Democratic Party*, Kalonzo Musyoka and Musalia Mudavadi. Acute power struggles emerging among the three of them brought ODM-K almost daily into the headlines – not to the party’s advantage, however.

The other important opposition party is the *Kenya African National Union* (KANU) that ruled the country for four decades and acts as the “official opposition” in parliament since 2002. Its chairman, Uhuru Kenyatta, who had lost the 2002 elections against Kibaki, just survived by legal means what may be called an intra-party coup attempt by his competitor Nicolas Biwott who had the support of former president Daniel arap Moi, in November 2006. The conflict also revolved around the question whether KANU should be part of ODM-K or act as independent party. For a while, a coalition among KANU and OMD-K seemed possible, but by mid-2007 it appeared more likely that KANU will go on its own.

Furthermore, a large number of small parties was officially registered – 134 according to latest figures (Daily Nation, 13.7.07). At least some of them should emerge strong enough in order to play a role in attempts to form coalitions.

Party politics in Kenya is, first of all, the politics of ethnic identity. The change of power in 2002 did not transform that pattern – the change resulted from a reconfiguration of ethnic politics rather than its transformation. With the gradual exception of KANU, political parties exist primarily as voting machines for “big men” who see a chance to become president and use the appeal to ethnicity for the sake of re-election. At the same time, the close connection between parliamentary mandates and local development efforts can be problematic – especially if it is working. Politicians may become “community development officers”, as Okiya Omtata Okoiti, a columnist of the Daily Nation, put it ironically on the HBF Gender Forum in Nairobi on 31.05.2007: They focus on local interests to the extent of loosing awareness for broader issues – or they risk being defeated in their re-election bid, as might happen to Wangari Mathai and her Mazingira Party within NARC. After the cabinet reshuffle in 2005, she did not re-enter the cabinet but invested much effort to work for Africa-wide and global initiatives.

**Women and Women Rights in Kenyan Politics**

The ninth Kenyan parliament (222 seats) includes only 18 female members (and only nine of them were elected, the other nine nominated). This is the highest-ever female political representation in Kenyan history since independence, but with just 8% of all parliamentarians being women, Kenya does not reach the internationally-recommended proportion of 30% and falls far below the East African average. Furthermore, just 335 women were elected into the local council – out of altogether 2,891 seats. Female candidates compete on every level for the elections expected to hold by the end of the year. The best-known are three candidates for the presidency, even though they appear to have little chance of success: Julia Ojiambo and Nazlin Umar (the only Muslim woman in such a position) who would have to succeed within the strongly male-dominated competition within ODM-K, and the minister of health, Charity Ngilu, who was part of the NARC in 2002, but has not positioned herself clearly yet. Approximately 300 female candidates will compete for seats in the local and national parliaments; among them

**The Constituency Development Fund (CDF)**

The local dimension is important in Kenyan politics. With a pure majority voting system, there is strong competition in many constituencies, and promising candidates are wooed by the parties with national relevance. The importance of local-level politics is the logical extension of the ethnic paradigm dominating Kenyan politics (as well as its base); it has been strengthened further in recent times by the introduction of decentralized finance allocation mechanisms. The most popular among them is the *Constituency Development Fund* (CDF) which prescribes that 2.5% of the budget will be spent in the constituencies according to locally defined needs – applying rules of transparent democratic participation, ideally. Whereas the quality of the implementation of this fund is inconsistent (a broad empirical evaluation remains to be done), the principle has found much public interest. By mid-2007, HBF completed a study exploring possibilities for a systematic development of the potentials of CDF and other “devolved funds” for building of human capital, especially among underprivileged groups, aiming to create a broader public debate.
are clerks, NGO representatives and employees of the private sector. HBF and other organizations support female candidates independent of their party political backgrounds, with training in the design of campaigns, media relations etc. The possibility for an increased percentage of women in parliament is real.

The Kenyan government promoted a number of reform projects with impact on women in the last 12 months. Most important among them is the Sexual Offences Act which came into effect on the 21.7.06 and has been called a “milestone” by women’s organizations. Perhaps the most important stipulation of the Act is that common law cannot be used as a defense argument in criminal proceedings (Federation of Women’s Lawyers Kenya 2007: 30). President Kibaki announced that 30% of new appointments in the public service will have to go to women. 2 billion KSh (plus another 500 million KSh from the private sector) will be used for a Women’s Development Fund.

