

UNIVERSITY OF NAIROBI

INSTITUTE OF DIPLOMACY AND INTERNATIONAL STUDIES

AID CONDITIONALITY AND TRANSITION TO DEMOCRACY IN KENYA 1990-2000

by

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leading to a Masters Degree in International Studies.



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DECLARATION

This Thesis is my original work and has not been presented for a degree in any other University.

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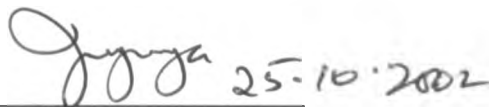
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DEDICATION

This Thesis is dedicated to my parents Lydia Wangui and Daniel Maina Kibage.

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My Sincere and heartfelt gratitude goes to the Almighty God who gave me the strength and ability to undertake and complete my studies. To me He is Ebenezer. I would also like to acknowledge the lecturers at the Institute of Diplomacy, other individuals and organizations who contributed in many ways to the completion of this dissertation.

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ABBREVIATIONS

EU	European Union
IMF	International Monetary Fund
WB	World Bank
SOE	State Owned Enterprises
KACA	Kenya Anti-Corruption Authority
ESAF	Enhanced Structural Adjustment Facility
SAF	Structural Adjustment Facility
UNDP	United Nations Development Programme
DCR	Development Cooperation Report
NGO	Non-Governmental Organization
SAP	Structural Adjustment Program
PRGF	Poverty Reduction and Growth Facility
GOK	Government of Kenya
PIP	Public Investment Program
EEC	European Economic Commission
ACP	African Caribbean Pacific
STABEX	Stabilization of Export Earnings
IFI	International Finance Institutions
IED	Institute of Education and Democracy
NCCK	National Council of Churches of Kenya
USAID	United States Agency for International Development

ODA	Official Development Assistance
PFP	Policy Framework Paper
FAP	Financial Adjustment program
ITAP	Industry and Trade Adjustment Program
AAP	Agricultural Adjustment Program
CSR	Civil Service Reform Program
VERS	Voluntary Early Retirement Scheme
KCB	Kenya Commercial Bank
KENGEN	Kenya Generating Electricity
GDP	Gross Domestic Product
USA	United States of America
CG	Consultative Group
BOP	Balance of Payments
UK	United Kingdom
ISI	Import Substitution Industrialization
IPPG	Inter-Party Parliamentary Group
KANU	Kenya African National Union
NRM	National Resistance Movement
FORD	Forum for the Restoration of Democracy

ABSTRACT

This study examines the impact of aid conditionality in Kenya from 1990-2000. It focuses on the role played by donors in aid conditionality with an objective of bringing about a transition from authoritarian rule to democratic rule in Kenya. The study has found that on its own, external pressure could not bring about the desired change and that internal pressure also contributed to the democratic process.

The study examines the political and economic climate before and after the repeal of section 2A of the constitution which ushered in multiparty politics. The authoritarian rule also coincides with the Cold War era where the donors gave generously without questioning the aid given in an effort to contain Communism. However, after the demise of Communism, the post Cold War era is characterized with justification as to why aid is given hence donors attached political conditionalities to their aid whereby democracy was heavily stressed in their aid policies in the 1990s.

The study agrees that some of the donor objectives have been met by the aid conditionalities. It also holds the contention that democracy is a complex process and therefore a decade from 1990-2000, donor objectives such as democratic institutions cannot be fully implemented. It takes time and the political will of the recipient for changes to take effect. Conditionality is here seen as necessary in

the initial stages of democratization but there after, it hampers progress by overburdening the recipient country.

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CHAPTER ONE

AID CONDITIONALITY AND TRANSITION TO DEMOCRACY IN

PERSPECTIVE

1.0 INTRODUCTION

In 1989, the world witnessed the collapse of the Soviet bloc bringing to an end the communist rule in Eastern Europe. This also brought the Cold War between the Western and Eastern bloc to an end. The end of the Cold War was seen as a triumph of the West's (America's) democratic ideals which spread to Eastern Europe. This ripple effect also spread to Africa where authoritarian regimes that were once supported by the West lost their glamour. Hence, democracy became the catchword in the political arena in the 1990s.

The Western bloc had previously given foreign aid to governments in the Third World especially Africa to help contain communism. With its demise, foreign aid lost its Cold War justification.¹ Africa, which had once been courted by the West for its geographic position became less significant. The United States cut its aid commitment to Africa and started to crusade for democracy, and other European countries followed suit. Francois Mitterrand, the French President made it clear at a Franco-African Summit at La Baule in June 1990 that France would only

¹ Mark Moore and Mark Robinson, 'Can Foreign Aid be Used to Promote Good Government in Developing Countries', *Ethics and International Affairs*, vol., p. 143, 1994.

support countries that were moving towards democracy.² Democracy, good governance and respect for human rights became the new goals of the international donor community in the 1990s. The donors were in consensus to support those governments that were moving towards political liberalization. It was felt that democracy could only have its place in regimes that encouraged political reforms and since African countries were already heavily dependent on donor aid, they succumbed to donor demands. They were not in a position to bargain with the donors since they were vulnerable and weak.

In Kenya, there was an interesting relationship between the Kenyan government (Moi regime) and the donors since it was one of the countries that felt the first impact of foreign aid conditionality in the early 1990s. An OECD report in 1990 stated that all allocations of funds would be influenced by a country's record on human rights and democratic practice. Early in 1990, the USA withheld aid to Kenya for human rights violations. The aid embargo was later lifted in 1991 after some changes were observed. In 1992, the Moi regime succumbed to pressure and Section 2A of the constitution was removed to open the way for multipartyism. The first multiparty elections were held in December 1992.

It is against this background that this study will assess aid conditionality and transition to democracy in Kenya. It will also examine the political and economic

² Michael Bralton and Nicolas der Valle, 'Toward Governance and politics in Africa: Popular demands and State Responses,' in *Governance and Politics in Africa*, Goran Hyden and Michael Bralton, (eds.) Lynne Rienner, London, 1992.

backgrounds in the period 1990-2000 in relation to aid and the reforms taking place in the country. It will also look at the role both the internal and external forces played in the transition process, and examine the role aid conditionality played in the on-going reforms.

1.1 Statement of the Problem

Many African governments acquired their independence from their colonial masters in the early 1960s. The new emerging states did not attach much emphasis on liberal democracy and instead they concentrated on consolidation of authority of the newly acquired governments. . Paul Cammack³ observes that the new political elite lacked experience with democracy and felt little commitment to it. The colonial power did not also prepare the way for them and therefore they acquired a political culture that was authoritative. During the Cold War, the West used such authoritative regimes as bases from which they could contain communism. However, the collapse of communism brought in a new democratic era which also saw the West exert pressure on authoritarian governments to shift to democracy. In this new era, these governments were held responsible for the ailing political and economic conditions. Political reforms were called for and political conditionalities were attached to these reforms. They had to conform or else they would not receive foreign aid.

³ Paul Cammack, David Pool and William Tordoff, *Third World Politics: A Comparative Introduction*, Macmillan Press, London, 2nd edition, 1993.

Kenya was not exempted from this democratic wave and the conditionalities that came with it. Being single party, the Moi regime was termed as un democratic. Democracy by the donors was equated with multipartyism. President Moi had to succumb to the demands of the donors and the first multiparty elections were held in December 1992.

This study seeks to examine whether aid conditionality in the transition to democracy in Kenya has produced the intended results. Is it out of the fear of falling out of the queue of aid beggars that the Moi regime succumbed to the donor demands?⁴ In short, the study seeks to know whether aid conditionality has produced the intended political reforms in Kenya in accordance with the donor objectives.

1.2 Objectives of the Study

The broad objective of this study is to examine aid conditionality and transition to democracy in Kenya from 1990-2000. This will further be supported by the following specific objectives.

1. Kenya's political and economic environment before and after the introduction of multiparty politics.
2. The impact of the domestic environment on the democratization process.
3. The role of donors and donor policies in the democratization process.

⁴ Issa Shijvi, 'Reflection on the Place of the Working People in the Battle for Democracy,' *CODESRIA Bulletin*, No.4, 1990, p.9

1.3 Justification

This is a relatively new area of study and therefore there is a lot to be done both in policy and academic circles. With regard to policy, it has been noted that in the developing countries, there is no genuine debate on aid conditionality and transition to democracy. Where debate is carried out, it is confined to a small circle of representatives and hence, it lacks a broad-based discussion.⁵ In some cases, aid conditionality is exercised vaguely and haphazardly and is mainly guided by the principle of 'influence and control'⁶ hence there is no room for bargain by the recipient country.

Kenya has been termed as a laboratory for aid conditionality since it was among the first African countries to feel the effects of the conditionality. Other African countries were expected to learn from the Kenyan experience to which Joel Barkan asserts that "international donors established explicit conditions for assistance making Kenya a precedent for the rest of Africa."⁷ The study through its findings will help both the donors and the Kenyan government to evaluate their position on aid conditionality and transition to democracy and look into issues of ownership and homegrown policies, participation by the civil society and good governance.

⁵ Andrzej Krassowski, *The Aid Relationship*, The Overseas Development Institute Ltd., London, 1968, p. 13.

⁶ Ibid.

⁷ Quote from Joel D. Barkan, 'Kenya: Lessons from a Flawed Elections,' *Journal of Democracy*, vol. 4, no. 3, in *Africa in World Politics: Post-Cold War Challenges*, John W. Harbeson and Donald Rothchild, Westview Press, Boulder, 1995.

The study can also be justified on academic grounds since these issues on aid conditionality seem to be arising now and then that have been touching on different aspects from time to time. First was the issue of multiparty politics and elections. Later other issues like governance and respect for human rights came to the forefront as priorities as well. Other new areas like creating anti-corruption bodies have taken pre-eminence all in an effort to create democratic institutions. Hence, issues arising are organic and the epicenter keeps shifting from one issue to another. Therefore, through research finding, the study will contribute to the existing literature. The study will also fill gaps in the theoretical framework especially by generating hypotheses.

1.4 Conceptual Framework

The changes in the international system set the pace for change in Kenya and other developing countries, exposing them to change as well. The call to democratize came from the international arena and this had a direct impact on the domestic conditions of individual states as Western donors began to tie aid to democratization in the developing countries. They also issued threats to adamant regimes and even pressurized governments to reform. Ideas for change therefore emanated from the industrialized world and this shows an aspect of domination from the Western donors, which falls in the category of international dependency model.⁸The donors are in a position to impose conditions for

⁸ Michael Bratton, and Nicolas der Walle, *Democratic Experiments in Africa: Regime Transitions in Comparative Perspective*, Cambridge University Press, Cambridge, 1997.

reforms that are backed by the threat of material sanctions on weak countries.⁹ Barry Munslow¹⁰ notes that this democratic move is driven from outside the African continent and according to African Confidential,¹¹ the World Bank and the donor countries are the initiators of change in Africa and they assert pressure by demanding political changes as a condition for further aid to Africa.

Therefore, there is interplay of power theory in this study and as Morgenthau rightly puts it, "When we speak of power, we mean men's control over the minds and actions of other men."¹² There is an element of control from the external powers that insist on political conditionality as the key to giving aid. Joan and Stephanie¹³ observe that unequal distribution and power gives some countries a leeway to influence others. The wealthier nations use their wealth as an instrument to influence the shift in policy and actions of countries in the South while promoting their own interests.¹⁴ These interests are manifested in donor investment and trade, security and political interests and interests in furthering

⁹ Ibid.

¹⁰ Barry Munslow, 'Democratization in Africa,' *Parliamentary Affairs*, 46, 9(1993): 483.

¹¹ *African Confidential* 31, 1990:3

¹² Hans J. Morgenthau, and Kenneth Thompson, *Politics Among Nations: The Struggle for Power and Peace*, 6th edition, Kalyan Publishers, New Delhi, 1991, p. 31

¹³ Joan Nelson and Stephanie Eglinton, *Encouraging Democracy: What Role for Conditioned Aid? Policy Essay No. 4*, Overseas Development Council, Washington D.C., 1992, pp. 6-7.

¹⁴ Ibid.

democracy clumped together as 'donor interests' directed to the 'recipient needs' of the poor countries.¹⁵

Samuel Mushi¹⁶ note that previous theories related aid to democracy only indirectly in a theoretical chain, linking aid with growth (growth theories), growth with general socioeconomic prosperity (trickle down theories), and economic prosperity with democracy (theories on economic prerequisites for democratization).

1.5 Hypotheses

1. Aid conditionality influences transition to democracy in the recipient country.
2. The level of aid dependency in a country reduces responses to donor conditionalities.
3. Donor consensus on democracy determines the impact of aid given to the recipient country.

1.6 Operationalization of Concepts

Democracy-For the purpose of this study, democracy means competitive politics where there is an active opposition, fair elections are carried out, respect for human rights and political freedom of association, assembly, expression and

¹⁵ Gorm Olsen, 'Europe and the Promotion of Democracy in Post Cold War Africa: How Serious is Europe and for What Reason?' *African Affairs*, (1998), pp 343-367.

¹⁶ Samuel S. Mushi, 'Determinants and Limitations of Aid Conditionality: Some Examples from Nordic – Tanzanian Co-operation', in *Aid and Political Conditionality*, ed., Olav Stokke, Frank Cass and Co., Ltd, London, 1995 p. 225.

the civil society is involved. Multiparty elections alone do not bring about democracy and therefore the ultimate end should be the abolition of authoritarian structures and the establishment of democratic institutions which will guarantee sustainable democracy. Only then can one talk of democracy.

Liberalization- freeing the economy from state controls through elimination of price controls, abolition of foreign exchange rates and the creation of a free market economy.

Conditionality- entails a benefit if the receiver takes specific actions that the donor desires. It is aimed at bringing durable changes in the recipient's policies and behaviors.

Transition- refers to political transition which entails a passage from an authoritarian regime to a democratic one.

1.6 Methodology of Research

The study relied on both primary and secondary sources of data. Secondary data in the form of available literature was extensively used in the compilation of some of the chapters of the study. These included books, journals, newspapers, public records such as Development Plans and Economic Surveys, World Bank and IMF Reports and the internet. For primary sources, interactive interviews were held with officials from donor agencies Japanese and German embassies and government officials from the ministry of foreign Affairs and Central Bank.

