DEVELOPMENT ASSISTANCE IN KENYA: AN EVALUATION OF GERMAN DONOR AID IN POST INDEPENDENT KENYA, 1963-2003

BY

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other university or any other award.

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I dedicate this work to my father Solomon Mukilima and mother Rael Kavuha both of whom nurtured my education**.**

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DEFINITION OF TERMS

Bilateralism	Is cooperation and interdependence between two states in social, political and economic matters.
Bourgeoisie	Is the class of owners of capital- people who make money from their investments rather than from their labour.
Capitalism	This is a system of private ownership of the means of production that relies mainly on market forces to govern the distribution of goods.
Dependency	Is a situation where a countrys accumulation of capital cannot sustain itself internally. Dependency is a form of international interdependence- the rich region need to loan out their money just as the poor ones need to borrow it- but it is an interdependence marked by an extreme power imbalance.
Development Assistance/Foreign Assistance/ Foreign aid	These terms are used inter-changeably to mean money or other aid made available to developing countries in order to help them speed up economic development or simply meet humanitarian basic needs
Development policy	In a broader sense means all political action by industrialized countries that has impacts on the developing countries such as policies on foreign trade, finance or agriculture.
Donor	This term is used to refer to a state or organization that gives assistance.
Foreign Policy	This refers to strategies governments use to guide their actions towards other states.
Germany	This refers to West Germany from 1944 to 1990 and unified Germany since 1990 (Federal Republic of Germany- FRG).
Madia	This refers to a study done on the effectiveness of German aid in agriculture in the six African countries of Cameroon, Kenya, Malawi, Nigeria, Senegal and Tanzania in the period 1962-86

Neocolonialism — The period after political independence is referred to so because of the continuation of colonial exploitation without formal political control.

Newly industrializing states (NIS) – This term is used in the study to refer to a handful of poor states which have achieved self-sustaining capital accumulation, with impressive economic growth.

Recipient — This term is used to refer to a state or organization that receives aid.

Underdeveloped countries/Developing countries/Less developed countries/Third world countries- Interchangeably used to refer to the worlds poor regions

LIST OF ABBREVIATIONS AND ACRONYMS

ANC	-	African National Congress
AU	-	African Union
BMZ	-	(Bundesministerium fur Wirtschaftliche Zusammenarbeit und Entwicklung) Germany Ministry of Economic Coorperation
DAAD	-	(Deutscher Akademischer Austauschdient) German Academic Exchange Service
DAC	-	Development Assistance Committee
DED	-	(Deutcher Entwicklungsdienst) Germany Development Service
DEG	-	(Deutsche Investitions-und Entwicklungsgesellschaft mbh) German Investment and Development Bank
ERA	-	European Recovery Programme
FAS	-	Kenrad Adenauer Foundation
FDI	-	Foreign Direct Investment
FES	-	Friedrich Ebert Stiftung
FRG	-	Federal Republic of Germany
ERP	-	European Recovery Programme
GAT	-	German Agricultural Team
GDR	-	German Democratic Republic
GoK	-	Government of Kenya
GTZ	-	(Deutsche Gesellschaft fur technsiche Zusammenarbeit) German Agency for Technical Cooperation
ICDC	-	Industrial and Commercial Development Cooperation
KANU	-	Kenya African National Union
KBC	-	Kenya Broadcasting Corporation
KFW	-	(Kreditanstalt fur Wiedraufbau) German Development Loan Corporation
LDCs	-	Least Developed Countries
NARC	-	National Rainbow Coalition
NEPAD	-	New Partnership for African Development
NGOs	-	Non Governmental Organizations

NIEO	-	New International Economic Order
NIS	-	Newly Industrializing States.
ODA	-	Official Development Assistance
OECD	-	Organization for Economic Cooperation and Development
OEEC	-	Organization for European Economic Coorporation
RDBs	-	Regional Development Banks
SAPs	-	Structural Adjustment Programmes
SPD	-	(Sozialdemokratische Partei Deut-Schlands)Social Democractic Party
SWAPO	-	South West African Peoples Organization
UNDP	-	United Nations Development Programme
ZAPU	-	Zimbabwe African Peoples Union

ABSTRACT

This study traces, analyses and accounts for German and Kenyan development bilateralism from 1963 to 2003. It highlights the origins, characteristics and development of Germany's development assistance programme to Kenya. It demonstrates the evolution of the major features of the German foreign policy and donor assistance to Kenya. Moreover, it seeks to analyse the trends in the German-Kenya bilateral relations over the period under study and to evaluate and account for the impact of German development assistance on Kenya's development. These highlights are made against a background of the Cold War politics and contexts in which Kenya-German bilateral relations were developed and thrived. The study seeks to identify the various capitalist beliefs and practices that inform the German economic policy towards Kenya and analyses the nature of its development assistance programme. The significance of the study is embedded in the fact that Germany is one of the major industrial countries of the world today, the third largest economy in the world after America and Japan, whose bilateral relations call for historical analysis. An account of Germany's major transformations is made within the Habermarsian theory as well as the dependency theory. These enable us to account for how that nation which had experienced great political and economic turmoil in the first half of the twentieth century became so successful in its socio-economic reconstruction. These processes are posed within the communicative action theory as well as the purposive dialogue theory of Habermas in an integrated way with the dependency perspectives. This work is, therefore, largely a historiographical and documentary review based study in its research design. The various literature, documents and harnessed oral information are subjected to historical analysis, interpretation as well as historical explanation within the Habermasian communicative action and purposive dialogue theories as well as the dependency conceptual framework. It has been demonstrated that in order to solve problems of diplomacy and national interest, Germany operationalized her foreign aid policy and donor assistance within official policy frameworks identified as Hallstein, economic self-interest and Friedenpolitik doctrines and other reports that spelled out official aid policies and practices for the country. The study has demonstrated how these policy frameworks have determined German development aid policy over the years. Finally, the study highlights the Cold War ideological setting in which Kenya-German bilateral relations emerged and blossomed. The study is based on the primary assumption that Kenya's development strategy of partnering with Germany was a product of the Cold War context of world politics. It also assumes that Germany's economic development has enhanced its capacity as a development assistance donor to Kenya and that Germany's donor assistance programme with Kenya began at independence in 1963, and was part of Germany's general foreign aid policy to Africa. Moreover, it argues that Germany's foreign aid policy enhanced Kenya's development in the modernization and neo-classical sense while in our view it has entangled Kenya further in a dependency relationship. An interdependence relationship has also been fostered between the two nations.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Context of the problem