Unsolved Problems: Corruption and Violence

Despite economic growth and the popularity of President Kibaki (who acts like an integrating father figure in public), severe governance problems of the Kibaki government cannot be ignored. Another attempt at a large-scale constitutional reform (which failed in 2005) is unlikely. Instead, demands for “minimum reforms” (e.g., for greater decentralization or for the possibility to have party-independent candidates for parliament) are contested objects of politicking among the parties and even of civil society groups. The Kibaki government did not meet the high expectations regarding the anti-corruption fight that existed at the beginning of its term. Dismissals and criminal proceedings against corruption suspects have remained rare. Even the minister of education, George Saitoti who had to give up his position after accusations of corruption in spring 2006, is back in office. The EU did not apply selective sanctions – such as visa refusal – against such persons. John Githongo, the former head of the anti-corruptions authority living in “exile” in London, released critical information piecemeal, but without political consequences. Early 2007 rumors emerged (despite official denial) that massive financial damages are to be expected due to the existence of irrevocable Promissory Notes (of up to 50 billion KSh) issued since 1997 in the context of the “Anglo Leasing” corruption scandal (Business Daily, 21.5.2007). Another highly sensitive issue is the land question, especially the decade-old practice of illegal land acquisition. The government of Kibaki had instituted an investigative commission (Ndungu Land Commission 2004), but there was little follow-up on its recommendations.

As regards political rights and freedom, however, the Kibaki government largely met the expectations of 2002. The space for public debate and even harsh criticism is broad, and it is used by numerous (public and private) print and electronic media. A dramatic attack on freedom of speech, such as the raid on the East African Standard (one of the biggest media companies of the country) in spring 2006, has fortunately remained a singular event. A new media law is discussed in parliament and there has been an intensive debate on details. A possible new regulation of the NGO sector made some observers fear undue government influence; at the same time, problems of coordination and transparency are manifest in the sector, and the existing NGO Council is practically inoperative, largely due to internal conflicts. Some civil society actors search for alternative forms of self- rather than state regulation.

A wave of violence hit the country since early 2007. A figure of 112 deaths (among them 11 policemen) within one month – resulting from “gang-related violence” concentrated in Nairobi and the Central Highlands – made June 2007 “one of the most violent periods in recent history” (Daily Nation, 3.7.2007). Gang crime and ethnic self-organization combines especially in the case of the Mungiki, founded around 1985 a “sect” based on the cultural and religious traditions of the Kikuyu. Today it has become a vigilante group that provides illegal security services in the slums and at the same time extorts protection money in the transport sector. A series of murders attributed to Mungiki in May was followed by massive police action, accompanied by human rights violations, assaults and extra-legal executions. Traumatized by murders of policemen, the security force on 21.5.07 conducted a raid in Mathare Valley that resembled a punitive expedition and cost the lives of 21 people. Observers believe that this escalation of violence is also partly the result of politicians manipulating Mungiki, hoping to gain advantages in the upcoming elections. Other severe violent conflicts resulted from land disputes in the Mount Elgon area and from “cattle rustling” in northern Kenya, i.e., a form of cattle theft going on between different ethnic and local groups that is legitimized by “tradition”, but pursued today with automatic guns. Despite some disarmament in 2006, cattle rustling continued; some incidents reached the extent of small wars, with hundreds of armed attackers and dozens of deaths, and some of these conflicts extended beyond the Kenyan-Ugandan border.

Environmental Problems and Extractive Industries

In November 2006, the 12th Conference of Parties of the UN framework Convention on Climate Change and, in January 2007, the World Social Forum took place in Nairobi. International attention arising from such large events focused for a short time on the environmental and social problems of Kenya as well – even if the more long-term effect can be assumed to be small. The events provided the stage for prominent action, such as the Billion Tree Campaign of Wangari Maathai and UNEP. The preservation of African forests
and the reforestation have become very important issues for the whole continent; HBF supports Wangari Maathai’s Green Belt Movement in this area. An excellent information resource on the relationship between environment and social development in Kenya was recently created in cooperation between the Kenyan Bureau of Statistics and international organizations (World Resource Institute 2007).

Consciousness for global climate change is growing in Kenya. Droughts and floods are increasingly interpreted within this paradigm, while the lack of knowledge regarding causation and opportunities for action remain a challenge to HBF’s work as well. Supermarkets in the U.K. introduced the “food miles” certificate to favor local production – a step which threatens the cut flower industry that is one of the most important sources of Kenya’s export revenue.

While cut flowers are airlifted to Europe, the Kenyan industry lobby argues that CO2 emissions arising from air transport are lower than the emissions resulting from raising flowers in heated greenhouses in the Netherlands (Daily Nation, 11.7.2007).

The rapidly growing global demand for mineral resources (promoted also by relatively new actors such as China, Malaysia or Australia) can also be felt in Kenya and other parts of the region. Uganda is already producing oil, and Tanzania, gas. High-tech explorations on the Kenyan coast have not yet struck oil, but will continue, there and in other parts of Kenya. Titanium mining is about to take off, with Chinese cooperation. East Africans expect many positive effects from extractive industries and tend to overlook the social, ecological and political risks that have become known as “resource curse” in other parts of Africa and the world. Since early 2007, extractive industries form an important aspect of HBF’s work in the region that will be expanded in the future.

