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To RBZ

cc Ngozi N. Okonjo-Iweala, Caroline D. Anstey, Hartwig
Schafer, Colin Bruce, Marie-H. P. Bricknell, Harold L.
Bedoya, Katy Roffe, Auguste Tano Kouame, Vera Songwe,
Carl Patrick Hanlon, Michel Wormser

Subject Kenya - Eighth Brief on Elections

Dear Bob,

The Country Director reported further progress on several fronts on Sunday, although some critical issues remain unresolved.

- Life is quickly returning to 'normal'. As an anecdote, the contractors who clean our offices (most of whom live in the worst affected slums) came to work for the first time on Sunday in over a week. Meanwhile, the office guards who had opted to stay on Bank premises throughout last week were able to return to their homes. As such 'normalcy' returns, many Kenyans are expressing a palpable sense of horror at what happened last week and are undergoing much soul searching.
- Hard-liners in the Government brought negotiations to breaking point by threatening to announce a Cabinet on Sunday or Monday morning. However, we managed to persuade them that this would poison the atmosphere for negotiations. Meanwhile, the US and UK applied intense pressure on Odinga to denounce violence which is a deal breaker for the Kibaki side. By the end of the day, Odinga had agreed with the government on the modalities for issuing his denouncement of violence. It will be a prerecorded video message to avoid any spontaneous 'double speak' during a live transmission.
- Odinga and his extended core team endorsed the outline of a 'deal'. In doing so, they dropped almost all the demands they had made earlier, including Kibaki stepping down, co-presidency, re-run of elections in 90 days, and the explicit designation of President Kaufore as an international mediator. Meanwhile, some signs of tensions began emerging within Odinga's extended core team amidst more evidence of their own rigging. Discontent among their followers is also growing. Some are getting increasingly hungry and tired. Some middle class supporters are becoming more vocal about the disruption to their lives arising from the current crises.
- Kibaki and his enlarged team (of hardliners) agreed to the 'principle' of a coalition government, although I expect them to drive a very hard bargain with the Odinga side whom they will invite for direct talks in coming days.
- The most critical next step is for the Kibaki--Odinga talks to begin and for President Kaufore to arrive. There is still some uncertainty as to when he will do so. My understanding is that he had declined offers from the US and UK to fly him to Nairobi, preferring instead to wait until his plane can be used again. That is expected to be on Thursday or Friday this week.
- The Country Director has been asked by both sides to brief President Kaufore upon his arrival. As the political talks intensify on points of detail, the Bank will retreat even farther into the background. Simultaneously, the Bank will raise the profile of the post-conflict reconstruction tasks, beginning with a donor meeting on Tuesday, January 8, 2008.

Best,
Oby