This chapter gives preliminary background to the evolution of German-Kenya bilateral relations and partnership in development in the Kenya's post-independence era. There is need to construct a historical context of the development problem in Kenya. In view of the fact that Kenya's first links with western capitalism were forged from the late nineteenth century during a period when the world market was dominated by a few industrial giants such as Britain, France and Germany, the emergence of Germany as a key actor in Kenya's development quests is, therefore, a critical concern to be addressed in this study. Noticeably, by the early twentieth century, agents of Western capitalism were breaking down the autonomy of African pre-colonial modes of production as Kenya became firmly linked to the centres of metropolitan accumulation. Commodity production for the world market developed gradually on peasant farms and European estates **(Swainson, 1980: 5).**

The co-existence of African and settler agriculture presented political as well as economic problems to the colonial administration. Nevertheless, enough surpluses had by 1945 been accumulated from agricultural production to stimulate the expansion of capital into manufacturing industry. The period after 1945 came to be dominated by large multinational corporations which were absorbing smaller units of capital.

However, the 1950s marked the decline of settler power, which portended the ultimate victory of the nationalist movement that had arisen to challenge European interests and operations in Kenya practised under colonial state protection. By the early 1960s, the stage was, however, set for the transition to political independence under the hegemony of an ascendant indigenous bourgeoisie whom Gavin Kitching (1980) terms petit bourgeoisie. Some of this indigenous bourgeoisie emerged from various capitalist accumulation processes described vividly by **Michael Cowen (1979)** and **Nicola Swainson (1980:17)** that have been used to challenge Colin Leys dependency thesis that it was a dependent comprador class incapable of instituting real capitalist accumulation and fostering development in Kenya. They were, as such, detrimental agents of

underdevelopment in the country. Nevertheless, this class proceeded to use state power to further their control over the means of production after rising to power through the Kenya African National Union (KANU). This is the party that triumphed over the Kenya African Democratic Union (KADU) before the eventual dissolution of the latter to make Kenya a *de facto* one party state. Simultaneously, the political cream of the crop in power proceeded to purge radical elements within the ruling party, KANU.

As Swainson shows, the indigenous bourgeoisie in Kenya has used the state to support their investments, first in large-scale agriculture and then in manufacturing. To construct a protective environment of these economic interests, the post-colonial state has also acted to guarantee the creation of ideal conditions of capital reproduction in general by ensuring civil order and repressing the labour movement, which has obviously been to the advantage of both local and foreign capitalists **(Swaison, 1980: 17).**

The class nature of the politics of post-independence management of the state by this political elite perpetuated inequalities and dependency that have persisted in the country despite the political rhetoric that since independence, Kenya has looked for ways and means of alleviating its threefold problem of poverty, disease and ignorance. What were noble goals were undermined by the class bias of political and economic policies and their implementation. Since independence the ruling elites influenced German aid to target agriculture, industry, trade, tourism, infrastructure and education but without addressing the dependency features which arose from these relations.

At the international level Kenya seemed to be striving towards the promotion, protection and achievement of her people's aspirations yet this class in power was unable to define and actualize the country's post-independence programme of development in clear-cut terms of national interests. Its lacklustre approach in tackling these problems of post-independence challenges was reflected in Kenya's development strategy as was stipulated in *Sessional Paper No. 10 of 1965 on African Socialism and its Application to Planning in Kenya* **(Kenya Republic, 1965).**

This policy paper sought to show the commitment of the Kenyan ruling elite to a non-alignment policy and a capitalist framework of development. Kenya was to develop a mixed economy with both state and private sector participation that was adopted to ensure a high rate of growth. This strategy somewhat emphasized the need and determination to keep existing ties with western countries such as Germany in order to

gain foreign aid and investment **(Kenya Republic 1965:8-9, Ochieng, 1989, Zeleza, 1991,)**. This became the point of departure in Kenya's post-independence foreign policy. It is an approach that needs to be evaluated in view of what Habermas calls consensus between radically unequal actors **(Davies, 2007: 779)** and his critique of the colonization of the life-world of the family and public sphere by official systems by way of economy and the state as to lead to a perversion of public life and politics **(Hallin, 1985).**

In view of the above inequality and dependency conditions wrought by class defined politics as well as the colonization and perversion of public life and politics as Habermas points out, it is equally important for us to historicize key German development questions in terms of the nature of bilateralism and development partnership between the two countries. The history of German aid to Kenya helps us to illustrate the changing perspectives of German aid and its impacts. It shows how state actors influence both the private and public sphere.