Regional Integration and Foreign Policy in the “War Against Terror”

After their admission in November 2006, Burundi and Rwanda became official members of the East African Community (EAC) on 18.6.07. The EAC population thereby grew by more than 20 million people. Kenya is and will remain the most important economic power within the community. While EAC membership eases access to the East African markets especially for its new, land-locked member states, Kenya can be sure to further strengthen its position in the region. In fact, a substantial part of direct investment in East Africa originates from Kenyan enterprises that establish production capacities in neighbouring countries.

In the area of foreign policy, Kenya continued to play its role as major platform of regional and international communication and diplomacy. When the conflict in Somalia escalated, however, Kenya intensified acted against opponents of the Ethiopian intervention. In early 2007, more than two dozen of the Somali government were expelled. In the course of the war, Kenya closed its border to Somalia, not only because of understandable security interests (fearing an uncontrollable influx fighters and arms) but obviously also in order to support military action by Ethiopia and the U.S. in Somalia (see also next section). Kenyan authorities extradited several dozen terror suspects to Ethiopia and Somalia, among them apparently Kenyan citizens. This led to protests not only among human rights organizations but also by members of the Muslim minority in Kenya (ca. 10-15% of the population, mostly living at the coast). Kenyan Muslims increasingly feel treated as suspects by the government’s security agencies, leading to an increasing alienation to government policy.

2. Somalia

In June 2006, the “Union of Islamic Courts” took over South-Central Somalia. Its rule created a degree of security unknown for a long time, especially in Mogadishu. At the same time, however, the Union threatened the transitional government supported by Ethiopia and the international community; it was also suspected by the U.S. to support international terrorism. An Ethiopian intervention around the turn of the year 2006-07 ended Islamic court rule and established the Somali transitional government in Mogadishu which to this date, however, has not been able to implement a national reconciliation process. Meanwhile, the autonomous region Somaliland that targets independence experienced stability and developed in a notably positive way, despite economic difficulties and occasional attacks on press freedom by its President.

The “Union of the Islamic Courts” in Power

The transitional parliament of Somalia, formed after long negotiations in 2004in Kenya, convened for the first time on Somalian soil in February 2006 in Baidoa. However, the Transitional Federal Government (TFG) under President Abdullahi Yusuf and Prime Minister Ali Mohamed Gedi had not been able to extend its power beyond the city limits. Instead, the relevance “Union of Islamic Courts” (formed in 2004 as well) grew. After the collapse of the Somali state in the early 1990s, these local and clan-based courts that apply Sharia law continued (or were re-created), belonging to the few surviving legitimate institutions. A single court would usually not control instruments of coercion, but by their joining-together “Union of Islamic Courts” (with a political agenda) they became a major power factor, controlling own militias and heavy armament. In the beginning, five, and since 2005, eleven courts became members...
of the Union; almost all of them were based in the Hawiye Clan in the south. Sheikh Sharif Sheikh Ahmed, known as a moderate, became their political leader, while some of the courts and Union leaders were considerably more radical Islamists. Especially the U.S. intelligence service CIA suspected the Union to support or host members of al-Qaida; in this respect, Sheikh Hassan Dane Aweys, chief of the al-Itihaad al-Islamiya (an organization active in the 1990s, and with suspected links to al-Qaida) played a prominent role. The CIA supported a coalition of warlords (the Allience for Peace and Counter-Terrorism), operating independently of the TFG, as military counterbalance against the Union.

To the surprise of most observers, the Union’s militia defeated the Alliance in a short but severe war, supported by some clan militias that changed sides. In June, the Union took over control in Mogadishu in June 2006 and later on broadened its sphere of control over almost all of southern and central Somalia – with the exception of Baidoa where the TFG was protected by Ethiopian troops.

The Union’s rule gained a good deal of popular acceptance and recognition because it created an atmosphere of security and peace which had been missed for long. At the same time, its attempts to enforce public morale according to fundamentalist principles (e.g., by the prohibition of khat use, of cinemas and even of public transmissions of the Soccer World Cup) lead to resentment and, in some instances, even to resistance. Popular Islam in Somalia is known to be tolerant and keeps quite a distance to the fundamentalist interpretations propagated by some court leaders.

After the Union took over Mogadishu, it created a supreme council, with Sheikh Sharif as chairman, and a council (shura) under the leadership of the more radical Sheik Aweys, whose views became more dominant in the following months. At the same time, the rule of the courts was marked by mistrust and differences of interest as common within Somali clan and sub-clan structures. A process of negotiation and reconciliation between the Union and the TFG, with the Sudanese government acting as mediator, remained without results. Especially Sheik Aweys antagonized neighbouring states by threats against the Ethiopian presence in Baidoa and the demand for a Greater Somalia, making claims the Ethiopian Ogaden and regions of eastern Kenya with ethnic Somali population. On 15.11.2006, a report by a military observer commission for the UN security council acknowledged that the weapons embargo against Somalia was violated on all sides: The TFG received arms from Ethiopia, Uganda and Yemen, while the Union got weaponry from the Middle East and Eritrea. Allegedly, Somali fighters were even sent to the Lebanon to fight for Hezbollah (Africa Confidential, 17.11.06). At the latest after this (possibly exaggerated) report, after which U.S. authorities demanded an end of the embargo in order to be able to support the TFG directly (East African, 4.12.2006), many observers warned that war was imminent.