1.7 Problems Encountered During Research

A major problem encountered during this research was the reluctance by those interviewed to provide information claiming that their information is classified. Where it was provided, access to certain details was denied. There were also bottlenecks of being referred from one person to another with officials claiming that they had no authority to divulge information. Hence, a lot of time was spent trying to acquire the information needed for the completion of this study.

1.8 Structure of the Study

The study comprises of five chapters. Chapter **One** introduces the study presenting the statement of the problem, objectives, theoretical framework, hypotheses, justification and methodology of the study and the literature review. The literature reveals the major ideas in aid conditionality and transition to democracy and experiences from other parts of the world. Chapter **Two** looks at the political and economic background to the transition to democracy in Kenya. Chapter **Three** contains the role of the internal pressure in the transition process. Chapter **Four** contains the data analysis on aid conditionality and transition to democracy in Kenya from 1990-2000. Chapter **Five** contains the summary, conclusion and recommendation.

1.9 LITERATURE REVIEW

The first part will review literature on the concept of democracy. The second part will be based on the inter-connection between foreign aid and democracy. The last part will look at experiences in other parts of the world.

1.9.1 Concept of democracy

Many authors agree that the definition of democracy is legion and interested parties have understood the term in a variety of ways. In defining democracy, Samuel Huntington quotes Scumpeter who views a political system to be democratic when there are periodic elections which are fair and competitive politics where candidates are able to compete for votes. There should also be civil and political freedom that is necessary to conduct election campaign. He also stresses on the role of the opposition, which he says should not be harassed but should instead be allowed to participate in the elections.¹⁷

Dahl¹⁸, on his part asserts that a democratic political system is responsible to its entire citizen. Abbas Pourgerami¹⁹ lays more emphasis on a competitive political system, which according to him has more than one political party contending for power. They should also have free and fair elections held at regular intervals.

¹⁷ Samuel Huntington, *The Third Wave: Democratization in the Late 20th Century*, University of Oklahoma Press, London, 1991.

¹⁸ Robert Dahl, *Democracy and its Critics*, Orient Longman, New Delhi, 1989.

¹⁹ Abbas Pourgerami, *Development and Democracy in the Third World*, Westview Press Boulder, 1991.

According to him, democratic political systems are more likely to enhance human rights while authoritarian regimes are more likely to repress their citizens.

In looking at democratic transitions, Ogot²⁰ asserts that it is a move from an authoritarian regime to a democratic one. Pridham²¹ refers to democracy as an open system whereby there will be conformity and Michael Bratton²² argues that a political system is opened removing barriers to democracy, what he terms as "political liberalization." This, according to him is the first step towards democratic transition. On his part, Huntington²³ talks of the 'wave of democratization', which he sees as a move from non-democratic regimes to democratic ones. He states that the final objectives should be the achievement of political freedom and civil liberty. He observes that democracy in a country may be influenced by the actions of the government referring to external force. The main issue here is the dismantling of the structures of the authoritarian regime and giving room to democratic structures.

²⁰ B.A.Ogot, 'Transition From Single Party to Multiparty System,' in *Decolonization and Independence in Kenya*, eds. B.A. Ogot and W.R. Ochieng, Athens: Ohio University Press, 1995, p. 245

²¹ Geoffrey Pridham, 'International Influences and Democratic Transitions: Problems of Theory and Practice in Linkage Politics', in *Encouraging Democracy: The International Context of Regime Transition in Southern Europe*, ed., Geoffrey Pridham, New York: St Martins Press, 1991, p. 1-28

²² Michael Bratton, quoted in *Democracy in Africa: The Hard Road Ahead*, ed. Marina Ottaway, Boulder: Lynne Rienner, 1997, p. 156

²³ Huntington, op. Cit. P. 85

1.9.2 Literature on Aid Conditionality and Democracy

Many scholars note that the end of the Cold War brought new issues in the international arena. Moore and Robinson²⁴ observe that since the collapse of the Soviet Union, the new agenda in the international system comprised of "political conditionality" "good government". According to them, donors are keen on countries which practice democracy where democracy in this case is seen as genuine and competitive elections.

Gorm Olsen²⁵ observes that the change from bi-polarity to multi-polarity in the international system paved the way for new " themes and instruments " in international aid. He observes that the trend was to replace 'development' with 'democracy' in the 1990s. Democracy and respect for human rights, as he notes, were voiced with increasing intensity.

Ellen Hauser²⁶ notes that after the Cold War, donors voiced democratic issues with great intensity hence, democracy became the new 'ideological' reason for Western donors to give aid. Like Moore and Robinson, she notes that since Western donors could no longer justify aid to their domestic audiences as a tool against communism, their foreign policy was now justified on the grounds that it would support democratization programs in the developing countries. To achieve

²⁴ Mark Moore and Mark Robinson, 'Can foreign Aid Be Used to Promote Good Government in Developing Countries? *Ethics and International Affairs*, vol.8 , 1994

²⁵ Gorm Olsen, Europe and promotion of Democracy in Post Cold War Africa: How Serious is Europe and for What Reasons? *African Affairs*, (1998), 97, pp. 343-367.

²⁶ Ellen Hauser, 'Ugandan relations with Western Donors in the 1990s: What Impact on Democratization? *Journal of Modern African Studies*, 37, 4, (1999) p. 624.

their objective, they exerted pressure on adamant regimes by giving political conditionality on aid. Threats of aid freeze in the 1990s were therefore used as an instrument to encourage governments to allow democratic elections.

The donors, as she observes link the poor economic performance in Africa with the political structures. Therefore, the donors call for 'political solutions' by putting in place the 'correct' institutions which will enable the countries to become more democratic.

Olav Stokke²⁷ notes that relations between the West and non-democratic countries changed dramatically during the late 1980s and 1990s. Foreign aid he asserts, was increasingly made conditional and tied to policy reforms:

"...Whereas previously conditions had their primary justification in the effectiveness and efficiency of aid within the limited confines of a project or a programme (in addition to concerns related to the donors self-interest, involvement tied aid), the new generations conditionality entered the domestic political arena of the recipient at a higher level and with fewer inhibitions."²⁸

He classifies aid conditionality into the first generation and the second generation.²⁹ The first generation conditionality is the type of conditionality that many scholars especially economists often write about. According to Olav, this conditionality was triggered by the economic crisis in the late 1970s which crippled the economies of many Third World countries. The main argument for

²⁷ Olav Stokke, *Aid and Political conditionality: The Case of Norway*, pp. 162-200

²⁸ Ibid.

²⁹ Ibid.

the first generation conditionality was that in order to obtain aid, recipient governments had to put their economy in order. The cure prescribed here involved tightened budgets and devaluation of currency. It also called for market liberalization as reduced role of the state in the economy.³⁰

The second-generation conditionality is the main area of concern in this study. Olav like other scholars traces its origins to the events in Eastern and Central Europe. He observes that, after the collapse of the Eastern bloc and its core power, the Western power had to have a reason to justify their development assistance. He notes that there was also the need to explain the failure for the first generation conditionalities, particularly in Africa. The blame was placed on the state which was seen to be so much in control of the economy.

There were linkages between the first and second-generation conditionalities with the realization that in order for the economic policies to work, there had to be political reforms operationalised in terms of good governance, participation of the opposition, democracy and respect for human rights. Aid conditionality was henceforth tied to the pursuit of these objectives. Recipient governments had to commit themselves to improve their economy in order to receive aid (ex ante conditionality). Other conditions involved future aid being made available on past performance (ex post conditionality). The former type refers to a condition for

³⁰ibid. p. 163

entering into an aid relationship while the latter refers to follow up of the aid relationship. Governments that did not meet this standard or those that seemed to demonstrate a negative trend were denied aid.

According to Jacques Forster³¹, donors use conditionality not only as a means of ensuring that their objectives are implemented but also as a way of pursuing their development policy. He also notes that when the donors and recipients policies coincide, there is no constraint on the part of the recipients and in such cases, they both seem to be pursuing a common purpose.

Joan and Stephanie³² note that the United States has had the tendency to link aid to respect for human rights since the 1970s. They observe that aid conditionality has a way of breaking adamant anti-democratic regimes by forcing them to reform. They also observe that there are main ways in which international agencies, non-governmental organizations and national governments may influence other governments' policies and actions, namely, persuasion, support and pressure.

Persuasion, or what they call "policy dialogue" aims at convincing the other government that the change in policy is for its long-term interests. They then offer support to the government concerned in its reform efforts. This support

³¹ Jacques Forster, Conditionality in Swiss Development Assistance, p. 201-205

³² Joan M. Nelson and Stephanie J. Eglinton, *Encouraging Democracy; what Role for Conditioned Aid?* Policy Paper No. 4., Overseas Development Council, Washington D.C., 1992

comes in the form of training, technical assistance, and financial aid. Pressure takes various forms and is exercised through many channels. Organizations such as Amnesty International exert pressure by releasing accurate human rights records for the country in question. Other governments can also exert pressure through severing diplomatic links or trade links. Debt relief programs may also be suspended. Such pressure is felt most by countries which are highly dependent on trade and aid. All the three approaches, they conclude can be used to exert pressure on a country in an attempt to make it comply with recommended reform policies.

David Gordon³³ looks at the instruments which donors use to promote democracy. He comes up with four categories of instruments namely; a) policy "sticks" which include aid reductions, diplomatic isolation, public condemnation and visa restrictions; b) policy "carrots" which entails increases in foreign aid, enhanced military cooperation, and trade and investment missions; c) traditional diplomacy, that is, persuasion, consultation and the provision of good offices; and d) democracy assistance programs composed of short term electoral support activities and long-term institution building efforts.

All these policies, he concludes, can be used by the donors in one way or the other to promote democracy. He notes that "sticks", which entails the withdrawal

³³ David F. Gordon, 'On Promoting Democracy in Africa: The International Dimension', in *Democracy in Africa. The Hard Road Ahead*, ed., Marina Ottaway, Lynne Reinner, Boulder, 1997, p. 159.

of government-to-government assistance, have more impact in the early phase of the transition to democracy.

Picking up on the issue of Democracy support programs which focus on short-term electoral support, Joel Barkan argues that, "donors believe that one party regimes were inherently undemocratic and multiparty electoral competition was the defining character of democracy".³⁴ He also notes that the reason why donors preferred electoral support is because it was "time bound and involved minimal entanglement in the political life of the recipient country."³⁵

Lawrence Whitehead³⁶ identifies three categories of democratic transitions namely; contagion, control and consent. Under contagion, the transition spreads from one country to another. In control, democracy is exerted from one country to another through policies that are backed by positive or negative sanctions. In the third category, the democratic transition is more complex since it is from the international arena to the domestic one, a move seen as coming from top to bottom.

³⁴ Joel Barkan, quoted in David F. Gordon, 'On Promoting democracy in Africa: The International Dimension', in *Democracy in Africa: The Hard Road Ahead*, ed., Marina Ottaway, Lynne Rienner, Boulder, 1997, p. 159.

³⁵ Ibid.

³⁶ Laurence Whitehead, ed., *The International Dimensions of Democratization : Europe and the Americas*, Oxford University Press, New York, 1996.

To these three categories, Philippe Schmitter³⁷ adds a fourth category, namely 'conditionality'. He sees this as the most recent sub-context in the international arena. He says that its "hallmark is the deliberate use of coercion- by attaching specific conditions to the distribution of benefits to recipient countries".³⁸ Apart from the role of government-to-government type of conditionality, he also includes the role of multilateral institutions such as the International Monetary Fund (IMF). Initially, the IMF did not involve itself in democratic issues since this was not its stipulated condition and it did not want to interfere with the sovereignty of the recipient country. The European Union has also joined in giving conditions insisting on certain type of political behavior as a condition for membership.

In analyzing the literature review, there are two main issues which come to the forefront and which cannot be ignored in this study. The first one is the issue of double standards employed by donors in their efforts to instill political conditionalities to the recipient governments. George Sorensen³⁹ notes that donors demonstrate double standards often enough whereby a number of interests come to the surface in their relationships with recipients. In their list of priorities, democracy and good governance are only two items while their major concern is economic and security interests. Hence, in a country like China, they

³⁷ Philippe c. Schmitter, 'The Influence of International Context Upon Choice of National Institutions and Policies in Neo-Democracies, in *The International Dimension of Democratization: Europe and the Americas*, Oxford University Press, New York, 1996, pp 29-30

³⁸ Ibid.

³⁹ George Sorensen, 'Conditionality, Democracy and Development' in *Aid and Political Conditionality*, ed. Olav Stokke, Frank Cass &Co. Ltd., London, 1995.

have had high tolerance for human rights abuse while they are very loud about the same abuse in Africa and Latin America. Sorensen observes that American decision makers are not in agreement as to the weights to be attached to issues concerning human rights and democracy.

The second area of concern lies in the differences among the aid donors themselves in administering aid. Moore and Robinson⁴⁰ note that Scandinavian donors have tended to give greater priority to socio-economic rights while others are mainly concerned on the civil and political rights. Van der Walle⁴¹ notes that the British on their part have not taken this issue with the seriousness it deserves. Instead, they have opted for 'quiet diplomacy' and as he concludes, without much success. The Americans on the other hand are more concerned with the pursuit of their own national interests. To this, Moore and Robinson say that, " promotion of democracy worldwide is directly America's own self-interest." To them, this will bring about peace in the countries they are dealing with and they associate this peace with the security of their nation. In the long run, each aid donor will be pursuing its own national interests in the name of promoting democracy.

⁴⁰ Mark Moore and Mark Robinson, op. cit

⁴¹ Van der Walle, op.cit

1.9.3 Experiences From Latin America, Eastern Europe and Asia

In the 19th and most of the 20th century, countries in Latin America were under dictatorial regimes which were either ruled by military or civilian strongmen. The democratization process began in the 1970s making it among the oldest democracies in the world after the English and North America.⁴²This is part of the process that Samuel Huntington calls the "Third Wave of Democracy " in the world.