1.2 The German state in retrospect

Geographically, the Federal Repubic of Germany lies in Central Europe, between the Scandinavian countries to the north, the Alpine countries to the south, the countries in the Atlantic Western Europe and in continental Eastern Europe. Its neighbours to the west are the Netherlands, Belgium, Luxembourg and France; to the east are Switzerland, Austria, the Czech Republic and Poland and to the north is Denmark. Historically, the German nation grew out of a number of ethnic groups. There were Franks, Saxons, Bavarians and Swabians before there were Germans. The unification of a German nation was a process that took hundreds of years **(Germany Federal Republic, 1980: 2).**

It is worthy stating that the 17th Century Reformation had far reaching consequences on Germany. At this time, differences between the Christian faiths sharpened, resulting in the formation of religious parties: the Protestant Union (1608) and the Catholic League (1609). The 1850s were years of great economic upswing in Germany to the extent that the Prussian state became the industrialized leader in German economic development. The unification of Germany under Prussia as spearheaded by Chancellor Otto Von Bismarck, enabled it to take charge of the dealings of the nation for the better part of the second half of the nineteenth century. These developments opened a new chapter in German international relations. By a series of diplomatic feats and wars,

Bismarck became the architect of the unification of Germany that culminated in the German Empire of 1871, and ensured peace from German enemies until 1888 when he left office. The Bismarkian years were critical in the formation of the German spirit within the state and the expression of its nationhood.

As World War I came to a conclusion, Germany became a republic. The defeat of Germany in the war brought with it fundamental shifts in power as power fell into the hands of the social democrats. In the National Assembly elected in January 1919, which convened in the city of Weimar, a constitution for the new Weimar Republic was formulated and promulgated. From 1930, the then insignificant National Socialist Movement of Adolf Hitler, which fused extreme anti-democratic tendencies with pseudo-revolutionary propaganda, gained strengths in leaps and bounds and by 1932 had become the strongest party. Within a few years Hitler managed to do away with unemployment in the country. He enhanced his position by engaging in big foreign policy successes of conquest. From the outset, he planned war to subjugate all of Europe. He attacked Poland on September 1, 1939 unleashing terror, which lasted five and a half years and devastated much of Europe and took lives of 55 million people **(Germany Federal Republic, 1980: 95-107).**

At the end of the World War II, Germany was split into East and West Germany. The divided Germany became the pawn and front line of the new Cold War between the leaders of the capitalist and communist worlds. During the occupation period (1945 - 49), the occupying powers pursued a number of policies with respect to defeated Germany. In the 1940s, both West Germany and East Germany, though divided along ideological lines as symbolized by the Berlin Wall experienced economic growth. Nevertheless, the standards of living in West Germany were higher. Between 1949 and 1961, Chancellor Konrad Adeneur of West Germany was in favour of a speedy integration with the Western economic, political and military alliances. This resulted in rapid economic growth in the 1950s. In East Germany, the leader was Ulbricht who institutionalized communist rule that made pro-western African states like Kenya shy away from entering into partnership with the communist German state. Communist economic policies of central planning focused on heavy industry and collectivization that, however, flopped. In the period of transition, 1961-1972, East Germany government built the Berlin wall to prevent Easterners crossing over to the West in search of better

living conditions. The federal Economic Miracle enabled West German's economy to come to the same level with that of other Western European countries **(Fulbrook, 1992: 12-20).**

Despite the oil crises of the 1970s and world recession, which created difficulties for Western and Eastern European economies, the Federal German Republic's economy appeared resilient, thereby entrenching its position as a formindable development partner. In both Germanies there were critical voices and tendencies for change. Towards the end of the 1980s, the end of the two Germanies had to come. In the early summer of 1989, a reforming regime in Hungary began to dismantle the fortified border with Austria. Meanwhile, Mikhael Gorbachev's Soviet Union was continuing to undergo profound domestic changes and renounced its domination over Eastern Europe. Chancellor Kohl of West Germany took advantage of this and accelerated the process of political unification of Germany **(Fulbrook, 1991).** In the elections of 18th March 1990, East Germans under moderate communist leader Hans Modrow showed strong desire for unification. The unification of the two Germanies was to be formally celebrated at mid night of 2nd October 1990 **(Fulbrook, 1992: 21-25).** These events were to have a positive impact on the democtratization of countries such as Kenya. The unification of Germany in 1990 demostrated that their can be unity of purpose in a nation state. It took Germans forty five years to realize the dream to be one nation. Kenya derives lessons from the German unification process. Germany unification process affected her economy and therefore it is plausible to conclude that it impacted on German aid relations with Kenya.

1.3 The Kenyan state in retrospect

The formation of the Kenyan nation does not reflect the emergence of a people united by one language and culture as may be said of the making of the German nation. Kenya as a geographical entity was defined by colonial boundary demarcations undertaken by the British with the establishment of the British East Africa Protectorate in 1895 and the proclamation of the Kenya Colony in 1920. Kenya emerged out of British conquests and under so-called Pax Britannica characterized by numerous efforts to pacify the local population at the hands of the British in preparation for effective occupation **(Elkins, 2005:2-3).** Since the Europeans were determined to create a "White Man's

Country" and settlers were urged to come to Kenya where there was plenty of cheap land, abundant labour and large potential profits. This led to the establishment of a European hegemony starting with the first Commissioner Sir Charles Eliot in 1901 up to the last Governor Sir Evelyn Baring in 1963 when colonialism gave way to a post-independence African run regime.