**Ethiopian Intervention and African Union (AU) Mission**

The Ethiopian army used the virtual absence of worldwide attention during the Christmas days of 2006 to launch a fast and – at least in the short run – successful military intervention. Invited by the TFG and supported by US logistics and intelligence, it took over Mogadishu without combat. The Union handed over some of its arms to clan militias and left the city. Large units of the Union’s militia were encircled in southern Somalia – first in Kismayo and late on in Ras Kamboni close to the Kenyan border that had by now been closed. Up to 10.1.07, they were destroyed, with support by the U.S. Navy blocking the sea and U.S. air attacks. As against early reports, the US air force did not kill the persons regarded as responsible for the terrorist attack on the U.S. embassies in Kenya and Tanzania in 1998. Even if the defeat of the Union militia was surprisingly fast, a good part of its members probably escaped; a larger number of arrests was never reported. By the end of the conventional war in mid-January 2007, the scene for an insurgency was set.

Looking at the Ethiopian-U.S. joint military action, many commentators argued that Ethiopia was just manipulated to become an instrument for the U.S. “War against Terror” and thus to intervene in Somalia. This interpretation is too simple. There can be no doubt that U.S. policy towards in Somalia was strongly determined by the anti-terror paradigm; and by its supporting the warlords, the U.S. subordinated the long-term issue of reconstructing legitimate Somali statehood to the anti-terrorism goals; this, again, contributed to the problematic outcome that the TFG proved unable to promote a reconciliation process after the end of the war. At the same time, however, the Ethiopian government pursued its own (security) interests for a long time; Ethiopian support for the transitional president Abdullahi Yusuf is much older than the “War against Terror”. Furthermore, militant Islamist leaders like Aweys argued aggressively against Ethiopia – and moreover received support by Eritrea which sent not just arms but also military personnel (in unknown numbers). This latter argument alone may have been sufficient reason to go to war. Instead of regarding Ethiopia simply as proxy of the U.S., it appears more appropriate to talk of a convergence of U.S. and Ethiopian interest – and not to forget that the TFG under President Abdullahi Yusuf may have contributed its own share, as it could invite two major – regional and global, respectively – powers to pursue a military intervention in its own interest and even help to establish itself in Mogadishu.

Even if the TFG established itself in Mogadishu only a few days after the end of hostilities, insecurity in the city remained very high.
Part of the reason for this was the speedy return of some of the war-lords who had fled Islamic court rule in the preceding year. Some disarmament measures took off soon after the takeover, but remained of symbolic value, at best. From late March and into April, heavy fighting re-erupted, as Ethiopian troops entered sections of the city controlled by fighters of the Islamist al-Shabaab and the Hawiye clan militia. About 1,000 people were reported to have been killed during these battles, in which helicopters were used in densely built-up areas. The Ethiopian army was accused of human rights violations. 300-400,000 people fled Mogadishu, leading to a humanitarian crisis in southern Somalia and at the (officially still closed) Kenyan border.

Since May 2007, there was no heavy fighting any more in Mogadishu. But mortar attacks, killings and bomb attacks were reported on almost a daily basis. Parallels to the Iraqi situation (also in much lower intensity) are obvious. Disarmament continued, undertaken partly by force, but partly also on a voluntary basis, such as the well-publicized handover to the African Union troops of parts of the arsenal of major telecommunications and finance businesses (BBC News, 3.5.07). Overall, the security situation in Mogadishu remained very unclear by the middle of the year. The Ethiopian government announced the withdrawal of a third of its troops already by the end of January 2007, and the presence of the Ethiopian army has indeed been substantially reduced. However, a total withdrawal depended primarily on whether and when the AMISON peacekeeping force promised by the AU would be present in order to guarantee security. Although such a solution was agreed to by all sides, indications for its practical implementation were weak, right from the start. AMISON was planned to comprise 8,000 AU soldiers – still a low figure compared to the ten thousands of Ethiopian soldiers who had been in Somalia during the war. But in reality, even this figure was not achieved. Direct neighbors of Somalia were not supposed to participate in the peacekeeping mission. Some AU member states – first of all Uganda, Nigeria and Burundi – promised to supply altogether 4,000 soldiers. The first of a total of 1,600 Ugandan soldiers (1,400 according to other sources) arrived in early March, and were promptly attacked. By mid-2007, no other AU troops had arrived, while a Burundian contingent was expected to arrive before the end of July. The major reason for this failure – besides financing problems – seems to be the reluctance of AU member states to put their soldiers at incalculable risks. By the end of June, Prime Minister Ali Gedi publicly declared his disappointment and pleaded for bringing UN troops into Somalia (BBC News 29.6.2007). The AU has seriously disappointed the expectations towards it – and understandably so, given the insecurity situation in Somalia. By early July 2007, a complete removal of Ethiopian troops from Somalia seemed a distant prospect.