In Ecuador, Peru, Bolivia, Argentina, Uruguay, Brazil, El Salvador, Honduras and Guatemala, the transition was peaceful with an agreement to end dictatorship and establish democratic structures. However, other countries such as Haiti, Panama and Paraguay, the transition was difficult due to the reluctance of the military to establish democratic structures. The international community came in to give support and avert dictatorial takeovers in Peru, Guatemala, Haiti and Paraguay and promote democratic institutions.

In Latin America, Joan and Stephanie note that that with several established democracies and other fragile ones, the role of conditionality is rather limited. In this case, the instrument used is support and persuasion rather than exerting pressure on fragile democracies since this will cut off their political base.

⁴² Third International Conference of the new or Restored Democracies on Democracy and Development, Bucharest, Romania, 2-4 September, 1997, pp. 45-48.

In Eastern Europe, the transition to democracy involved transformation of the former communist regimes and the Commonwealth of Independent States (CIS), from closed communist societies to societies which are reintegrating their economies in the world market and at the same time opening up politically.⁴³ Democratization in this case was taken to mean liberalization. The Czech Republic, Hungary, Poland have established legal institutions of democracy. They all hold competitive free and fair elections, operate under a constitutional rule of law and maintain a free press.⁴⁴

John Wiseman⁴⁵ observes that "mass-based popular uprising" in Eastern Europe played an important role in influencing other parts of the world. According to him, they provided a practical demonstration that such pressures could lead to desired change. Joan and Stephanie⁴⁶ observe that changes in Eastern Europe triggered the events for the rest of the world. They say that when the group of 24 industrialized nations was set up to coordinate aid to Poland and Hungary, they also agreed in late 1989 to extend aid to other European countries so long as they also met certain conditions namely free market and political democratic conditions. By 1990, these conditions were extended to Asia, Latin America and Africa. Joan and Stephanie however note that there are two factors which matter most in regard to influencing reforms. These are the degree of aid dependence and the degree of the recipient country to respond to external pressure.

⁴³ Ibid. p. 42

⁴⁴ Ibid. p. 42

⁴⁵ John A. Wiseman, *The New Struggle For Democracy in Africa*, Avery Publishers, England, 1996, p. 70

⁴⁶ Joan Nelson and Stephanie, op. Cit.

They also note that the geographic region is also important in influencing political reforms since reforms vary by their geographic region.

In Asia, there are mixed profiles⁴⁷ and one can also find authoritarian regimes. Here, they observe that the donors are not very keen on reforms since they also have their own interests, which tend to clash with the political conditionality.

1.9.4 Experience From Africa

The wave of political liberalization in Africa has witnessed many changes in the political landscape of the region. Marina Ottaway⁴⁸ notes that the changes are quite remarkable since the continent which was once characterized by single or no-party systems, military regimes and personal rule, was also experiencing the democratization wave. Change in Africa was inevitable since changes in the international environment were not supportive of authoritarian regimes. Ottaway quotes Przeworski⁴⁹ who says that "the strategic problem of transition is to get to democratize without being either killed by those who have the arms or starved by those who control productive resources. He also argues that Africa is not alone in this struggle. He argues that existing democracies did not undergo a

⁴⁷ Ibid.

⁴⁸ Marina Ottaway, 'From Political Opening to Democratization'. in *Democracy in Africa: The Hard Road Ahead*, Marina Ottaway, ed., Lynne Rienner Publishers, Boulder, 1997, p.1

⁴⁹ Adam Przeworski, *Democracy and the Market*, Cambridge University Press, Cambridge, 1991, p. 51

smooth transition through " violence, bargaining, compromises and new reforms at democratization."

David Gordon⁵⁰ quotes Ali Mazrui in his testimony, "The Democratic Balance Sheet," as having said that the United States should recognize that "the paradox of a strong African desire for democratization combined with a fragile capacity for it." Gordon⁵¹ on his part notes that the major foreign powers take the issue of democratization very seriously in their African policies. He also cites financial institutions as important players though mainly pushed to this extent by major stakeholders who hide under the cover of governance. To this, he concludes that political conditionality has joined economic conditionality in the international aid negotiations. He cautions that the lack of democratization in some parts does not mean that the international community did not take the issues of democratization seriously.

On the financial Institutions (the World Bank and the IMF), Wiseman⁵² comments on how they have insisted that aid and investment should be linked to political reforms in Africa. Like Gordon, he observes that the addition of political conditionality to the economic conditionality which had been introduced earlier.

The main issue here according to these institutions was to withdraw aid and

⁵⁰ David Gordon, p. 153

⁵¹ Ibid.

⁵² John A. Wiseman, ed., *Democracy and Political Change in Sub Saharan Africa*, Routledge, London, 1995, pp. 3-4

investment from African governments which did not adhere to the respect of human rights and which denied political freedom to their citizens. In this regard therefore, political conditionality was linked to democratization in Africa.

Mkandawire⁵³ says that Africa has not been left untouched by the democratic wave which has swept across the world. He says that the one-rule is disappearing rapidly though all is not well. He identifies three issues which make these rapid changes questionable. First, he sees these changes as "window dressing aimed at out maneuvering opponents or hoodwinking international agencies that insist on democratization as a pre-condition for their financial support." Secondly is the issue of inheriting 'crisis ridden economies' which the donors are exerting pressure on to reform. In attempting to correct the situation, the leaders in these countries face hard economic situation, which also affects their political performance. The Third factor identified is that of impinging on the sovereignty of African states since democratization is taking place at a time when the sovereignty of the African states has already been compromised. This gives the foreign decision maker leverage over the African states in the democratic process. Gordon on his part foresees a risk in obtaining foreign assistance which he sees as restricting both economic and political competence. Political conditionality as he asserts, has a potential to hold states to both economic and political ransoms.

⁵³ Thandika Mkandawire, 'Adjustment. Political Conditionality and Democratization in Africa', in *Democratization Processes in Africa: Problems and Prospects*, ed., Eshetu chole and Jibrin Ibrahim, CODESRIA Books Series, England, 1995.

Hutchful⁵⁴ sees this transition not in an isolated context but as "simultaneous and multiple transitions in the global order." In this global order, the emphasis is laid on the expansion of the capitalist economy. This as he says can only be achieved by the removal of political barriers. In this case therefore, economic options are seen to play a part in the democratic movement. Mkandawire thus identifies as international civil society, which is concerned with the democratic movements. This therefore helps explain why the donors take the issue of democratization seriously.

Jibrin Ibrahim⁵⁵ on his part says that democratization is on the African Agenda since it has been denied from the people for a long time. With regard to human rights, he says that they are urgently needed since the African person has been stripped of all rights and dignity. According to him, authoritarian regimes are associated with "social decay, dilapidated infrastructure, run-down housing, shortages of consumer goods, poor agricultural production and declining life expectations." He quotes Hyden and Bralton who thrush out at the West who, while insisting on a return to pluralism in Africa, insist on dictating policies for Africa. To this he says that the "African people must regain control over their

⁵⁴ Eboe Hutchful, 'The International Dimensions of Democratization in Africa', in Democratization Process in Africa: Problems and Prospects, Eshetu Hutchful and Jibrin Ibrahim, CODESRIA Books Series, England, 1995, pp. 100-119.

⁵⁵ Jibrin Ibrahim, 'Democratic Transition in Africa: The Challenges of a New Agenda', in Democratization Process in Africa: Problems and Prospects, Eshetu Hutchful and Jibrin Ibrahim, CODESRIA Books Series, England, 1995, pp. 120-143.

destiny if they are to make progress in the democratization process of the continent."

Not all countries have the ability to respond to external influence. Countries still fighting or torn by civil war cannot respond to such pressure since there is no proper government in power.⁵⁶ Examples of such countries include Somalia, Sudan, Liberia and parts of Yugoslavia. Others like Angola, Mozambique, Ethiopia, Cambodia and Lebanon were emerging from this situation. In such cases, aid is given on humanitarian grounds. Then there are the fragile reformers who often are left on their own to consolidate the democratic process.⁵⁷

In the early 1990s, donors used the threat of aid cuts to encourage African governments to allow multiparty elections⁵⁸, which were seen to be the major standard for democracy hence marking a turning point in African politics. The Francophone leaders were the first to respond after President Mitterand's announcement in La Baule in June 1990 to reduce aid to authoritarian regimes. President Houphouet Boigny of Ivory Coast was among the first leaders to respond by legalizing political parties and organizing snap elections to which he emerged as the winner. In Benin, President Mathieu Kerekou allowed a national

⁵⁶ Joan Nelson, and Stephanie J Eglinton, *Encouraging Democracy: What Role for Conditioned Aid?* Policy Paper No. 4, Overseas Development Council, Washington D.C, 1992, p. 48

⁵⁷ Ibid.

⁵⁸ Ellen Hauser, op. cit. p. 624

conference to be held after much pressure from the citizen. Later, a presidential election was held to which he lost and a new government was installed.⁵⁹

In Malawi, the government of Hastings Kamuzu Banda had a single party and was intolerant of the opposition. Due to its poor human rights records, the West announced a drastic aid cut and froze \$74 billion aid to Malawi.⁶⁰ As a result, President Hastings Banda initiated some changes. Their decision to withhold aid (apart from humanitarian aid) was instrumental in persuading President Banda to hold a referendum on proposals for a multiparty system in June 1993.

In Mozambique, the pressure exerted by donors helped to improve the human rights records. President Chissano allowed changes such as freedom of expression and political pluralism. Samuel Kobia⁶¹ observes that President Chissano did not have to be pressured by the West into compliance over human rights but he undertook the necessary changes on time. In the case of Zaire (now DRC), The EU decided to suspend its aid on humanitarian grounds because of the conflict which has rocked this region. This decision as Kobia notes did not have major impact in Zaire as it had in Kenya, Malawi and Mozambique.

⁵⁹ Georg Sorensen, *Aid, Democracy and Political Conditionality*, Frank Cass Publication, London, 1993,

⁶⁰ Larry Diamond, 'Promoting Democracy in Africa: US and International Policies in Transition', in *Africa in world Politics: Post Cold War Challenges*, John W. Haerbeson, and Donald Rothchild, Westview Press, Boulder, 1995, p. 258.

⁶¹ Samuel Kobia, *The Quest for Democracy in Africa*, National Council of Churches of Kenya, 1993

The Southern African countries with the exception of Botswana have pursued multiparty democracy since the 1990. Botswana's case is exceptional and is considered as one of Africa's most stable democratic country. Zambia and Zimbabwe like other African countries have gone through the struggles from authoritarian one party state which was forced to democratize by external pressure in the democratization project of the 1990s.⁶²

In South Africa, the end of apartheid was a major political transformation that opened the way for democratization. The end of this political and economic oppression was a major triumph and a classic example of a transition in a complex political environment. The 1994 and 1999 elections were won by the ANC and allowed for participation by all citizens regardless of race.⁶³

In the case of Uganda, the donors did not use coercive methods in an attempt to force political reforms. They opted for dialogue⁶⁴ since Uganda at this time was recovering from war. Thus, overt donor threats would have killed any efforts to stabilize the country. The donors as Ellen Hauser⁶⁵ notes wanted to present Uganda as a 'success story' and also pursue their foreign policy goals. However, as Hauser notes, the focus of the dialogue by the donor governments was multipartyism. Therefore, they did not accept the National Resistance Movement

⁶² Mohamed Salih, *African Democracies and African Politics*, Pluto press, London. 149.

⁶³ Ibid.

⁶⁴ Ellen Hauser

⁶⁵ Ibid.

(NRM) as democratic and were therefore through dialogue agitating for democracy.

CHAPTER TWO

BACKGROUND TO THE TRANSITION TO DEMOCRACY IN KENYA

2.0 Introduction

Transition to democracy in many countries, as already noted in chapter 1, was a call to political and economic liberalization. Politics and economics cannot be separated in the democratic process since they are two sides of the same axle. Hence, political success of regime transition is identified with the economic success of government policies which is aimed at restricting the role of the state in the economy.

In Africa, economic woes have been blamed on the authoritarian regimes which have lost their credibility and ability to govern. In the early 1990s, the continent owed over \$300 billion in debt.⁶⁶ Curbed with deepening poverty, unemployment, infrastructure decay, social crisis and hunger, there was a struggle for survival which easily coincided with the struggle for democracy. The call for democracy was seen as the only way out of this mayhem to provide solutions for sound economic policies from accountable and transparent governments. It is in this regard that this chapter will examine Kenya's efforts to democratize since

⁶⁶ On Democracy and Development, p. 34

independence based on both the political and economic efforts. It will also examine the role of internal factors in the democratization process.

2.1 Political Developments

Kenya did not escape from the democratic wave which was experienced all over the continent. Therefore, like other African countries, Kenya was experiencing what was dubbed in this new era as the "second independence" or "second liberation.

Kenya attained her independence from Britain in 1963 and under the Amendment Act of 1964, it became a Republic and a de facto one party state. At this time, there were two main political parties KANU and KADU which later merged to form the mainstream party, KANU.

Maria Nzomo⁶⁷ notes that the idea of many parties was alien to the newly formed African governments hence many of them abandoned the multiparty system, which they had inherited, from the colonial government. They instead turned to one party (monolithic) political system which was seen as the guarantee for national unity. African leaders such as Kwame Nkrumah of Ghana, Julius Nyerere of Tanzania and Ahmed Sekou Toure of Guinea among others strongly

⁶⁷ Maria Nzomo, 'Multiparty Democratization in Africa, The Kenyan Experience' in *The Functional Dimension of the Democratization process : Tanzania and Kenya wit some Experiences from Eastern Former Eastern Europe*, ed., Max Mmuya, Dar es Salaam University Press, Dar es Salaam, 1994.

advocated for the adoption of one party political system in Africa.⁶⁸ Julius Nyerere has been quoted as having said that,

"...in contemporary Africa, (the 1960s) ... as in the traditional egalitarian societies, we felt there were not yet any real class conflicts, so that the multiparty system had no reason to exist."⁶⁹

Kenneth Kaunda of Zambia while officially launching the single party system observed that "the one party democracy will help us to weed out political opportunists."⁷⁰

Since the May 1963 general elections which ushered in independence, the other elections were held after five years in accordance with the Westminster model which the government of Kenya inherited from her British colonizers. General elections held in 1969, 1974 and 1979 were held during the de facto system of government. These elections were reported to be semi-competitive reflecting a culture of accountable authoritarianism.⁷¹ This allowed a degree of freedom to the electorate to choose their members of parliament and their civic leaders as long as they did not interfere with the presidency.