It was Charles Eliot who surveyed the territory and its people for economic potential and therefore saw the need to form a nucleus of cash crop producers and future paying customers of the railroad built between Mombasa and Kisumu in the name of European settlers and traders. It was Sir Evelyn Baring as the last British Governor of Kenya under whom the transition to independence took place. Although the state was crucial for local, social and economic development, the colonial state and society revolved around the state's initiatives to enhance the interests of those with influence, the settlers. As such, the state dominated matters concerning fiscal, monetary, trade and tariff policies, company formation, licences and exclusive privileges **(Vaitsos, 1991:10).** European settlers and some foreign investors completely dominated commercial agriculture while Africans and Asians were excluded. Asians controlled petty trading which was to become the basis of their original accumulation **(Swainson, 1980).**

Emerging from a colonial background of grave political and economic inequalities, since 12th December 1963 when it attained its political independence from Britain, Kenya has been preoccupied with the enormous task of nation building. Nation building was understood to mean the elimination of poverty, disease and ignorance and the emergence of a relatively egalitarian and participatory society **(Ochieng, 1989: 202).** There are three main perspectives usually associated with the theme of development in Kenya. One perspective represented by the planned decolonization thesis of Garry **Wassersman (1976)** and **John Haberson (1973)** view Kenya's development as a continuing and expanding continuum, reflecting institutions and ideas that trace their origins to the colonial period. It may be argued along this line of planned decolonization thinking that Kenya is developing without an African ideology. The second perspective put across by radical and Marxist scholars considers the history of independent Kenya's development as that of betrayal of pre-independence popular hopes and aspirations of the masses for a socialist transformation of society. This is reflected in the works of **Colin Leys (1975)** and **Nicola Swainson (1980**).

Kenya is, therefore, regarded as an excellent example of a neo-colonial African state**.** Inherent in this argument is the view that there have been no significant economic or structural changes since independence **(Ochieng', 1989:202).** However, the third, although simplistic, argument applauds post independence Kenya as a success story. According to this school of thought, Kenya's general economic and social stability and highly developed system of hotels and other amenities have made it the most popular and successful country in black Africa **(Ibid).** In their heydays, the Kenya African National Union (KANU) governments of Kenyatta and Moi advanced this viewpoint.

In the 1990's development was defined as the improvement and realization of the people's potential and nationalist aspirations. It implies an enhanced political and economic environment which provides opportunities and the fostering of growth and change within the internal political economy. Thus, human beings must be developed as an end in itself. In this sense, we argue that democratization of institutions ought to be regarded essential in the development process **(Bliss, 2001:18-20).** It is perhaps in view of the need for democratization in Africa that aid donors beginning in 1990's withdrew economic support aid to countries such as Kenya which were perceived not to champion the aspirations of the masses. However, a discussion of the events which characterized the push for democratization requires a sufficient historical account of post-colonial initiatives and activities in the country. Kenya entered the early 21st century, with an infrastructure that was dilapidated. Hence, even though multiparty rule had been instituted in the beginning of the 1990s partly in reaction to donor pressure there were questions raised as to whether any meaningful development was taking place in the country after a decade of multiparty governance.

The issue of whether there has been economic development in Kenya has been a controversial one. In the words of **Bourenane (1992),** although Kenya has her own economic problems, just like other African states, she could have certain achievements of post-independence era worth celebrating (researching) but which are normally glossed over. The role of foreign governments' capital in the development of Kenya is debatable and that is why an analysis of its framework of development partnership with one of its donor nations, Germany appears useful in this study.

Going by media reports it appears that Germany considers Kenya a serious development partner (**Daily Nation, October 3rd, 1997; Makokha, 1993:32**). This is an

issue, which requires serious historical analysis given, as Jonathan Davies says, the challenge of enhancing the democratic anchorage of partnerships has become a central concern in policy studies (**Davies, 2007: 779**). In consideration of this, there is need to explain the vocal German stance on a number of issues in its development partnership with Kenya. Indeed, there are issues such as corruption, investment and East African Community, which touch on economic development in Kenya (**Okeya, Sunday Nation, April 27, 1997:3**).

There is need for some intellectual reflection given that as the first decade of the 21st Century came to a close, Kenya had set for itself a lofty goal of joining the ranks of the newly industrializing states (NIS) by the year 2030 by launching the Vision 2030 which specifies the social, economic and political pillars on which this vision rests. It may be stated that this cannot be achieved in the absence of sustainable programmes of industrialisation.Such programmes underpinned the experiences of the newly industrializing countries of South East Asia. However, many factors appear to militate against progress towards this ambitious goal in Kenya. These include constraints relating to scarcity of resources, geographical location, adversities of the global economic situation, lack of appropriate technology, inefficient production, bureaucratic inefficiency and corruption. Corrective measures to these problems seem to have attracted the interest and involvement of the country's development partners. That is why it has become necessary to evaluate the partnership between Kenya as a developing country and various foreign governments and agencies in the private sector.