The Transitional Government in Power

Up to mid-2007, the TFG under Abdullahi Yusuf made little, if any, progress in bringing the different factions of Somali society together. Some of the President's opponents simply refuse to believe that he really tried so; in their view, Abdullahi Yusuf was too much of an ex-warlord and party to fill such an integrative role. A reconciliation conference chaired by ex-president Ali Mahdi Mohamed, scheduled for April in the beginning, was postponed twice, not only because of security or financial problems (the first draft planned to invite 3,000 delegates!) but even more so because of the mistrust of relevant parties, especially of the Hawiye. The participation of moderate Islamic leaders is controversial. Already in January, the U.S. and the EU lobbied for an inclusion of the Union's former chairman, Sheik Sharif Sheik Ahmed (who surrendered himself to the Kenyan authorities at the border in January and, after some interrogation, traveled to Yemen). At first, President Abdullahi Yusuf categorically rejected such an inclusion, but later on – obviously due to international pressure – declared an “amnesty” for all Islamists who had had no connections to “international terrorism” (BBC News 19.6.2007). However, Sheik Sharif and other opponents of the TFG who have created an oppositional core in exile in Asmara, with Eritrean support, refused to participate in a reconciliation conference controlled by the TFG and with Ethiopian military presence. Finally, the long-planned reconciliation conference technically opened on 15.7.07, but (after some grenades hit close to the venue) adjourned immediately. The official reason given was that more delegates should get an opportunity to arrive and participate. While strong forces operate against the conference to be held at all, its course and possible outcomes are entirely open.

Compared to the insecurity and political chaos since the beginning of the year, even many people who were not close to the Islamic courts perceive the days of the Union's rule in retrospective as a period of peace and stability, and even a time of prospects for a more stable restructuring of the country. From this perspective, the most decisive destructive event was not the take-over of the "fundamentalists", but the Ethiopian intervention. This intervention led to noticeable increase of nationalist feelings which are fuelled not by sympathy for the Islamists, but by mistrust of Ethiopia that many people perceive as sworn enemy. Some will argue that Ethiopia has no interest in an independent, stable Somalia. Mistrust against President Abdullahi Yusuf does not only emerge from his background as a warlord, but also from the perception of him being Ethiopia's puppet. Eritrea's support for the opposition only increases this conflict constellation even further.

In 2006, HBF supported a conference of Somali intellectuals (organized by the National Civic Forum) in order to develop sectoral per-
specifies for the reconstruction of the country. It also supported Save Somali Women and Children, a women’s organization that conducted a workshop that included moderate members of the Islamic courts (with Sheik Sharif among them), in order to work towards a stronger role of women in Somali politics. The war set back such small steps forward. However, the foundation will continue to support dialogue activities in order to assist the reconciliation process in Somalia.

Somaliland: A Fragile Island of Stability

Hardly noticed by a global public the attention of which was and still is focused on events in Mogadishu, Somaliland (the northwestern part of Somalia that had been a British colony until 1960 and is today striving for an internationally-recognized independence) managed to remain largely untouched by the conflict in the rest of the country. This is even more remarkable because Somaliland faced serious economic problems and poverty and depends on transfers from the diaspora for its survival. Despite some arson attacks on government offices, Somaliland continued to experience relative political stability. While Somaliland receives some international goodwill, it was not formally recognized as a separate state – despite all efforts (including demonstrations of its diaspora in the U.K. and Norway). Such recognition remains unlikely to happen soon: It would create a precedent case in international law that appears problematic for many African states; it could create a backlash in any peace process in south-central Somalia; and it would carry a high risk of exacerbating the conflict over the eastern border with the autonomous region of Puntland. But the de facto recognition of Somaliland as an autonomous entity, short of formal recognition, goes far: In December 2006, a Kenyan delegation visited Somaliland and afterwards argued in favor of a formal recognition; in April 2007, Somaliland parliamentarians visited Uganda to promote their concerns; and in spring 2007 the Swedish government announced that it would treat Somaliland as an autonomous entity for all purposes of development co-operation (Somaliland Times, 24.3.2007). Even in the AU, sympathies for recognition seem to rise (African Confidential, 6.7.2007).

Traditionally, Somaliland’s major export is in cattle and camels; its economy was severely damaged by an import ban by Saudi Arabia that had been in force for many years. This ban was lifted by the end of 2006, but after the outbreak of Rift Valley Fever in Kenya, the United Arab Emirates imposed another one ban. Operations in Berbera, Somaliland’s most important port, nearly closed down; but the situation improved after the most recent ban was lifted in May 2007.