1982 was a turning point from the pluralistic system Kenya had inherited from the British which encouraged other parties besides KANU to operate legitimately.

⁶⁸ Weekly Review, January 5, 1990, p. 12

⁶⁹ Rob Buijtenituiss and Rijniere, *Democratization in Sub Saharan Africa 1989-1992: An Overview of the Literature*, African Studies Center, The Netherlands, 1993, p. 25

⁷⁰ Ibid.

⁷¹ *Killing the Vote; State Sponsored Violence and Flawed Elections in Kenya- A Kenyan Human Rights Commission Report*, Nairobi, 1998, p6.

After the attempted coup d'état by the Kenya Air force in 1982, this legitimacy was removed by Act No.7 of 1982 which made Kenya a de jure (by Law) one party state.⁷² This new constitution banned all political activities hence making and on 25 June 1982, Section 2A of the constitution became law. The provision under this Section read as follows: "There shall be in Kenya only one political party, the Kenya African National Union (KANU)"⁷³. Constitutionally, KANU was the only party allowed to operate and as Kobia notes, " KANU was the government and the government was KANU."⁷⁴

A further amendment, Act No.14 of 1986 removed the security of tenure of the Attorney General and the Controller and Auditor General. 1988 amendments further weakened the power of the judges and the public service commission by removing their security and tenure of office. These constitutional amendments strengthened the power of the president and weakened that of the judiciary and parliament hence rendering them ineffective as checks on the executive. Other manifestations on the effect of this amendments were seen in the constant assaults on the media, use of the police and official violence to silence opponents of the Kanu regime.

⁷²G.Kanyo Kimondo, 'Constitutional Amendments between 1964-1990' in *The Citizen and the Constitution*, eds. Kivutha Kibwana, G.K. Kimondo and J.T. Gathui, Claripress Ltd, Nairobi, 1996. p. 41

⁷³ Waruhiu S.N., *From Autocracy to Democracy in Kenya: Past Systems of Government and Reform for the Future*, Expert printers Ltd., Nairobi, 1994.

⁷⁴ Samuel Kobia, *The Quest for Democracy in Africa*, National Council of Churches of Kenya, 1993 p. 19

In the 1980s, the regime became authoritarian and the situation became worse since parliament, judiciary and the civil service had all been muzzled. State apparatus were used to silence those who became its opponent and those who held different opinions were seen as criminals. This move also severely undermined any hope for democracy in Kenya.⁷⁵ The 1988 general elections were the culmination of public dissatisfaction with the one party political system. There was serious resistance by various civil society and religious groups as well as individual politicians.

In 1990, Kenyans were disenchanted with the manner in which the government was handling them and this resulted to vocal criticism of the regime. There was fear as people including the academia were charged with sedition and a breach of peace over activities related to freedom of expression. Those like Matiba and Rubia who dared to openly criticize the government became victims of harassment and intimidation.⁷⁶ This created a political culture of silence which stalked over Kenyans.

The government was highly criticized by international donors over the abuse of human rights and closing its eyes to democratic reforms. There was also pressure from political and religious leaders calling for a new debate on the

⁷⁵ Gibson Kamau Kuria, 'Restructuring the Kenya Constitution: The shortcomings in the withdrawn Constitution of Kenya (Amendment) Bill, 1992 in Constitutional Law in Africa: A Case Study of Kenya, ed., Kivutha Kibwana, English Press Ltd., Nairobi, 1988.

⁷⁶ Kenneth Matiba, *Aiming High: The Story of My Life*, The People Ltd., Nairobi, 2000, p. 252

political system. Diplomats began to give signals that political and economic reforms were clear requirements for Western aid to Kenya.⁷⁷ One diplomat said that, "Moi must know the consequences if he has to backslide in measures so far taken."⁷⁸

The American embassy in Nairobi spearheaded the pressure against the Moi regime while the British on their part practiced 'quiet diplomacy'.⁷⁹ In November 1990, Smith Hempstone, the US ambassador to Kenya warned that the US congress was planning to link economic aid to political reforms. A visiting US congressional delegation warned that the US would freeze economic aid to Kenya unless the government took measures towards respect for human rights issues.⁸⁰ Scandinavian countries also joined in warning the government of consequences it would face if it continued ignoring the popular domestic demand for change.

The November 1991 donor meeting which threatened to freeze aid to Kenya seems to have a bearing on the changes in the domestic political scene. With intense pressure from the donors, the government was at the crossroads and had the choice of being the architect of change or its victim. Like elsewhere in

⁷⁷ New Vision, March 3, 1994, p.4

⁷⁸ Ibid.

⁷⁹ Willy Mutunga, 'Building Popular Democracy in Africa: Lessons from Kenya', in Law and the Struggle for Democracy in East Africa, eds., Joseph Oloka et al., Claripress, Nairobi, 1996, p. 216

⁸⁰ Weekly Review, January 11, 1999.

Africa and Eastern Europe, change in Kenya was inevitable and in 1991, the president announced that multiparty elections would be held.

In early 1990, the Kanu review committee was established to find out what kind of Kenya the people wanted. The findings and other meetings held at Kasarani were used as a base on which to remove section 2A of the constitution.⁸¹ The repeal of section 2A of the constitution on December 10, 1991 that had formalized the one party state marked the beginning of a multiparty era for Kenyans. The rivalry among the opposition parties and internal divisions during the re-run to the 1992 elections divided the opposition vote and ruined their chances of winning and defeating Kanu, which won the elections. However, the 1992 elections enabled the opposition to acquire seats in parliament. Though many laws which operated with the single party were not changed then, the elections marked a turning point in Kenya's political history.

In the 1997 elections, the opposition lost to Kanu and once more, president Moi won. These elections were held under limited constitutional reforms which generated much protest and civil unrest. In response, the government set up the Inter-Party parliamentary Group (IPPG) to look into the transition process and set the motion for a constitutional review which was later replaced by the Constitutional Review of Kenya Commission.

⁸¹ Kivutha Kibwana, *Sowing the Constitutional Seed in Kenya*, Claripress, Nairobi, 1996, p. 127-128

Outcome of the 1997 General Elections

Party	Elected	Total Seats
Kenya African National Union	107	113
Democratic Party of Kenya	39	41
National Development Party	21	22
Ford-Kenya	17	18
Social Democratic Party	15	16
Safina	5	6
Ford people	3	3
Shirikisho Party of Kenya	1	1
Kenya Social Congress	1	1
Ford Asili	1	1

Source: Report on the 1997 General Elections in Kenya, p. 87

The multiparty elections that Kenyans had so much awaited came without fundamentally transforming the system. The voting trend in the country was ethnic based which later in 1993, 1994 and 1995 brought in a lot of tension in the country through violent tribal clashes. In 1993, there were ethnic clashes in the Rift Valley and on the borders occupied by the Maasai and the Kikuyu which left 900 people dead and 13000 displaced.

It is important to note that the multiparty elections introduced in 1992 and 1997 in themselves have not brought much change since elections per se do not bring about democracy. There is still work to be done by the government in overhauling the old system and replacing it with democratic institutions which is an ongoing process.

2.2 Economic Performance Before and After the Advent of Multiparty Politics

2.2.1 Economic Policy Framework

In order to identify the economic reforms in the country, it would be necessary to first understand the economic policy framework in place. The theme of the First Development Plan of 1966-70 and the Second Development Plan of 1970-74 was one of steady and rapid growth of the economy and the national income.⁸² The economic performance between 1964 and 1973 was quite remarkable with an average GDP of 6.5%. The economic strategies in place were Kenyanisation of the economy, encouragement of private investment in import substitution industrialization (ISI), and agricultural development through provision of credit facilities and agricultural research.⁸³ The third and fourth Development Plans of 1974-78 and 1979-83 respectively addressed issues such as unemployment, gross inequalities and poverty which had been addressed

⁸² Peter Ndege, 'Decline of the economy, 1973-1995', in *Kenya: The Making of a Nation*, (eds.), B.A Ogot and W. R. Ochieng, Institute of Research and Postgraduate Studies (IPRS) Maseno, 2000, PP. 204-213

⁸³ Ibid.

previously and which were seen as threats to Kenya's future economic development.

Despite these development plans, there was slow progress since not much had been achieved in the areas articulated in the development plans. The highly centralized political and economic system had become a hindrance to the country's economic development. There was too much regulation of the economy by the government which hindered the free operation of market prices, high public expenditure which led to unbalanced budgets; payments of low prices to farmers which contributed to poor performance in agriculture and low rural incomes; and finally an overvalued currency which brought inflation/unemployment.⁸⁴

2.2.2 Structural Adjustment Programs

The Structural Adjustment Programs (SAPs) required that African governments reduce their involvement in the economy through cuts in their expenditure and involvement. The SAPs further urged encouragement of investments, devaluation of currency and democratization of political practice. It is in this context that Kenya began to pursue SAPs after 1980. The SAPs were articulated in *Sessional Paper No. 1 of 1980 on Economic Prospects and Policies* and later elaborated in *Sessional Paper No. 4 of 1986 on Economic Management for Renewed Growth*,

⁸⁴ Ibid.

which was to be the blue print for the implementation of SAPs. The Fifth Development Plan of 1989-93 and the Seventh Development Plan of 1994-96 emphasized on decentralized economic decision-making, management and establishment of market oriented economies. These Development Plans and Sessional Papers have provided ideal development targets and policy guidelines and hence attracted foreign aid from the World Bank, the IMF and other donors signaled that they would reward the government that adapts reforms and penalize those which refuse to reform.⁸⁵ The issue of contention here is that donors like to see their money linked to policy change.⁸⁶ Hence, lack of policy change and a decline in the economy led to very stringent conditionalities from the donors.

2.2.3 Economic Trends

After independence in 1963, Kenya was one of the countries considered to be performing well economically not only by African standards but also among the developing nations.⁸⁷ The country was a showcase to other African countries with real growth rates, low inflation and a manageable debt burden.⁸⁸ The economic experience since independence has been divided by scholars into three phases. The period 1963-72 was a decade of a rapid economic growth and the GDP grew at a rate of 6%. The second decade, 1973-82 was a period of decline

⁸⁵ Carol Lancaster, p. 56

⁸⁶ Aid and Reforms in Africa, p. 31

⁸⁷ Arthur Hazelwood, 'Foreign Aid and Economic Development in Kenya', in *Transition in Development: The Role of Commercial Flows*, Uma Lele and Ijaz Nabi, (eds.), ICS Press, California, 1991, p. 126

⁸⁸ Barabara , Ingham, *Economics and Development*, McGraw Hill, London, 1995, pp 150-205

which was experienced globally due to the oil shocks. The collapse of the East African Community in 1977 was also a blow to the economy and created a severe strain on the government spending. These problems paved the way for the third decade from 1980 to the present which is a period of SAPs.⁸⁹

To comprehend this trend, Todaro⁹⁰ has identified three major approaches. The first one he calls the 'stages of economic growth' which characterized the 1950s and early 1960s. The second approach looks at international dependence in the late 1960s and early 1970s when most countries were hit by the oil shock. The third stage, which characterizes the present situation facing the developing countries, is that of the 'free market' in the 1980s and 1990s. While the first stage called for government intervention, the free market stage called for less government intervention in order to promote competition and rapid growth and development.

In Kenya, the first phase, 1963-1972 was marked as a decade of high growth rate. This was to be achieved through the Sessional Paper No. 65 whose aim was a rapid economic growth in order to raise the overall standard of living.⁹¹ The policies targeted high economic growth and the GDP grew at more than 8% annually while the domestic market expanded rapidly. To achieve this, the

⁸⁹ Joseph O. Onjala, 'Economic Growth and Development in Kenya Since Independence', in *From Sessional Paper No. 10 to Structural Adjustment: Towards indigenizing the Policy Debate*, Njuguna Ngethe and Wasunna Owino, (eds.), IPAR, Nairobi, pp.55-92

⁹⁰ Michael P. Todaro, *Economic Development*, 7th edition, Longman, New York, 2000.

⁹¹ Kimuyu Peter, Mbui Wagacha and Okwach Abagi, (eds.), *Kenya's Strategic Policies for the 21st Century: Macroeconomic and Sectoral Choices*, IPAR, Nairobi, p. 12

government highly relied on foreign aid and foreign private investment. This, as Wagacha and Ngugi note seems to have increased Kenya's vulnerability and thus became the origin of SAPs.⁹²

The second phase (1973-84), was a period of continuous decline, which was felt worldwide due to the oil shock and serious inflations which gripped many nations therefore causing increases in prices of imports. These external factors also affected other countries which were at the same level of economic development as Kenya but which however managed to get out of the crisis due to sound economic policies.⁹³ Hence, internal structural constraints were also blamed for the poor performance of the economy. The stagnation of the economy made the World Bank and the impose SAPs as a way of restoring the economy and help foster growth. The collapse of the East African Community in 1977 affected the functions performed by the community and this further aggravated the economic decline.

The third phase (1985 onwards) was a period of real economic crises. In the 1990s, the economy performed very poorly with most of the sectors experiencing a negative growth rate as is illustrated in the table below.