In the above sense, the nature of economic relations in the form of donor assistance between Kenya and industrial giants such as Germany need to be investigated and put in a proper historical perspective. There is need to demonstrate how feasible development assistance is given that the last decades have been characterised as lost in terms of development **(Nyong'o, 1992:17).**

Some scholars have even argued that, like other African countries, Kenya enjoyed prosperity only in the 1970s and 1980s (**Mkandawire, 1992**). However, critics of this position state that the political elite who took over power in post-independence Africa premised the drive for African economic development on a false start. These rulers undermined the activation of the peasantry by practising 'class colonialism' **(Dumont, 1966)**. This observation is significant because it allows us to examine the implications of

Kenya's development strategies of *Harambee*, non-alignment and *Nyayo* which were mooted by the ruling elites to drive the development process.

1.4 Perspectives on Development in Africa

The last five decades of post-independence Africa have witnessed raging debates on the relationship between democracy and development. Five decades elapsed since most African countries begun to attain their independence. Claude Ake notes that political issues constituted the greatest impediment to development in Africa. The ruling elites jostled for political power, to control the state at the expense of nurturing democracy and development. Exogenous solutions to African development seemed undemocratic since they took no interest in the peculiarity of local conditions. Democracy is part of the development process. It ensures participation of the masses in the development process. For him, development is about self-reliance and self-reliance is about responsibility **(Ake, 1996; Ake, 1993:241-244).** Ultimately, the question we pose is: What is development and how can it be measured? From the start, it may be pointed out that, there are as many descriptions of advancement as there are scholars of different persuasions. Even scholars of the same persuasion change their views with time. For instance, Dudley Seers in 1968, conceived development as not only involving economic growth but also conditions in which the populace in a country have ample food and jobs and the income disparity among them is reduced by a large margin. In 1977, in re-examining this outset of development, Seers asserts that, one essential element must be added, namely self-reliance **(Mabogunje, 1980:35-36).**

In the aftermath of World War II, development was defined as 'a rapid and sustained rise in real output per head and attendant shifts in technological, economic and demographic characteristics of a society' **(Ibid, 1980:36).** In the 1960s, development came to be seen as distributive justice. Since development as economic growth worsened the conditions of the masses, development came to be seen not simply as a rise in per capita income but, more important, as a tool to reduce the poverty level among the masses. It entails enabling all people to meet their basic needs.

Mabogunje (1980:44-50) acknowledges the importance of the Marxian analytic paradigm in appreciation of the spatial perspective in the definition of development. He defines development as a process that involves the application of rational thought to the

mobilisation and utilization of productive land and the labour of a population with the view of improving the material conditions of the people as a whole. However, the modernists make the West the frame of reference and see development as a process of social change towards those processes of social, political and economic institutions of North America and Western Europe. This is the perspective that informs much of the modernization theory or the development theory.

This study adopts **Walter Rodney's (1989:9-10)** perspective that development, in human society, is a many sided social process. At the level of the individual, it implies increased skill and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. At the level of social groups, development implies an increasing capacity to regulate both internal and external relationships. What then is the meaning of developing economically? A social order develops economically as the members increase their capability for dealing with the environment jointly. This capacity for managing the environment is reliant on the degree to which they comprehend the laws of nature (Science), on the level to which they apply what they comprehend by devising tools (Technology), and on the way in which work is organized.

The development process, therefore, involves interaction of humans in the quest to better their life through exploiting the resources of nature. That is why development cannot be seen purely as an economic affair, but rather as an overall social process which is dependent upon the outcome of human's efforts to deal with their natural environment. It is in light of this perception of development that this study undertakes an inquiry into the contribution of German donor assistance to Kenya's development process. **McGreevey (1980)** is concerned with how to determine that aid reaches the poorest of the poor. According to him, the indicator generally used as the aggregate measure of that progress – per capita income or product is an inadequate guide to perceiving how well the poor fare under alternative strategies of development. To assess the effect of the development process on the poorest of the poor depends on the progress of the poor in attaining enough food, good health, and longevity of life, satisfying and remunerable work, and the chance for personal growth through education.

McGreeveys argument is blended by the use of cost benefit analysis to assess the impact of Germany development projects on Kenya. In underdeveloped economies, cost benefit analysis is used to appraise among others, hydro-electricity, irrigation, general

water supply and transport infrastructure development. The aim of cost benefit analysis is to guide the decision maker into channeling resources into projects, which yield the greatest gain in net benefit to society. Cost-benefit analysis rests upon the use of measures of surplus as indicators of welfare change **(Pearce, 1971:15-18).**

1.5 Kenya and Foreign Donors

McCormick et al., (2007) argues that in recent times, China was probably one of the most significant contributors of aid to Kenya, especially in the area of infrastructure assistance. In the past two decades, China has moved to increase its assistance to African countries tremendously. Since the mid-1990s, China has increasingly used foreign aid to achieve broader strategic objectives, including strengthening links with resource-rich African economies. In the case of Kenya, loans and grants from China became significant in size after 2002 when the new National Rainbow Coalition (NARC) government was elected; consequently, China's share in total aid exceeded 1%. Since then, China has appeared in Kenya national statistics among bilateral donors. Before 2002 China was categorized as one of 'other donors' **(Onjala, 2008).** As the ratio of the sum of grants and loans to Kenya, China accounted for 1.23% of the overall in 2003 and 1.15% in 2004, with the share increasing to 8.25% by 2005 **(UNDP, 2006)**. For this reason, China grew from among the lowest contributors of development aid to Kenya and turned out to be one of the largest by 2005, runners up to the European Union (EU). This should, nonetheless, not be taken as a tendency. Aid given out to Kenya by diverse contributors differs to a great extent from year to year, depending on the country's institutional capacity to absorb funds and holdups in project tendering and preparation **(Chege, 2008).** Excluding 2004, the grant component of China's loans and grants is relatively high.