Since early 2007, democratic institutions in Somaliland experienced a number of crises, resulting from power struggles between the government of President Dahir Rayale Kahin on the one hand, and parts of parliament and civil society on the other. New appointments to the electoral commission were one major conflict issue; the term extension of the gurti (the second chamber of parliament, consisting of members appointed by clans, and an institution that has helped to stabilize Somaliland, but is also very conservative) was another one. Another point of controversy concerns the question whether the gurti, in the future, will be elected, or whether its members will be nominated, as in the past. The president violated the freedom of the press speech as he made the police to arrest journalists of the Haatauf (Somaliland Times) who had accused him of being corrupt. A court sentenced them to two and a half years in detention, but the journalists were pardoned and released after an intervention of an EU delegation (Sub-Saharan Informer, 6.4.2007).

In Somaliland the HBS support Nagaad, an umbrella organization of women’s groups which – in addition to basic women’s right work – aims specifically at increasing the participation of women in political processes and institutions (e.g., electoral commission) and helps the ministry for family and development affairs to create a gender policy strategy. Furthermore, HBF supports local groups in their work towards improving the understanding of Somaliland’s specific environmental problems, and developing alternatives to the extensive use of charcoal which endangers the already parlous stock of trees in this arid region.

3. Regional Perspectives

Economic and political development in East Africa has been overall positive, its integration progressed, and two countries – Rwanda and Burundi – became new members of the East African Community. Meanwhile, the Horn of Africa and the Sudan – despite sometimes impressing economic data for Ethiopia and the Sudan – continued to be a centre of crisis. The image of the region was still largely defined by poverty, violent conflict, and little democratic legitimacy.

Progress in East African Integration

The regional integration of East Africa progresses – without the rest of the world taking much notice. The customs union between Kenya, Uganda and Tanzania, created in 2005, simplified and intensified economic relations in the region. The spectrum extends from the exchange of goods to the simplification of getting access to the stock market for citizens of neighboring states. By now, budgets of the members are discussed and adopted in parallel. On 18.6.07, Rwanda and Burundi became full members of the EAC; the goalpost – to unite East Africa as a political federation until 2010 – stands.

All this forms a positive contrast to the grandiose and (as, for example, the Presidents of Kenya and Uganda politely noted) at the same
time very unrealistic plans of a Pan-African government, once again propagated by Senegal and Libya on the AU summit in Accra in July 2007. In East Africa, many people have ambivalent feelings towards the integration. Due to its economic strength, Kenya is likely to dominate the community, while it has played a less than constructive role in the nomination process of representatives for the East African Legislative Assembly. At the same time, integration progresses almost by itself: Numerous Kenyan parents send their children to schools in Uganda; supported by new media (e.g., the music channel EATV), a regional music industry and youth culture with specific styles spreads over East Africa; and the use of Kiswahili as the regional language expands even in areas where its use had been marginal, for example in Uganda (Society for International Development 2006, 2007).

The economic and political integration offers a good opportunity to address the fundamental problems of the region, such as the very high population growth rate, wide-spread poverty, huge social inequality and diseases such as HIV/AIDS and Malaria. During recent years, steps were taken to reconstruct the long-neglected regional infrastructure, for example the renewal of the railway system and of important road connections. The region's energy supply is particularly at risk, depending greatly on hydro power that — in times of climate change — appears less reliable than in the past. Especially Tanzania and Uganda saw drastic rationing of electric power supply — even though just 10% of the region's population are connected to the grid. Fossil fuels provide not much of an alternative, as few have been discovered within the region. Thus, decentralized forms of renewable energy (wind, sun) and the vast geothermal potentials along the Rift Valley are on offer, but are not yet used on a larger scale. The HBF regional office supports studies and advocacy work in this field.

Uganda: Dissatisfaction in the South, Hope for Peace in the North

After a much-criticized constitutional amendment giving him a third-term option, Yoweri Museveni remained the president of Uganda — for over twenty years by now. The elections in February 2006 were held using a multi-party system (for the first time in 26 years in Uganda) and had been accompanied by intimidation of the opposition. By now, Museveni has lost most of his once-held image as a carrier of hope: he is criticized for not being able to let loose of power (much against his own long-held ideals), for being autocratic and for the widespread corruption. The crisis around Mabira Forest revealed the gap between the President and his people: 30,000 hectares of land in the national park area were to be allocated to a major sugar company, owned by Ugandans of Asian origin. Museveni justified this unpopular decision for economic reasons, even though the Kabaka (the king of Buganda) offered alternative areas of land. After a peaceful beginning, a demonstration in Kampala on 12.4.07 escalated as the police started to shoot at protesters, allegedly due to a misunderstanding. Widespread looting and assaults against ethnic Asians followed, and altogether three people were killed. A few days later the police shot again as people protested for the release of two members of parliament who had been arrested for allegedly instigating violence during the first demonstration. In May, the land allocation was suspended.