⁹² Mbui Wagacha and Rose Ngugi, 'Macroeconomic Structure and Outlook', in Kenya's Strategic Policies for the 21st Century: Macroeconomic and Sectoral Choices, (eds.), P. Kimuyu, M. Wagacha and o. Abagi, IPAR, Nairobi, 1999. P. 83

⁹³ National Development Plan, 1997-2001, Republic of Kenya, p. 3-4

Average Growth Rates of Real Gross Domestic Product, 1964-95 (%)

SECTOR	1964-73	1974-79	1980-89	1990-1995
Agriculture	4.60	3.90	3.30	0.40
Manufacture	9.10	10.00	4.80	3.00
Private Household	16.90	6.50	4.90	2.60
Finance, Real Estate	9.80	12.40	6.70	6.60
Other Services		3.30	4.20	1.90
GDP	6.60	5.20	4.10	2.50

Source: National Development Plan, 1997-2001, Republic of Kenya

Selected Annual Economic Indicators 1995-2000

Indicators	1995	1996	1997	1998	1999	2000
Real GDP Growth %	4.8	4.6	2.3	1.8	2.3	0.3
Consumer Price Inflation	1.6	9.0	11.2	6.6	3.5	6.2
Budget deficit	-4.6	-0.9	-5.9	-10.1	3.8	7.6
Balance of Payments	-139	398	-33	66	-21	-8

Source: Monetary Economic Review, June 1999, May 2001, December 2001

The country's external debt position also deteriorated and for the first time, it experienced debt arrears in 1992. These debts had accumulated to US \$700 million while the debt service ratio rose to 35%. The balance of payments deficits also suffered severely tripling from Kenya shillings 143 million to Kenya Shillings 433 million in 1992.⁹⁴

A number of factors have been ascribed to the stagnation of the economy in the early 1990s which saw the GDP plummet from 6.5% in the first phase of growth

⁹⁴ Joseph O. Onjala, 'Economic Growth and Development,' in Kenya's Strategic Policies for the 21st Century: Macroeconomic and Sectoral Choices, (eds.), Peter Kimuyu et al., IPAR, Nairobi, 1995

to a mere 0.3 % by 1992 and -0.3 by 2000. The factors attributed to this dismal performance include:

- Poor economic policies reflected in the high budget deficits and inefficient government production through parastatals and regulation of the economy;
- Falling domestic investment; negative foreign private capital inflows and suspension of external development assistance in 1992;
- High international oil prices arising out of the Gulf war crisis of 1990/91;
- Natural causes especially drought of 1993.⁹⁵

The donors through the Consultative Group (CG), met in November 1991, to discuss Kenya's economic performance and the measures which had been discussed earlier following Sessional Paper No.1 of 1986 on Economic Management for Renewed Growth. They were dissatisfied with the performance and gave the following conditions as prerequisite for any further disbursement of aid:

- Correction of macro-economic imbalances
- Better management of the public sector
- Enhance an environment conducive to promote private enterprise
- Political reforms which would enhance the benefits of economic structural changes.

⁹⁵ Development Cooperation Report, 1995, p.10

Following this meeting, the donor community gave a two-year moratorium citing the poor implementation of economic and political reforms. The main area affected in the aid cut which ensued was the Balance of Payments (BoP) support program which was suspended until the conditions were met. They also refused to commit new adjustment support until there was progress. This aid freeze has been estimated to about US \$400 million which lasted until mid-1993. The withholding of such a colossal amount by donors who were demanding for reforms on both the economic and political front seems like what was needed to knee-jerk the government into action. The question at this time was whether withholding this aid contributed to the quick response by the government to adhere to the donor conditionalities.

It has often been said that one needs to be in a crisis to call for reforms. In the Kenyan situation, the government was already in an economic crisis and desperately needed the aid which the donors had withheld. By withholding this aid, the donors had an added leverage to induce reforms on the government. The World Bank on its part linked economic failure to the authoritarian regime which was blamed for lack of development. It therefore incorporated governance in its efforts to solve this problem. Good governance in this case was taken to mean accountability, transparency, openness, efficiency and the rule of law and popular participation.⁹⁶ This as other donors also note is the only way for the

⁹⁶ Weekly Review, January 25, 1996

government to be accountable to the aid given. The main argument here is that it is only people in democracy who can promote economic growth.

CHAPTER THREE

INTERNAL PRESSURE IN THE TRANSITION TO DEMOCRACY IN KENYA

3.0 Introduction

There has been a wide debate by scholars on whether it was the external or internal pressure which brought about change in the transition process to democracy in Africa. It is worth noting that both the internal and external forces played a significant role towards this transition process. Many observers maintain that the changes experienced are a combination of both forces. This chapter will examine the role played by the domestic forces in the transition to democracy in Kenya.

Wiseman⁹⁷ identifies four reasons why the internal-external debate is of fundamental importance. The first reason recognizes the fact that this debate has a multi-causal explanation and therefore one cannot be limited at looking at one side of the coin without giving due credit to the other. The second reason opposes the view that whatever happens in Africa must have an external bearing and this he terms as quite offensive. According to him, Africans are also capable of initiating action be it positive or negative and can also respond to external stimuli. In so doing, he aims at correcting the notion that Africans are passive and incapable of their own independent action.

⁹⁷ John a Wiseman, *The Struggle for Democracy in Africa*, Avery, England, 1996.

The third reason is directed at the authoritarian leaders who claim that their 'style of rule is authentically African'. To them, democracy is foreign imposed rather than originating from the Africans themselves hence the reason for undermining pro-democratic movements. They feel that by suppressing domestic forces they are fighting against imposition of foreign ideologies. This can be illustrated in the case of Kenya where president Moi in his defence against multipartyism took a stand that democracy will exacerbate ethnic tensions while a one party system will fight against this.⁹⁸

The fourth reason recognizes the role played by external pressure in an effort to persuade reluctant leaders to allow a transition to democracy. However, the support given by external forces is short term and therefore it does not result in sustainable democracies. Hence, the foundation laid by the internal forces in this transition process is very important since without them, the support given by external forces would be a failure. The external forces in this case play only a subordinate role which cannot be ignored.

The combination of this two forces has contributed in the transition process in Kenya, since in isolation, neither would produce the results experienced.

Many African scholars argue that the paramount amount of pressure originated from the domestic sources. Naomi Chazan asserts that "domestic explanations lie

⁹⁸ Mark Robinson, 'Aid, Democracy and Political Conditionality in Sub-Saharan Africa, in Political Conditionality, ed., Georg Sorensen, Frank Cass Publishers, London, 1993, p. 90.

at the root of the new political climate.”⁹⁹ In agreement with her sentiment, Bratton and van der Walle¹⁰⁰ assert that the reform experienced was as a result of the indigenous political demands . Such demands were the platform on which external forces could exert their pressure. Without these forces pushing for reforms, then many of the state leaders would not succumb to international pressure. At the highest offence, they would have considered this as interference on the sovereignty of the state. The internal pressure is therefore seen as the force behind the unfolding events in Kenya and indeed in Africa.

3.1 The Role of the Civil Society

During the struggle for independence in the 1950s and early 1960s, African nationalist movements played a major role in the struggle for freedom and in the demand for an end to the colonial rule. In this democratic era where there is profound political change, various movements have arisen in what has been termed as ‘the second liberation.’ This time round, the aim is to remove autocratic and repressive governments and to empower the African peoples. Harbeson et al. comments on the rise of grassroots movements in the sub-Saharan countries with an aim of reclaiming control over their political destinies.¹⁰¹

⁹⁹ Naomi Chazan, ‘Africa’s Democratic Challenge,’ in *World Policy Journal*, vol.9 no. 2 1999, p. 281

¹⁰⁰ Michael Bratton and van der Walle

¹⁰¹ John Harbeson et al, (eds.), *Civil Society and the State in Africa*, Lynne Rienner Publishers, London, 1994, p. 1

There has been a strong argument by many scholars that democracy requires a strong civil society and as Watzler notes, 'if not for the sake of this initial formation then for the sake of its coherence over time.'¹⁰² According to him, the civil society is more accessible by the members and provides a forum which the members can express themselves since it is less dangerous than the state albeit explore opposition ideas. He succinctly says that:

"...it is very risky for a democratic government when the state takes up all the available room and there are no alternative associations, no protected social aspect where people can seek relief from politics, nurse wounds, find comfort, build strength for future encounters."¹⁰³

Michael Bratton¹⁰⁴ notes that this drive for political change has pushed the civil society to the forefront and this in many countries has resulted in protest by various groups which have taken to the streets to demonstrate against the incumbent regimes. This pressure has forced African leaders to take action and to call for national conferences and articulate agendas for political reform, which in many cases led to multiparty elections.

Anyang Nyong'o¹⁰⁵ observes that the state response to democratic pressures from the domestic forces has been received with stiff resistance from the state. This demand is seen as a threat to the interests served by those who want to

¹⁰² Michael Watzler, 'Introduction' in *Toward a Global Society*, ed., Michael Watzler Berghahn Books Oxford, 1995, p. 1

¹⁰³ Ibid.

¹⁰⁴ Michael Bratton, 'Civil Society and Political Transition in Africa', in *Toward a Global Civil Society* ed., Michael Walzer Berghahn Books, Oxford, 1995, pp. 51-81.

¹⁰⁵ *Review of African Political Economy*, July 1992, No. 54.

cling to the status quo. In South Africa, the civil society theory, as Robert Fine¹⁰⁶ notes was exported into the country from the democratic movements in Eastern Europe. The role played in the overthrow of the former communist regimes caught like a bushfire to other regions agitating for change.

In Zambia, for example, Fredrick Chiluba, a former labour leader, became Zambia's first president in 1991, taking over from Kenneth Kaunda, who had been at the helm of the single party rule since independence. This change was widely attributed to the role the civil society played in agitating for change. The civil society had managed in this case to remove from power a corrupt authoritarian regime and this gave morale to other civil societies elsewhere in Africa.

In the case of Kenya, while the civil society was demanding for political reforms, the President resisted this and instead argued for the virtues of a one party state. He attributed the peace and stability in the country to the role played by Kanu since independence and argued that multipartyism would undermine this development. Hence, any call for change by the civil society was repressed by the state through the mechanisms of coercion. Some of the most outspoken supporters of multiparty politics were detained. Groups such as Maendeleo ya

¹⁰⁶ Robert Fine, 'Civil Society Theory and the Politics of Transition in South Africa,' in *Review of African Political Economy*, November 1992, No. 55

Wanawake and COTU were co-opted into KANU in an effort to control their movements.¹⁰⁷

However, even in the face of opposition from the government, the civil society was not to be silenced in this demand for change. Various internal groups played significant roles in exerting pressure though none acted in isolation. Those groups include the church, professional associations and human rights groups, the media, old politicians and mass protests. Philippe Schmitter¹⁰⁸ notes that these groups play intermediate roles between the state and its citizen, and also enhance the level of accountability of the ruling class.

These pressure groups were mainly crying out loud over the government's mismanagement of the economy, hence linking economic failure to the authoritarian regime. This attracted investors and donor support in the call for economic and political reform and this exerted pressure made the government to take action on necessary political reforms such as repealing section 2a of the constitution, allow other parties to register for elections, and return security of tenure to judges, the attorney general and the auditor general among other

¹⁰⁷ Karuti Kanyingi, 'Contestation Over Political Space: The State and the Demobilization of Opposition Politics in Kenya,' in *THE Politics of Opposition in Contemporary Africa*, ed., Adebayo O. Olukushi, Nordiska Afrikainstitutet, Uppsala, 19998, pp. 39-40

¹⁰⁸ Philippe Schmitter op. cit

changes. The umbrella pressure group, Forum for Restoration of Democracy (FORD), brought people together to agitate for democratic change.¹⁰⁹

Donors have played a key role in empowering the civil society since on its own, it could not achieve much. In their democratic agenda, they give support to the civil society which they view as effective in demanding for political changes by pressurizing the government to reform. Hence, empowering the civil society through financial support has enabled them to play their watchdog role and become key players in national politics which was not the case in the pre-democracy era.

3.1. The Church

The church in Kenya under the umbrella body the NCKC, has played a significant role in the transition process. This contribution, as Samuel Kobia notes, " is directly proportional to its moral authority."¹¹⁰ Thus, the church in serving as the conscience of the nation, is seen as more likely to pursue this democratic goal. The church in calling for justice has therefore been opposed to abuse of power by the government, electoral malpractices encouraging the democratic debate and its efforts to educate the public to participate in the democratic process.

¹⁰⁹ Macharia Munene, 'The Manipulation of the Constitution of Kenya, 1963-1996, [file:///A:\ The Constitution of Kenya Review , 2001.](#)

¹¹⁰ Samuel Kobia, op. cit p. 45

The role of the church in state affairs has not just begun. it also contributed significantly in the colonial struggle for independence. Before the transition period, the church was discontented with the massive rigging in the 1988 elections and therefore took upon itself to educate its congregation against being cheated by the ruling party.. It took up the challenge through civic education to educate its members that their votes counted. This was possible through support given by donors and donor agencies through their democracy support programs. For example, the USAID through its democracy and governance program has given the church support in creation of public awareness and information to help in advocating for political reforms.

Wiseman notes that church services bring people together while other meetings may be declared as illegal by the government . He also quotes Widner who says that 'sermons constitute privileged speech and are less subject to bans than newspapers and leaflets.'

The Kenyan church leaders took advantage of this position in pressurizing the government to democratize. In emphasizing political ethics, they used their Sunday sermons to condemn malpractices within the government such as corruption, tribalism and idolization of leadership.¹¹¹ their critics spread after the 1990 New Year's message delivered by Rev. Timothy Njoya who pointed out on the need for a similar change in Kenya as was the case in Eastern Europe. He

¹¹¹ Michael Bratton, op. cit, pp. 68-69

also attacked Nkurumah and Nyerere for importing single party politics to Africa.¹¹² Other clerics such as the late Bishop Henry Okullu also strongly criticized the government and called for the repeal of section 2A of the constitution and a direct election for the president.

Since the church was headed by an umbrella body at the national level, it was able to express what their members wanted. The ideas expressed by the clerics became the rallying points in the demand for political change in Kenya. This was followed by civil unrest as the people demand for change. In 1990, the government banned a rally to promote political pluralism but they could not quench the fire which had been lit by the church.

3.3 Professional Associations and Human Right Groups

This category represents the educated elite such as lawyers, academics and the medical doctors. Due to their educational level, this group is seen as the best to channel their views against the government since they cannot easily be sidetracked by the political leadership. Lawyers have been very prominent in the fight against human rights abuse by the government. Through this, human rights groups have taken led in pressurizing the government to allow a democratic government which is necessary in the protection of human rights. However, many critics of the Moi regime were detained since this was termed as treason.