Until the mid-1990s, much of the Chinese development aid went towards liberation movements in Africa **(McCormick, 2006).** In fact, Kenya benefited from Chinese development aid in its early years of independence. In 1964, China provided Kenya with military support to counter a Somalian invasion but it declined to provide monetary support for an independent government to purchase former colonial farms **(Daily Nation, 2006).** In 1990s, China changed its aid policy from liberation to reduction of debts, promotion of investment and assistance in human resource development. This must have been a response to the end of the Cold War. Kenya is one of the beneficiaries

of Chinese aid, but the sources of information do not indicate whether the companies are state owned corporations or private sector firms.

China's assistance to Kenya is exclusively project based. Since the establishment of the diplomatic relations in 1963, the aid projects and assistance provided by China to Kenya have been diverse. Projects are mostly part of bigger package deals which include other types of cooperation with Kenya. China currently gives both monetary and non-monetary aid to Kenya. Development aid from China supports investment in infrastructure, equipment and plant; academic training; technical training; human relief; and tariff exemptions. Over the last five years, China has given Kenya grants and loans for infrastructure, plant and equipment. These were mainly in road construction projects, modernisation of power distribution, rural electrification, water, renovation of the Moi International Sports Centre Kasarani,medical drugs for fighting malaria, and construction of a malaria research centre. China has for a long time awarded scholarships to Kenyan students wishing to undertake their studies in China, in diverse fields. About 100 scholarships are given by the Chinese government to Kenyans each year, twenty of which are in medical related fields. On technical training, approximately 500 people from the public and private sectors benefit every year. More recently, China has been giving tariff 36 exemptions to various products originating from Kenya with the hope of promoting trade between the two countries **(Ministry of Foreign Affairs, Kenya, 2006)**

Germany is, after the US and UK, the third-largest bilateral donor to Kenya with an overall aid budget in 2007 of EURO 45 million. Germany's development cooperation funds are managed through a relatively complex structure of institutions. The German embassy carries the political and economic responsibility on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ). The aid programmes them, however, are managed by a number of specialized German agencies, including the KfW development bank, the German Development Service (DED), the Centre for International Migration and Development (CIM), and the German organisation for Technical Cooperation (GTZ). Although its priority areas are private sector development, water and sanitation, and health, Germany has gradually become a significant player in the field of democracy and governance, as well. For example, through the EURO 5.4 million Good Governance Support project (2005–10), GTZ is providing a range of management support and advisory services on coordination, anti-corruption and access to

justice activities as well as giving financial and capacity-building support to non-state actors. This project also includes an EURO 2 million contribution to the GJLOS donor basket fund. As of June to September 2009, GTZ considered a new EURO 5 million project on Promotion of Justice, National Cohesion and Peace in Kenya which aimed at addressing the causes of the 2008 election crisis and avoiding the outbreak of a fresh round of violence around the elections in 2013 **(GTZ , 2009).**

Germany is one of the African Development Bank's largest shareholders and financially contributes as much as any other country to the African Development Fund. Germany is a major player in the European Union's development cooperation, the World Bank, the UN Food and Agriculture Organization(FAO) and international debt relief initiatives (such as the Heavily Indebted Poor Countries Initiative, HIPC).German development policy thus helps shape global Development policy. Germany is directly active in those key sectors which are crucial to eradicating poverty and hunger and enabling individuals and the wider society to develop freely. These include healthcare, water, rural development and food security as well as education, research (wildlife conservation) and culture. Germany gives away 200million EUROS yearly to support programmes run by the Global Fund to Fight AIDS, Tuberculosis and Malaria. Thanks to the Global Fund, around 2.5million people are receiving AIDS treatment today, and tuberculosis medication has reached 7.7million (GTZ, 2009).

Germany as one of Kenya's principal partners opened a diplomatic mission in Nairobi immediately after independence in 1963. It has advanced at least Sh17.5 billion (140 million Euros) to fund various projects in the 2010-2013 periods. Germany is currently involved in projects worth 122.16 million Euros (Sh15.9 billion) in the country. Much has changed since the start in the 1960s. What began as emergency food aid has grown into a wide-ranging program, enabling a swift response to new developments, such as the present drought or ethnic tensions and unrest such as the one occurred after Kenya's general elections in 2007 which killed more than 1,000 people. Germany supported the difficult process of reconciliation. Germany's development aid policy places high value on good governance in partner countries, coupled with a commitment to fight corruption **(GTZ , 2009)**. It is against the foregoing background that this study seeks to investigate the bilateral relations between Germany and Kenya.

1.6 Statement of the Problem

Kenya like many other African countries, attained political independence in the early 1960s and embarked on a vigorous programme of development within a policy framework which gave prominence to Oversees Development Assistance. This programme focused on fighting three key enemies namely poverty, disease and illiteracy. Since independence Kenya adopted a path of partnership with donor countries but there has been a major omission to examine the terms, rules and principles of development cooperation within which development support has been given. This is important given that communicative bilateralism yielding some of bilateral agreements were informed by the rivalry in the Cold War period in the relations between the Western European free market economies and the controlled Soviet Union economy.