Over two decades, a war hard been fought in northern Uganda that had led to severe violations of human rights, causing more than two million people to flee. Critics claim that Museveni and the Ugandan army profited from the continuation of this was. In August 2006, delegates of the government and the Lord's Resistance Army (LRA) concluded a ceasefire, its background being the LRA's effective loss of the southern Sudanese hinterland after the Sudanese peace agreement of 2005. But the situation remained fragile: The negotiations in South Sudan dragged on, while Museveni threatened military action against the rebels (now based in northeastern DR Congo); an extension of the ceasefire was concluded only in the last moment on 30.6.2007. The LRA rejected an extradition, to the International Court of Justice, of military leaders accused of human rights violations (especially the kidnapping of entire school classes, in order to recruit the pupils for the war). In June, the LRA agreed to hand over accused military leaders to a court if the government would do the same with their own army commanders (Daily Nation, 6.6.2007). On 17.1.07, Alice Lakwena died in a Kenyan refugee camp. She was the spirit medium that had created the Holy Spirit Mobile Forces in 1986 which had started the war in the north. The U.K. Economist publicized an obituary (21.7.2007).

Ethiopia and Eritrea: Inward Authoritarian, Outward Armed

Since three years, Ethiopia experiences an economic boom, supported by good rains, high direct foreign investments, substantial debt relief and continuously large inflows of development assistance. However, the popular mood remains bad, especially among urban dwellers: Prices are increasing, many people make derive little from the boom. The country experienced devastating floods in the first half of 2006, highlighting the severe environmental problems caused by rapid population growth, increasingly scarce resources and a lack of environmental awareness.

Within the country, the Meles Zenawi government succeeded in stabilizing its position, after the 2005 elections. This is indicated by the announcement to hold the repeatedly postponed local elections at the end of 2007 or in early 2008. The opposition split into several feuding groups. Apart from a few exceptions, civil society retreated from
the political sphere, with its work impeded by increasing controls and informal intimidation. A dominant machinery of political patronage erodes the constitutional order; this is aggravated by the lack of rule of law, due to lack of capacity in the judicial system. The verdict of guilty against 38 opposition politicians, held under detention since November 2005, is widely seen as arbitrary.

The boundary dispute with Eritrea escalated because Ethiopia was not prepared to recognize the verdict of the international boundary commission in its entirety.

The internal situation in Eritrea is still marked by state repression and internal militarization, for example by the forced recruitment of the youth into military or paramilitary institutions. There are no improvements towards an opening and democratization to be recognized. In early 2007, the patriarch of the Orthodox Church was arrested. Eritrea has been a constructive mediator in the solution of the conflict in northeastern Sudan, but beyond that, its regional politics was defined by the conflict with Ethiopia. Eritrea demands a complete acceptance of the boundary commission's arbitration of 2002. According to a report to the UN Security Council on 2.5.07, Eritrea impeded the work of the UN mission stationed in the boundary area. Both countries concentrated troops within the security zone. In Somalia, Eritrea supported the Union of Islamic Courts by sending arms and military personnel and hosting prominent opponents of the TFG since spring 2007. The political alliance among the secular Somali government and the Islamists shows that the Eritrean government is primarily interested in creating a counterbalance to the Ethiopian support of the TFG. Just how far Eritrea is isolated within the region became clear as its government suspended its membership in IGAD at the end of April.

**Sudan: Conflict in Darfur, Open Questions in the South**

International attention on the Sudan primarily focused on the Darfur conflict. Attacks on civilians and their displacement by militias unofficially supported by the Sudanese government led to the most severe humanitarian crisis of the present time. Relief operations were systematically impeded. During 2006, the conflict encroached into neighboring regions of Chad. A peace agreement negotiated in Abuja (Nigeria) in mid-2006 remained without impact from the beginning because only one of the three most important Darfur rebel groups signed it. Backed by a thriving oil economy and close economic relationships to China that impeded UN sanctions against Sudan, the government of the Sudan categorically rejected a conversion of the ineffective AU troops into a UN mission until spring 2007. In January 2007, the AU denied its chairmanship to the Sudanese President, Omar el-Bashir, for a second time. However, positions began to change in April 2007, when the U.S. intensified its sanctions against key personalities of the Khartoum government and their enterprises, while China indicated to take over responsibility in the Sudan issue by nominating a special envoy (Evans & Steinberg, 11.6.2007). On 12.6.07, the Sudanese government accepted a UN/AU hybrid force of 20,000 (against currently 7,000) troops. It remains an open question, however, whether this solution will really provide a higher degree of security for the civilian population; command structure and implementation schedule remained unclear as well. In the long run, it will be more important to conclude a really effective peace agreement among the Darfur conflict parties. New negotiations began in Libya on 15.7.07.