¹¹² Ibid. p. 72

The president was highly suspicious of them and hence curtailed the freedom of expression.¹¹³

3.4 The Media

Until the 1990s, Kenyans were closely monitored by the government hence the freedom of expression was limited. There was tight security while government agents scrutinized what was published. Journalism was strictly controlled through coercion and censorship. As such, dissenting views could only be published in underground literature, what came to be known as 'Mwakenya'. Several outspoken publications such as the Society, Finance magazine and the Watch published the political and economic misdeeds of the government which attracted the wrath of the government hence they were banned. This also led to some auditors being charged with sedition and breach of peace. Soon after the arrival of multipartyism, it was a venting off period which saw the mushrooming of the gutter press. However, many of the oppressive laws were still intact and had not been repealed. The media like the church and other civil organizations have received massive financial support from donors as tools to advocate for political reforms in the country.

¹¹³ Samuel M. Makinda, 'Democracy and Multi-party Politics in Africa,' *Journal of Modern African Studies*, 34.4, (1996), p. 560

3.5 Mass Protests

At independence, there was a strong and vibrant society which fought tooth and nail to attain independence. However, after independence, the government ensured they were either crippled or compromised. With the struggle for multiparty democracy in the late 1980s, there were periodic street demonstrations from political reforms which continued in 1997. The opposition began to increase in number and they felt it necessary to put their differences aside and came under one umbrella body, FORD to agitate for change effectively.

In 1990, there were a lot of protests and marches from masses who were discontented with the oppressive regime. This had a telling effect on the government which for many years had ruled with an iron fist and could not tolerate criticism from its own people. In the wake of these protests, opposition leaders demanded national conferences to deliberate on the future of the country. Ultimately, it is this strength of internal forces which were committed to change that gave donors a landing foot to pressurize the government to adopt political reforms.

This prompted the government to set in motion a process of constitutional review and an Inter-Party parliamentary Group (IPPG), which consisted of

member from major parties in the country. A notable element this time round is the inclusion of the major stakeholders in the review process. This was enshrined in the Constitutional Review Commission Act which was later adopted.

CHAPTER FOUR

AID CONDITIONALITY AND TRANSITION TO DEMOCRACY IN KENYA

1990-2000

4.0 Introduction

A lot has been said on the role played by external pressure in the transition process to democracy. This is mainly through attaching political conditionalities to aid in order to bring desired reforms. Here, the multilateral and bilateral donors demand political change as a condition for further loans to a country. The attitude adopted by donors to attach political conditionalities to aid is motivated by both political and economic concerns. The call for reforms is based on four main areas namely; respect for human rights, responsible and accountable governments, end to corruption and strong public institutions.

The problem on the part of the recipient to implement reforms has been attributed to the problem of governance in the authoritarian regimes. Hence, the aim of these conditionalities is to allow for more openness and accountability of the ruling regime and participation on the part of the citizens. Donors blame the non-democratic regimes for the abuse of power and strongly argue that democracy is the only way out since it ensures that governments pursue economic policies which favor the interests of the mass population.

Chapter two looked at how the transition to the multiparty era affected by the economic and political situation in Kenya. Chapter three looked at the role of internal pressure in the democratization effort and the role donors played in empowering the internal struggles. This chapter begins by looking at the conditionalities given by the IMF/World Bank to steer the country towards political and economic reforms which are necessary in the democratization process. The chapter also looks at the donor agencies and the policies they pursued which have affected the democratic transition.

4.1 Donor Policies in the Democratization Period

Donors have clear policies in regard to aid allocation. In the Cold War era, *realpolitik* was seen as the only justification to support authoritarian regimes, which were seen as a pre-requisite for development. However, in the 1990s, donors have adjusted their policies accordingly to suit the democratic wave sweeping the continent. Towards the late 1980s, both bilateral and multilateral donors were questioning the causes of Africa's economic failure which they linked to political causes and strong authoritarian regimes which they once supported were blamed for these failures.

Hence, in the 1990s, there was a major shift in the development cooperation policies of many donors which now linked aid with democracy, accountability and

human rights.¹¹⁴ Promotion of democracy was given a measurable consideration in most of their aid programs as a political prescription to the ailing economies. For most donors, suspension of aid (use of “stick”) was seen as a way forward in promoting the democratic process in Kenya. In this way, the adamant regime would have to succumb to donor demands towards change.

4.2 Selection of Donors

Kenya is a country that is of great interest to foreign donors in terms of their foreign policy interests. This has prompted these countries to be keen on her democratic trends. The United Kingdom, Denmark, Sweden, Germany, the European Union are the main donors concerned with democracy and governance in the country and have contributed to the transition process in the country.

4.2.1 Germany

Germany has been selected as a bilateral donor since it has been at the forefront for establishing institutions, which give democratic assistance. It is also one of the largest donors for this purpose. Its party foundations which give democratic support include; the Konrad Adenauer, Friedrich Ebert, Friedrich Nauman and Hans Seidel Stiftungen foundations which are very active in funding democratic programs in the country. The assistance is given with a view of helping people to help themselves. This is done with the realization that both the developing

¹¹⁴ Gordon Crawford, ‘Promoting Democracy, Human Rights and Good Governance through Development Aid: A Comparative Study of the Policies of Four Northern Donors’, Working Papers on Democratization, Center for Democratization Studies, 2000.

countries and the industrialized nations are parts of a single world and these means that they play an important role in tackling the future together. This has led Germany to participate actively not only in humanitarian aid but also in promoting political stability and economic efficiency in the Third World countries.

In its allocation for development aid, the German government has clear-cut policies on its criteria which were well highlighted in 1991. These include; respect for human rights, participatory democracy, rule of law, market oriented economic systems and development orientation of public policies.¹¹⁵ It also gives support to civil societies and enhances citizen participation.

4.2.2 Japan

Japan has also been selected since it is the largest bilateral donor in aid volume in Africa. Since 1986, Japan has also been the largest donor of assistance to Kenya.

In 1992, it declared its aid charter which comprised four principles for aid namely; the pursuit of environment and development in tandem, avoidance of ODA's use for military purpose, attention to military expenditure, attention to democracy, human rights and market economy.¹¹⁶

¹¹⁵ Cited in Randel J. and German T. (eds.), *The Reality of Aid: An Independent Review of International Aid Action Aid*, London, p. 87, 1994

¹¹⁶ *Ibid.*

Unlike other bilateral donors, Japan does not give funds to organizations on political bases. Its main interest is in the economic areas. However, it is equally concerned with democracy and good governance since it views this as an end to improving the economy and the government will then be able to pay back its loans. It does not directly get involved in democratization issues but encourages the same whereby the country has to do carry out its own democratization program its own way so long as in the end it democratizes.

Total Overall Assistance from Japan to Kenya through fiscal 1997:

ODA loans	173.625 billion Yens
ODA Grants	68.5 billion Yens
Technical Cooperation	58.5 billion Yens

Source: <http://www.mofa.go.jp/region/africa/kenya/index.html>

4.2.3 United States

Development aid is administered through the United States Agency for International Development (USAID), which was created in 1961. Its focus this time was on social and economic development while in the 1970s, its focus shifted to human rights issues. In the 1980s, it was concerned with ensuring that elections were carried out in a democratic manner. In the 1990s, the Democracy Initiative was established with an aim of promoting democracy. In the Bush administration, democratization joined economic reform and human rights as a condition for US assistance. President Clinton made democratization a central

theme of his administration's foreign policy and foreign aid program.¹¹⁷ Hence, USAID is a major instrument of US in its efforts to promote democracy in Kenya and the rest of Africa. The main features in support program are the civil society and support towards a transparent electoral process.¹¹⁸

4.2.4 European Union

As a regional organization, the European Union was the first to take democracy seriously by imposing as a condition for membership. Hence it emphasized on democratic practices and respect for human rights among its members. This conditionality was particularly important for non-democratic countries joining the Union such as Greece and Turkey. It was also expected to guard against backsliding of the former Eastern European countries into authoritarianism.

The European Union is the largest donor and trade partner of the developing countries. Its policies have been expressed through the Lome IV and the Green Paper and recently through the Cotonou Agreement. The essential elements in the agreement include: respect of human rights, democracy and good governance. These have further been regarded as subjects of regular dialogue among the member states and procedures in cases of violation of the same are under serious considerations. Any country which violates is threatened to be penalized by partial or total suspension of the cooperation. However, while other

¹¹⁷ Macharia Munene, J.D. Olewe Nyunya, and Korwa Adar, (eds.), *The United States and Africa: From Independence to the End of the Cold War*, East African Educational Publishers Ltd., 1995, p. 199

¹¹⁸ <http://www.usaid.gov/pubs/cp97/countries/ke.htm>

donors come out clearly on good governance, the Cotonou Agreement does not include this as an essential clause to avoid ambiguity since at the international level, it has been interpreted differently by different parties.

The Cotonou Agreement is based on politics, trade and development. The focus of this agreement is to ensure that there is dialogue among the member states with an aim of ensuring that the partnership among the members succeeds. This can at best be achieved through transformation of systems in the partner societies so as to ensure that there is harmony among all the partners. The Agreement is however keen to promote democratization efforts and to work closely with countries where democratic countries are very real. It therefore encourages democracy and at the same time sanctions members who are adamant to change.¹¹⁹

Rating of Democracy, Good Governance and Human Rights

Donor	Democracy	Good governance	Human rights
United States	1	4	3
Japan	3	1	7
Germany	1	5	4
European Union	3	6	2

Rating

1 highest 10 lowest

¹¹⁹ ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000, the Courier September 2000 Special Issue Cotonou Agreement

According to this rating, different donors with regard to their interests rate the three contentious issues, democracy, good governance and human rights differently. To some democracy is a key area of consideration while to others, it has been overtaken by good governance and human rights. However, it does not fare badly off in the rating hence it's of considerable interest to the parties concerned.

4.3 Objectives in donor support

Donor	Objectives
Germany	poverty alleviation, sustainable economic growth and pluralism
United States	Democracy, poverty alleviation, gender issues, environment
European Union	Market reforms, poverty alleviation, democracy
Japan	Poverty alleviation, health, environment, human resources, good governance

In their objectives to give support in other areas of their interests, donors hope that their assistance will bring about some change. However, they know very well that change can only be achieved on a democratic ticket hence they support democratization which they see as a means to consolidate their areas of interest and bring about the required change in other fields as well. To this extent, donors have supported projects aimed at strengthening the democratization process such as independence of the judiciary, public service reforms, public accountability of state officials and holding of free and fair elections which are seen as the major step forward in the democratization process. The donor

community has particularly played an important role in the support they have given to the multiparty elections.

Donors have also given support to the constitutional reform process especially in regard to civic education with a hope of building a democratic culture which will be threaded in the daily lives of the citizen.

In their effort to enhance the democratization process, donors have gone out of their way to support Ngo's and the civil society which are meant to hold the government accountable, a move which the government on its part has not taken positively. Ngos which are keen to promote good governance and human rights activities have received massive aid from the donors as a way of supporting the democratization process.

From the donor objectives given in the table above, the following can be deduced in the levels of conditionality that the donors have given the country so far in an effort to bring about the transition to democracy.

Levels of Conditionality	Application in Kenya
1. Systemic Level	Pressure for democratic reforms, improved human rights, good governance, demand for an open economy and reduced role of the state in terms of owning private state enterprises and parastatals
2. National Policies and priorities	First generation involving economic policy and second generation involving democracy, good governance and

	human rights
3. Specific Policies	Within an area or a sector for example conditionalities in Kenya's fertilizer market ¹²⁰
4. Program/project level	Institutional reforms, civil service reforms
5. Financial conditions	Financial of local costs, procurement
6. Administrative conditions	Involves procedures for the transfer of resources, accounting, reporting, evaluation

Adapted from Olav Stokke, Frank Cass Publication, London, 1995, p. 14

Levels 1-3 are of major concern and most donors participate at this level while the donor agencies are more active in levels 4-6.

Kenya is a country of regional importance to the donors with regard to their foreign policy interests. Hence, donors are motivated to get involved in the transition to democracy by democratic values in general. We live in an almost borderless and interdependent world where national sovereignty cannot be an excuse for undemocratic rule. Democratic values since the 1990s have been issues of major concern to the developed world.

Kenya receives aid through bilateral and multilateral development assistance. It also receives private (unofficial) assistance from Ngos though the percentage received is quite small. Over the past years, Kenya has received massive aid from donors which has accumulated into a large debt and this has led to a low growth in the economy. The table below illustrates donor aid from 1990-99.

¹²⁰ Kimuyu, Peter, *Conditionalities and Market Reforms: What Kenya's Fertilizer Market Reveals*, Occasional Paper No. OP/03/1998, Institute of Policy Analysis and Research, 1998.

Shares of Kenya's Major Aid Donors/Lenders in ODA (percent)

Donor/Lender	1970-79	1980-89	1990-96	1970-96
World Bank/IDA	19.9	20.4	16.2	18.5
Japan	4.0	8.6	17.0	11.8
Germany	11.3	6.6	12.6	9.8
United Kingdom	17.9	9.3	5.5	8.7
USAID	6.5	9.7	8.1	8.1
Netherlands	5.8	6.6	5.0	8.1
Canada	4.9	4.7	3.8	5.8
Sweden	8.6	3.7	2.3	4.3
European Community	1.3	4.1	4.1	3.7
Denmark	4.1	3.6	2.6	2.2
AFDB/ADF	0.9	3.0	0.6	2.6
Norway	4.2	3.7	0.6	2.6
Others	10.6	16.0	19.5	17.4
Total	100.0	100.0	100.0	100.0

Source: World Bank Debtor Report, 1995.

This table shows a decline in development assistance from various donors especially in the period 1990-96, apart from Japan whose assistance has increased over the years. The trend of decline is more pronounced for Norway especially after severing her diplomatic relations with Kenya.