In view of this gap in knowledge, this study sets out to investigate the role of German development assistance in Kenya's development process during the Cold War period and in the period upto 2003. It attempts to establish the link between Germany's economy and her foreign aid policy with special reference to Kenya. The study primarily seeks to trace the historical roots and evolution of German-Kenya economic relations taking note of the norms and values which flow from and are determined by purposive rationality emanating from the philosophy of Overseas Development Assistance (ODA) with the view to establishing the place of Germany aid in the post independence economic development of Kenya.

The study attempts to identify the dynamic determinants of Germany's foreign aid towards Kenya. In particular the study seeks to characterize the nature of the bilateral aid relations between the two countries. It also highlights the impacts of these relations.

1.7 Objectives of the Study

The objectives of this study are as follows:

(a) To analyse the main perspectives in the debates on development aid.

(b) To establish the major features of the Germany policy on donor aid to Africa in general and to Kenya in particular.

(c) To analyse the trends in the German-Kenya bilateral relations over the period under study.

(d) To assess the overall impact of German development assistance on Kenya's development.

1.8 Research Questions

The following research questions were developed from specific objectives outlined above. The study seeks to address the following questions:

(a) What are the main perspectives in the discourse on international aid to developing countries?

(b) What have been the determinants of Germany foreign aid policy to African economies?

(c) What has characterized the nature and evolution of German aid to Kenya over the decades?

(d) What impacts can be adduced from the long history of Kenya-German development aid relations?

1.9 Research Premises

This study is based on four premises namely:

(a) The main features of the Kenya-German cooperation since independence have been articulated as part of Germany's general foreign aid policy to Africa.

(b) Kenya's development strategy of partnering with Germany was a product of the Cold War context of world political affairs in the second half of the 20th century.

(c) Germany's donor support programme to Kenya which began at independence in 1963 has had a dynamic history.

(d) Germany's foreign aid policy enhanced Kenya's development, and fostered both interdependence and dependency relations between two nations.

1.10 Justification and Significance of the Study

Germany is one of the main industrial nations of the world today. After the USA and Japan, the German economy is the third largest in the world. The significance of Germany in European affairs cannot be gainsaid. Research on German-Kenya relations is currently minimal. The available research on German-Kenya relations is too generalized (see **Heimpel, 1992**) and mostly relates to Africa as a whole (see **Hofmeier,**

1994, Engel and Kappel, 2002, Hillebrand, 2002). That is why this study is both significant and justified. Indeed, since this study is interested in social questions, the major transformations, which the Federal Republic of Germany (FRG) has gone through, are analysed. One major question we attempt to answer in this study is: How was it that a nation which had experienced so much political and economic disorder, in the first half of the 20th century, turned out to be so successful? We pose this question in relation to Kenya's development record.

It is significant that apart from *Witu* on the Coast, Kenya was never under German colonial administration. Though the country was formerly a British colony, Kenya's aid relation with Germany has been expanding considerably. What therefore is the motive force of these aid relations? And what results have accrued out of it? The findings of this study are therefore beneficial to Kenyans in general and policy planners in particular. Furthermore, this study seeks to demonstrate that the subject of German policy toward Kenya can be profitably done at a micro-level. This has been evident in other studies **(Okoth, 1992, Imbisi, 1996).** Imbisi's (1996) study on Japan-Kenya relations reveals that Japan borrowed extensively from Germany to be what she is today. Therefore, part of our interest here was to establish what Kenya learned from Germany.

1.11 Scope and Limitations of the Study

This study examined the development aid relations between the FRG and Kenya from 1963, when Kenya attained independence, although it seeks to establish the deeper historical background of German interests in Kenya by tracing them back to their year of origins. Turning points in German-Kenya relations have been investigated. Again, generally, the study has identified and categorized the determinants of German development assistance policy towards Kenya. The study ends in 2003 when there was a notable transition from KANU stranglehold over power in Kenya to a National Rainbow Coalition (NARC) government that brought a non-KANU president to power. One is keen to see the continuities in policy and bilateral relations between the two countries following this transition.

In this study, the researcher undertook most of his investigation on works dealing with the history, politics, and economics of development assistance policy. The bulk of the study of the history of development assistance focuses on programmes of pre-

unification, West Germany and the post unification Federal Republic of Germany formed in 1990.

1.12 Literature Review

A number of studies have been found to be of great benefit to this work. **Shaw and Aluko (1984)**, for instance, argue that Kenya's foreign policy and development strategy have been consistent since independence. At independence and throughout the 1960s and 1970s, Jomo Kenyatta, the first president of Kenya, together with his colleagues, were committed to building Kenya upon the institutions, structures and political values inherited from the British. The development strategy adopted conformed to capitalist values and ideas. All kinds of aid were sought from Western countries and relations with the West strengthened. Some scholars have described Kenya's foreign policy during Kenyatta's regime in the 1960s and 1970s as quiet diplomacy **(cf Orwa, 1988).** Under president Moi Kenya became much more vociferous in defence of Western interests and positions.

Schulz and Hansen (1984) posit that the forces, which generate official relationships between West Germany and sub-Saharan Africa, spring from interests of West German capital rather than from any particular concern about the fate of the peoples of Africa. Thus, Africa's importance to West Germany lay in her ready market, `self investment' of capital and provision of vital raw materials. Furthermore, it is stated that since 1967, Germany's foreign policy and development aid was primarily aimed at safeguarding the Western dominated international system. It was aimed at preventing the developing countries from leaving the capitalist world system by learning towards socialist ideology and solutions to their problems.