Meanwhile, there was improvement on another front of the much-divided country: On 14.10.06 government and rebels in eastern Sudan signed a peace agreement, mediated by Eritrea. Compared to the crisis in Darfur, the South Sudan has not received much attention since the conclusion of the Comprehensive Peace Agreement (CPA) in 2005 – even though the CPA’s success or failure will be even more important to the Sudan and, possibly, to the entire region. Reconstruction of the Southern Sudanese infrastructure, damaged by decades of war, is mostly done by international agencies, as the Southern Sudanese government lacks core capacities. The regional capital Juba has become a roaming place for relief and development organizations, as well as Kenyan entrepreneurs who see great perspectives in South Sudan; it is a boom mostly fuelled by development finance. At the same time, there are numerous reasons to be concerned about the CPA’s future: intransparency of the oil revenue distribution between Khartoum and Juba (the South lacks the capacity to check finance flows); unresolved boundary issues in the oil-rich Abyei region; implementation problems and inefficiencies in reconstruction and, especially, in the area of security. The deadline for the removal of all northern Sudanese troops from the South expired on 9.7.07, but in reality only two-thirds of them had been withdrawn; the planned joint units for security in the oil areas had not been created yet either. CPA implementation does not only suffer from technical and administrative problems, but from the distrust on both sites, made more severe by conflicts and increasing corruption in the south. In November 2006, soldiers of both sides clashed in Malakal, leaving about 150 dead.

The future of the CPA remained unclear. The scenarios currently discussed reach from a renewed outbreak of a war, through secession of the South after the referendum planned for 2011, to the – albeit quite improbable – possibility that the President of South Sudan, Salva Kiir Mayardit, may win the 2009 Sudanese general elections, in coalition with other groups of marginalized regions. In 2006, HBF supported an initiative to monitor the implementation of the CPA on a national level in order to broaden public debate around it.
Perspectives

Kenyan politics in Kenya over the rest of the year will be mostly marked by the elections scheduled for December 2007. In view of the positive economic developments and the weaknesses and splits of the opposition, President Kibaki has a good chance to be reelected if – as looks likely – he is able to build a coalition of numerous small parties. There may be a modified revival of the NARC coalition of 2002 (but surely without Raila Odinga); this time, however, it would be without the perspective for fundamental change. It is principally possible that President Kibaki – less influenced by tactical considerations in a second term – may concentrate more seriously on constitutional reform and the fight against corruption; but most observers do not believe in such a scenario that would require fundamental changes into Kenya's political culture and can hardly be expected to be pursued by a politician of Kibaki's generation. Many Kenyans are looking forward to a generational change – but not before 2012. If the government, up to that point, manages to continue economic reconstruction and expansion, upholds the democratic space and secures progress and some greater degree of social equity in strategic sectors (such as education, health, security), it would mean progress for Kenya. Progress in East African integration will help Kenya to progress – and vice versa.

Developments in Somalia are difficult to predict. The national reconciliation conference, formally opened on 15.7.07, will be probably continued, not least because the U.S. and the EU want it to happen. How it develops will not only depend on security issues, but on the readiness of the TFG under President Abdullahi Yusuf to pursue it constructively. Negotiations are bound to take a long time, and possible courses and outcomes cannot even be sketched today. Only one thing is sure: issues of power-sharing between the clans will be a major issue, and the clan-based political structure of the country is unlikely to be overcome. Strong forces supported by Eritrea have little interest in the success of such a conference in the current political constellation. They refuse participation in the process unless Ethiopian troops are completely withdrawn which, however, would require a substantially larger presence of AU troops. This, again, is getting more unlikely as long as insecurity in Somalia is growing. There is a high risk that militant Islamist groups will further increase insecurity. Somaliland is likely to be touched only lightly by these developments, except for the fact that a somewhat successful reconciliation process in the south would lessen its rationale for independence.

The Horn of Africa is likely to remain a centre of crises, with much relevance to the wider world, in the next twelve months. This applies not just to Somalia, but even more to the Ethiopian-Eritrean boundary conflict that may see serious escalation. By mid-2007, there is some hope for improved protection of civilians in Darfur, by means of the hybrid AU/UN force that Khartoum has principally agreed to, but massive problems to implement this agreement are to be expected. Meanwhile, the attention of the global public should be directed much stronger than now on South Sudan, where the implementation of the CPA meets great difficulties, resulting in a high risk of conflict – and this may have consequences even more severe than the current crisis in Darfur.

(Report concluded: 16.7.2007)
ABBREVIATIONS

AU  African Union (headquarters: Addis Ababa)
CDF  Constituency Development Fund (Kenya)
CPA  Comprehensive Peace Agreement (Sudan)
EAC  East African Community
IGAD  Intergovernmental Authority on Development (headquarters: Djibouti)
KANU  Kenya African National Union
LRA  Lord's Resistance Army (Uganda)
NARC  National Rainbow Coalition (Kenya)
ODM-K  Orange Democratic Movement – Kenya
TFG  Transitional Federal Government (Somalia)

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