The graph below shows trends of external assistance from 1989 to 1999. In 1990, the aid received was quite high but from 1991, there was a steady drop as a result of aid cut from various donors who were demanding for political reforms. In the multiparty era, donor aid to Kenya is quite low. In 1994, was also badly hit by the aid cut with the figures dropping from \$ 859.6 million in 1993 to \$ 520.8 million in 1994 which was a drastic drop by about 44% as a result of the

accumulative drop in assistance from 1991.¹²¹ Bilateral aid dropped from \$ 443.4 million in 1993 to \$ 281.3 million in 1994 while in the multilateral scene for the same period the drop was 36% lower than in 1993. The Ngo assistance also dropped by 21% over the same period.

In 1995, there was a slight increase especially from the multilateral donors by 29% while from the decline continued with the multilateral donors.¹²² In 1996, there was a decline from the bilateral donors by 7.3% which amounted to 58% of development assistance while the multilateral donors contributed 39% of the same, hence the bilateral donors were leading in their contribution.¹²³ In 1997, there was a decline from the bilateral donors from 58% the previous year to 40% while the multilateral donors contribution was 57% an increase from the previous years hence giving a rise to the development assistance that year.

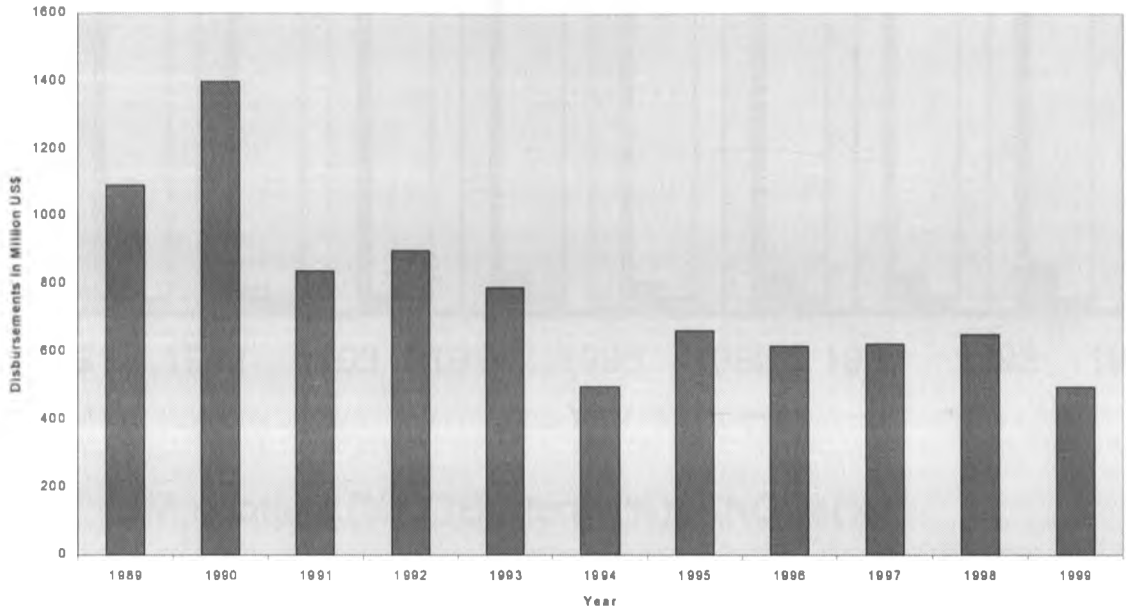
1998 received an increase with the multilateral donors giving 55% of all external assistance while the bilateral donors also increased and contributed 41% while the Ngo sector also increased its contribution by 4%. This can be seen as a reward following the 1997 multiparty elections as a way of promoting the democratization efforts. In 1999, there was a drop once more with donors reducing the funds to some of the projects they had previously supported hence the decline in aid.

¹²¹ Development Cooperation Report Kenya, 1999, UNDP, p. 14

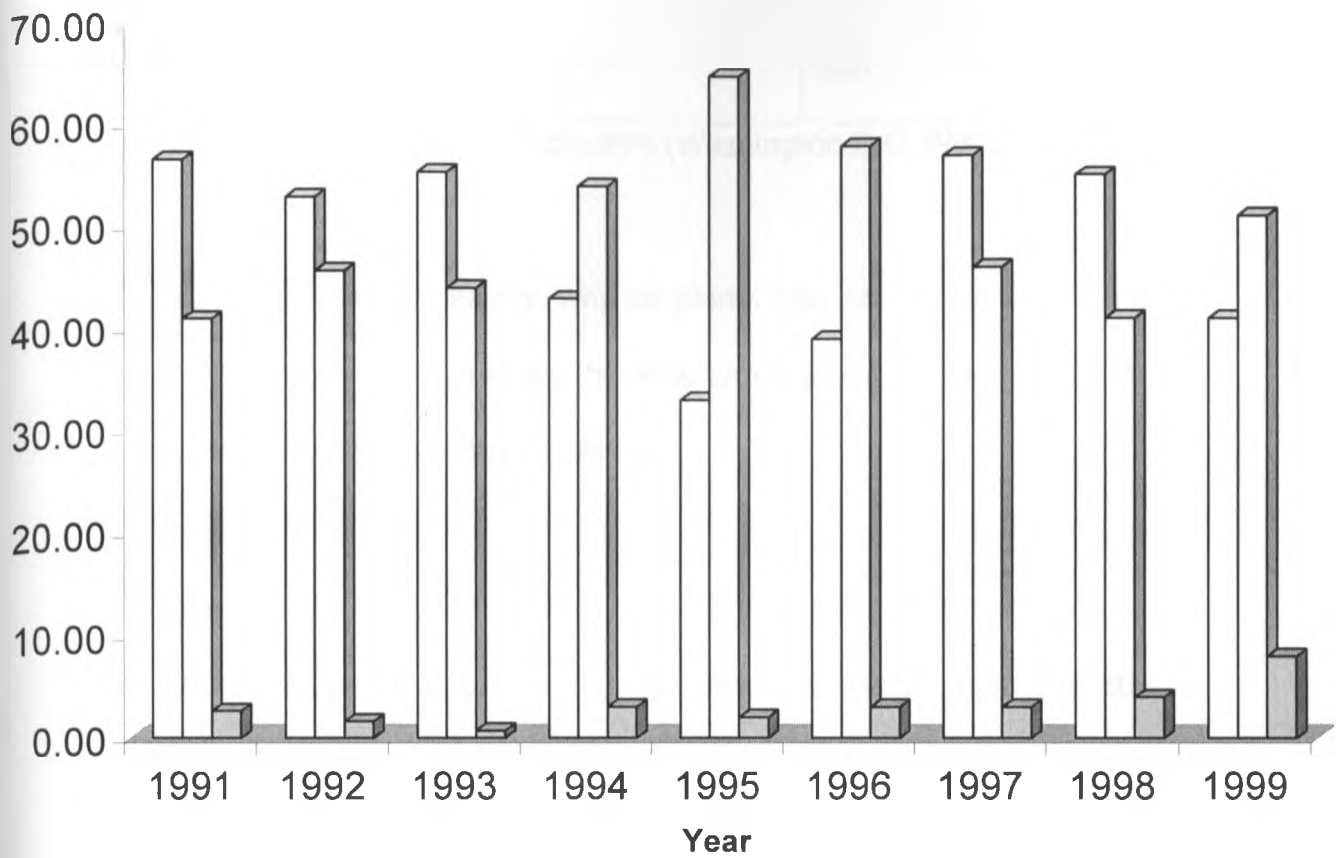
¹²² Development Cooperation Report, 1995, pp. 18-20

¹²³ Development Cooperation Report, 1996, pp. 20-21

TREND IN EXTERNAL ASSISTANCE 1989 - 1999



Trend Of Assistance By Source 1991 - 1999



□ Multilateral (%) □ Bilateral (%) ■ NGOs (%)

Regional distribution of foreign aid

Region	ODA per capita US \$	GNP per capita US \$	ODA share of GNP (%)
Middle East & North Africa	19	2, 070	1.3
Sub Saharan Africa	26	490	5.3
L. America & Caribbean	17	3,710	0.5
East Asia & Pacific	5	890	0.6

South Asia	4	380	1.1
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Source; World Development Indicators (Washington D.C, WB 1998)

Todaro identifies three reasons why recipients have sought for aid , the major reason being economic whereby the main aim is to supplement scarce domestic resources. The other reason is political.

The government has been accused by donors for slow implementation of the conditionalities given. According to them, the civil society is quite receptive to changes and plays a more active role than the government. Hence, most of them opt to give support to the civil society with an aim of pushing the government to reform.

4.4 IMF Aid Conditionalities in Kenya

At the time of its establishment in 1946, the International Monetary Fund (IMF) had the main objective as a balance of payments stabilizer. However, over the years, it has a changing role which has made it diversify into other priority issues hence justifying its reason for existence and it is the institution that bestows a 'clean bill of health' to a country in order for that country to obtain debt relief.

In the 1980s, the Fund established its Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) which were later merged in the

1990s to form the Poverty Reduction and Growth Facility (PRGF) through which it gives medium term loans and sets strict economic conditions. Apart from dealing with the macroeconomic issues, it also extended its involvement in areas pertaining to good governance and hence taken up issues dealing with corruption, budget transparency and tax policy reforms.

The direct interventions by the IMF played an important role in the recent transitions to democracy in Kenya. In the 1970s, the IMF/WB program lending carried low conditionalities since the economy was performing quite well. However, the economy was destabilized by a series of shocks, which made the World Bank respond through Saps. The country received its first Structural Adjustment loan in 1980. Thereafter, the country was given some conditionalities towards policy reforms with an aim of creating a market-oriented economy. The government was not committed to these policy reforms which brought about donor dissatisfaction with the way the government was behaving towards reform changes.

In the 1990s, there were donor concerns over corruption and governance issues which were blamed for the poor performance of the economy. In 1991, at the Consultative Group Meeting in Paris, donors agreed to suspend adjustment lending until the necessary reforms were carried out. An estimate of the aid freeze in that period is shown in the table below:

Estimate of Aid Freeze in US\$

Nature of aid	Amount in million US \$
Undrawn balance of IMF ESAF	63.2
ASAO II	33
EDP	25
IDA reflows	53
2 nd and 3 rd tranches of EDSAC	65
EDSAC Reflows	52
African Development Fund Credit	35.3
Bilateral aid from Japan	77.3
Germany	18.2
US commodity and military aid	43
Stabex from EC	26

Source: Aid and Reforms in Africa, 2001

The government undertook some political reforms by repealing section 2A of the constitution and allowing multipartism. However, in 1997, there were further aid cuts for the second time following the government's sluggish efforts in stamping out corruption. The IMF suspended its ESAF program to Kenya citing poor governance and corruption in the public sector. It outlined the following prescriptions to the government in order to curb corruption: privatization and liberalization of the economy; public sector reforms; establishing mechanisms that promote transparency and accountability in auditing and respect for civil and political rights as a way to open up the democratization process.

In 2000, there were also further aid cuts on the issue of corruption though aid was resumed later in the year. It came up with the following conditionalities; introduction of a law binding public officials to declare their wealth and liabilities;

weekly inspection of central bank balance sheets by Fund officials; and enactment of anti-corruption and economic crimes bill.

4.5 Government Response to Aid Conditionalities

4.5.1 Governance

Issues of governance have been thorny with the donors calling on the government to enhance accountability, transparency and integrity. The main area of concern has been corruption which remains a cancerous problem that affects the socio-economic and political life of the nation. Lack of commitment by the government to stamp out corruption resulted in a second aid cut in 1997. Hence, pressurized by the international community, the government established the Kenya Anti-Corruption Authority (KACA) in 1997. The aim was to strengthen KACA by:

- i) enhancing an anti-corruption Bill that would give Kaca greater autonomy and cover the full range of corruption practices and economic crimes and provide for appropriate sanctions
- ii) develop and implement legislation on a Code of Ethics for all public office holders , including declaration of assets.

Problems

The Anti-Corruption and Economic Crimes Bill 2000 and the Code of Conduct and Ethics Bill 2000 were not acted upon and were rejected by parliament as

being unconstitutional. A constitutional court declared Kaca as illegal claiming that the provisions which established it were inconsistent with the constitution.

Right from its inception, Kaca had a troubled life and is an example of an institution created at the demand of donors. From its own annual report, it had received grants from the government and donors amounting to over US\$ 4 million of which it spent over US \$ 2 million. From the beginning, it was not owned by the people and neither did the government mobilize for its creation and sustenance. Hence, it was vulnerable to collapse and there was nothing the donors could do since further action from them would be interpreted as interference in the sovereign affairs of the state. Hindrance in the fight against corruption in this case can be seen as a basic lack of political will and there is nothing donor conditionality can do in this regard. At worst, further aid cut was given in the year 2000, the condition being that Kaca should be revived.

Another area of concern is in the Public Procurement which was done with less transparency and accountability in the past. Hence, the call for an overhaul of public procurement procedures and management of procurement complaints through issuance of comprehensive regulations and enactment of public procurement law. Also establishment of of a public procurement department which will oversee that the procurement functions are carried out in a transparent manner.

In Accounting and Audit, the concern of donors was in the way government financing was done with no clear records for accountability purposes. Hence the call to strengthen these functions by; introducing an integrated financial management system in all ministries , departments and districts; review relevant sets of legislation to the effective and transparent flow of public funds to beneficiary communities at the grassroots level and finally, strengthen and streamline the functions of Public Sector Audit.

4.5.2 Privatisation

Since the 1970s, there has been a paradigm shift which involves transferring public enterprises to private ownership. It began in the developing countries and continued in the 1990s. Countries such as France, Italy and Spain in Europe; Brazil, Chile Honduras, Mexico and Jamaica in Latin America and the Caribbean; Japan Thailand, Singapore, Malaysia, Sri Lanka, Turkey in Asia and the Middle East became examples of the ongoing privatization process, some with concrete success on the transfer of public enterprises into private hands.¹²⁴ Hence, privatization was at the forefront in the economy policy debates in all parts of the world. Public enterprises have been seen to reduce funds available for social services, crowd out private sector borrowing and undermine the development of the private sector.¹²⁵ State Owned Enterprises (SOEs) have been blamed for the

¹²⁴ Oyugi Asseto and Jasper Okelo, *Privatization in Kenya*, Basic Books, Nairobi, 1997

¹²⁵ Paul Cook and Colin Kirkpatrick, *Privatization Policy and Performance; International Perspectives*, Prentice Hall, London, 1995, p.13

poor performance of the economy. The drain on the budget was blamed for hindering the expansion of the private sector and of the welfare in general.

In their efforts to intervene in the ailing public enterprises, the World Bank and the IMF initiated the Public Enterprise Reforms, one of the projects under SAPs, which deals with the privatization of government enterprises and its aim is to revive the economy. The objective is to divest government from non-core activities and improve efficiency of public corporations. This was to be achieved by:

- i) refining the parastatal reform program to widen its scope
- ii) implement a comprehensive and transparent privatization strategy

The Gok adopted the privatization program in 1992 through its Policy Framework Paper (PFP). Some of the corporations for privatization include: Telkom Kenya and the commercialization of Postal services, Kenya Railways, Kenya Ports Authority, Kenya Pipeline, Kenya Electricity Generating Company (Kengen), Kenya Commercial Bank, Kenya Reinsurance Company, Mumias Sugar Company, Chemelil Sugar Company, Kenya National Trading Corporation through liquidation among others.

The government was slow in this area of reforms and this attracted attention from the donors who blamed it for lack of seriousness in the reform efforts. The

government on the other hand had its own reasons for the sluggishness in the privatization business. The reason given was that Kenyans did not have the money to buy these government enterprises which would all land in the hands of foreigners who would control the major economic decisions and compromise the sovereignty of the country. The privatization of Telkom was slow because the government argued that this is a strategic body and selling shares to foreigners would endanger the sovereignty of the country. Other delays were caused by delay in cabinet approval and other problems in regard to guidelines of completing the process.

The main area of weakness in the privatization program was the absence of a proper legal framework hence the privatization reforms were carried out in a legislative void. The whole process was also muddled in vested interests which tended to flaw the end results. Also, the lack of an independent body to foresee the privatization program slowed the reforms since the executive had its own vested interests which created conflicts. The whole process of privatization, lacking the necessary checks and balances was controversial and not carried out in a transparent manner.

4.2.3 Public Sector and Other Reforms

The action taken to withhold aid had devastating effects on the economy. The denial of balance of payments (Bops) support meant that the country had to

reduce its importation of goods and services and increase its domestic borrowing. This brought an increase in inflation to 19.5% while the real GDP growth rate slumped and deepened even further. This negative growth worsened through to 1993 when inflation soared to 54% and continued into 1994.

According to the UNDP DCR reports, the government was committed to the implementation of the major SAPs in *Sessional Paper No.1 of 1986 on Economic recovery for Renewed Growth*. Between 1992 and 1993, there were significant changes in the price de-controls and removal of government subsidies. Other changes undertaken were in the control of budget deficits, money supply and inflation and increase in the government revenue collection.¹²⁶ The major SAPs were; the Agricultural Adjustment Program (AAP); the Industry and Trade Adjustment Program (ITAP); The financial adjustment program (FAP); and Public Sector Reforms (the civil service and parastatal sector).¹²⁷

In 1994, the major economic reforms included budget rationalization program, review of the exchange control legislation, improvement of tax administration through establishment of the Kenya Revenue Authority, Civil Service Reform Program, privatization and restructuring of major public enterprises and agricultural sector reforms. Further reform efforts were to be enhanced by the Sessional Paper No.1 of 1994 on Recovery and Sustainable Development to the

¹²⁶ UNDP Development Cooperation Report, 1992/93 p. 9

¹²⁷ Ibid. p.10

year 2010.¹²⁸ These were to be implemented within the framework of the country's Policy Framework Paper (PFP) and Public Investment Program (PIP).

In 1996, the government in collaboration with the IMF and the World Bank launched the Policy Framework Paper (PFP) on economic reforms for 1996-98. The objective of these policies was to influence and sustain economic growth and address the problems of unemployment and poverty.¹²⁹ The PFP identifies the following strategies;¹³⁰

- 1) Macroeconomic stability by strengthening monetary and public sector finance management
- 2) Improved efficiency of the public sector by reforming civil service and public enterprises and improving delivery of infrastructure services
- 3) Further liberalization of the markets
- 4) Addressing the social aspects of development particularly through targeted poverty intervention and increased access of the poor to social services
- 5) Elimination of corruption

Despite the PFP, the economic performance continued to be poor in 1997 and 1998. There was also a falling performance in the agricultural and manufacturing sectors which together account for 40% of the country's GDP. By 1999, the

¹²⁸ UNDE Development Cooperation Report, 1994, p. 10

¹²⁹ UNDP Development Cooperation Report, 1996, p. 15

¹³⁰ Ibid. p. 16

HIV/AIDS pandemic continued to threaten the economy and a large share of the budget was directed to the health sector.

In 1999, the Gok embarked on implementing reforms in the public sector. This included the appointment of a "Dream team" to steer the government process. The government ministries were also consolidated from 25 to 15. There were also efforts to reduce the bloated civil service under the new economic recovery program. The target was to phase out the public sector employment by about 16,000 workers per year.

The World Bank has played a major role in this retrenchment effort by providing funds required to enable the government to carry out the exercise and provide a safety net for the retrenched government employees. In August 1993, the government launched the Civil Service reform Program (CSRP) as a strategy to improve the efficiency and productivity in the civil service. The first phase was to run from 1993-98 and it focused on cost containment, through staff reduction initiatives, including Voluntary Early Retirement Scheme (VERS). The government reformulated the CRSP II as a Medium Term strategy (1998-2001)¹³¹.

In the past, the government was involved in 'white elephant' projects which consumed a lot of money yet they were never completed to serve the public.

¹³¹ Civil Service Reform Program; Guidelines for Retrenchment in the Civil Service June 2000, p. I

Projects such as the Nyayo Bus, Nyanza Provincial Headquarters and the Kisumu molasses project among others consumed funds which the government had not been transparent about. The Public Investment Program (PIP) which is a three-year planning document was introduced in 1992. It is mainly concerned with the classification of all projects as "core", "high priority" and "new proposals"¹³²In the reform era, this means that a project has to be accepted in the PIP for budget allocation and is supposed to be completed within three years. With the reform efforts, the government is supposed to rationalize the existing projects by prioritization. The main aim of the government is to confine its budget to the core and high priority projects and at the same time postpone or cancel the implementation of other projects.

4.6 Kenya/USA Bilateral Relations in the Multiparty Era

Kenya and the United States of America enjoy warm and cordial relations dating back to the decades of Cold War hostilities. The commencement of the 1990s witnessed ups and downs largely arising out of differing perceptions as regards the pace of political and economic reforms.

The US channels its assistance to Kenya for promotion of political, economic and social development through the USAID, IMF and World Bank, and the UN and its agencies. However, since the 1990s, economic support has declined and a

¹³² Improving Public Expenditures in Kenya; Review of Experience-1993/94, 1995/96, Paper prepared for the Donors Meeting in Kenya, World Bank, July 1995.

greater part is channeled through Non-governmental Organizations and through the private sector. Development assistance in the 1990s focused on promotion of democracy and governance, transformation of smallholder agriculture and market oriented production, health and humanitarian assistance.

4.7 European Union/Kenya Relations in the Multiparty Era

The European Union established its office in Nairobi in 1976, by then it was known as the European Economic Commission (EEC). This became the body through which its member countries could channel their aid to the Kenyan government. The EU has various instruments at its disposal to channel aid to the ACP countries (of which Kenya is a member). These include; the STABEX (Stabilization of Export Earnings); Trade preferences a system which allows agricultural products from the ACP countries to the European market duty free on a nonreciprocal basis; National Indicative programs which are sector specific where budgetary allocation of funds is based on program objectives for a particular country. They allocate money for a particular program; Structural Adjustment Funds which compliments support mechanisms for programs agreed with International Financial Institutions (IFIs) for the purpose of strengthening economic reforms; Funds for emergencies, Refugees and Food Aid. This is not affected by conditionalities since it is an outside regular budget, which caters for emergencies.

In the 1990s, the EU program shifted focus from rural development to infrastructure development where results are readily seen and also in its efforts to be more effective after frustrations in the rural development projects. In the infrastructure development, the aim is to have a spill over effect to other sectors of the economy such as agriculture and industrialization. Hence it has been concerned with construction of roads for example the Mombasa road and Mai Mahiu road in Naivasha.

Another area of focus is in the promotion of democratization and governance programs. Aid has mainly been channeled to the NGO sector such as the Institute of Education and Democracy which provides civic education on democratic issues. On the conditionalities imposed by the Bretton institutions, the EU sees them as hindrances to development and hence insists on trade related assistance to Kenya and other developing countries.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Summary

This study has explored the role aid conditionality played in the transition process to democracy in Kenya from 1990-2000. In the literature review, democracy is seen as the ideology behind which donors justify giving aid hence giving preference to countries which carry out the democratic reforms. There is also an emphasis on the instruments used by donors to give aid whereby the “policy sticks” is used by donors in the early phase of the transition process.

The study has looked at the shift from the first generation conditionalities which were based on economic performance to the second-generation conditionalities which are based on political performance such as democratic reforms. Donors have blamed the poor economic performance in the country on the authoritarian regime hence the call to democratize. The country on the other hand has also heavily depended on donors for aid hence when given conditionalities to reform, this is done without any agenda on the part of the government.

The study has established that that though aid conditionality helped bring about some reforms like the multiparty elections, and liberalization, this has had a heavy toll on the economy of the country which was declining for the past decade. The government was heavily burdened with so many reforms and

limited resources to perform both reforms and maintain a balance on the domestic economy. This in essence contributed to the slow process of the transition process. Also, trying to please both the internal and external audience was an uphill task for the government.

The study also recognized the role of internal players in the democratic process since external actors on their own could not bring about the desired change. The domestic audience was already agitating for change in the early 1990s hence donor conditionality only acted as a springboard from which they could get support. There was a lot of donor support on the civil societies with a hope of encouraging wider participation in the transition process.

Democratization is a complex process and hence, withholding aid for a long time contributed to a slow growth in the democratization process in Kenya. Hence, conditionality was effective in the initial stages of the authoritarian regime, less effective in ensuring a full transition and least effective in promoting consolidation. The recipient also learned to resist pressure to democratize further while donor intervention did not guarantee long-term results.

5.1 Conclusion

The study has observed that from 1990-2000, the transition process to democracy was not a smooth one especially because of the aid conditionality

imposed by the donors. At the same time, the country was undergoing an economic crisis which worked favorably on the call by the donors to carry out political reforms since the country was heavily donor dependent.

According to the donors interviewed and donors generally, the expectation is that aid conditionality on political reforms will bring about democratic regimes and get rid of authoritarian ones. To this end, aid conditionality has achieved its objective since in the case of Kenya, a democratic regime is in place. Hence, conditionality in this case can be seen as a catalyst to the democratic reforms. The other expectation is that the economy will flourish best in a democratic environment. However, in the past decade, the economy continued to decline despite the democratic reforms going on. Though the withholding of aid on the one hand acted as a catalyst to democratization, on the other hand burdened the government economically. This resulted in increased domestic borrowing by the government and made financial institutions to be attracted towards directing their finances to the government hence crippling private investment (crowding out effect). This contributed in crippling the economy further and worked against development and achievement of SAPs. In a survey carried out in Zambia, ordinary people were asked what democracy means, and in their economic hardships asked whether democracy can be eaten. Hence, when the poverty level is high, the people are not able to participate in democratic changes as expected.

With this kind of scenario which depicts a country struggling for economic survival, political reforms were not given the kind of attention they deserved and were therefore relegated to second position. The donors have accused the government of slow political reforms while ignoring the main factors which contribute to this sluggishness.

Withholding aid is good for the first few years, but if the trend continues over a decade, then little will be achieved in the democratization process. With this kind of realization, donors have acknowledged that the best way to achieve results is to change their strategy. Hence, more support was given to the civil society in order to encourage wider participation. Also, donors realized that while the government was slow in implementing reforms, the civil society was more receptive and once empowered, was in a better position to challenge the government to continue with the reform process without falling out on its promises.

Commitment to democratic values is solely the responsibility of the government and hence aid conditionality per se cannot create or force this kind of commitment. However as already noted, aid conditionality played a role towards the initial stages of the democratization process but at later stages as in the case of Kenya, conditionality hampered rather than acted as a key factor in the

democratization process. Hence more aid should be given in the democratization process so as to bring the desired outcome.

5.2 Recommendations

After an analysis of the literature review and the data collected, the study has established that democratization is a complex process and a decade is not enough to show how much progress has been made in an ongoing process. The study has also established that both the donor and the recipient have major roles to play since both are beneficiaries in the outcome. Hence the study has the following recommendations to make:

5.2.1 Donors:

After realizing that democratization is a complex process, expecting total change in all areas may not be achievable and a lot of resources may go to waste in the process. Hence, having a piecemeal agenda that is accessible after a certain time would make the process attainable faster. In this way, donors will also be able to evaluate their progress.

Aid conditionality is one strategy donors have used to initiate democratic reforms. Sticking to one strategy for a long time may hamper rather than improve the condition especially like in the case of Kenya where the country was already in a crisis. Hence, donors should review their strategies for maximum results.

5.2.2 Recipient:

Democratization has not been fully embraced by the government hence despite the economic hardships, it seems like the donors have more interest in the process. There are no policies in place towards achieving democratization and this gives donors leverage over the government. In the National Development Plans, we talk of eradication of poverty, water for everybody by a given period, what about democratization? Policies on democratization will enable the government achieve more on the ground and embrace the process as its own rather than an outsiders project. The government should be more receptive to the changes going on since this is a global movement.

5.2.3 Further Research

In summary, the study did not exhaust all there is on aid conditionality and transition to democracy. An exhaustive study on aid conditionality and transition to democracy would require more time and money than what was available. There is need for further study on aid conditionalities and democratization since there are programs in place which take time to mature while others are yet to be implemented. It will also be interesting to study other emerging issues caused by changes in the international arena.

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