Hofmeier (1986) is of the view that Germany remains one of the major donors in Africa, with some kind of presence in practically every country. He characterizes German aid policy as lying somewhere between that of the `hardliners' and the `progressives'. The German development aid policy is described as consisting of a mixture of different elements, namely, support for economic interests, containment of the Soviet Union, humanitarian motives and emancipatory efforts of Third World countries. Hofmeier's argument is useful in helping us apply the general observation he makes to Kenya-German relations.

Swainson (1980) has sought to detail some of the features of capitalism in Kenya from the colonial to the post-colonial period. The first part in this text examines the development of corporate accumulation in the context of the settler economy. Swainson observes that at the political level, the Kenyan ruling class has been required to integrate competing capitalist interests and keep down popular movements. There have been only a few serious threats to the political supremacy of Kenya's ruling class. This is because this class devised remarkable mechanisms of maintaining state power in the face of bitter factional disputes. It is further observed that even after the death of President Kenyatta in August 1978, the ruling class proceeded to realign at the political level with remarkable cohesion. The view here is that these changing alignments within the power structure might herald a long-term shift in the pattern of accumulation of the time. To some extent, this study shows how the ruling class in Kenya has responded to German capital without defining the limits of partnership in clear-cut policy terms.

Leys (1975) is against the idea of an `overdeveloped' state in Kenya. He argues that the petty bourgeoisie do not control the state; instead he is convinced that in Africa, the dominant class is still the foreign bourgeoisie. This is due to the fact that the petty bourgeoisie who make up the bureaucracy are influenced in their institutional actions by foreign capital. However, despite the designation of this cadre of politicians as petty bourgeoisie in dependency literature, because of their comprador status, it is important to point out the controversy surrounding the use of this term given that in the classical Marxist sense, the petty bourgeoisie are a 'prostitute class' composed of professionals, small merchants, students and university professors who own very little but who are ambitious to become full compradors.

Leys' work influenced Raphael Kaplinsky amd Steven Langdon. Kaplinsky was to assert that there was little evidence of any profound change in Kenya's economic structure **(Kaplinsky, 1982: 198).** In subsequent works, Leys revised his earlier position and recognized the emergence of an accumulating indigenous group of capitalists in Kenya **(cf Leys, 1982 and Leys 1996).** For **Leys (1996),** the fall or even the death of a theory is stipulated when it is in tandem with reality. Such is the fate of development theories, which, according to Leys, have now reached an impasse. For him, the ground upon which development theories emerged some thirty years ago seemed to be concurrent with the independence of ex-colonies, with the political division of the world

into three camps, and with the formalisation, through the Bretton Woods institutions, of nationally regulated systems. That period seems to be over. Consequently, following the end of the Cold War, the Third World has fragmented while an internationally regulated trade and finance regimes have curtailed the scope for state economic intervention. Now the challenge for development theory is the problem of how to re-subordinate the market to a new system of international and national regulation **(Leys, 1996:vi)**

Although Leys dependency conclusions are invaluable to our study on economic development in Kenya, there is need to discern details and nature of the impact of German capital on Kenya given the nature of the country's dependency. Could there be a parasitic relationship that undermines communicative reason in the Habermasian sense? Whereas Habermas talks about the colonization of the life world by official systems leading to a perversion of public life and politics, he, however, emphasizes that different modes of interaction can, in some ways, facilitate these social functions and achieve integration within the life world hence the need for coordinated action plans **(cf Habermas 1989)**. Habermas differentiates communicative action from strategic action stating that strategic action is action oriented towards success while communicative action is a type of relation in which all participants synchronize their personal plans of action with one another. For him, coordination of action plans constitutes the social integration of the life world that can be accomplished either through consensus or influence **(Habermas, 1984:294).**

Nyong'o (1992) covers diverse topics on development, which are of use to this study. Other contributors to **Nyongo (1992)** are Samir Amin, Bourenane, Mkandawire, Wagao and Nabudere. Samir Amin argues that for along time development has been seen as the responsibility of the state. Amin is convinced; this ideology of development needs to be revamped. It should be people centred at social, intellectual and moral levels. He argues that little is known about what Africa has achieved in terms of development because the wrong questions are often asked. So as to begin asking the right questions, the ideological cobwebs in our discourses must be cleared. From Amin's standpoint we pose the questions: has there been development in Kenya since independence? Has Kenya's relations with Germany been a continuation of unequal development characteristic of colonial era that would necessitate a Harbarmasian consensus between radically unequal actors?

Bourenane (1992) attacks the dominant Afro-pessimism perspective in African discourses on development and proposes an alternative approach. He argues that Africa has certain achievements of the post-independence era worth celebrating. In the area of human resource development, some progress has been made. In terms of inter-regional trade, a lot goes on which can not be quantified or accounted for. Thus, while there are problems, this should not engulf Africans into always thinking in the negative. He proposes an alternative development which is made up of three elements, namely, the building up of democratic structures; the integration of the youth into both national and international institutions and training and education of people in democratic attitudes since these attributes are not inborn.

Mkandawire (1992) declares that African governments have made worse their economic predicament by being in debt at the wrong time. Recent cases of borrowing in the international financial markets have been to deal with balance of payment crises and not to invest in productive enterprises, which could boast the development potential of the continent. It is on this basis that he refers to Africa's economic development in the eighties in terms of the `lost decade'. Regional integration has neither been good. Neither has national integration succeeded. He grapples with the question: What went wrong in Africa economies? Part of the concern of our study is to make a historical assessment of economic development in Kenya with special reference to the role of Germany in this schema. Given that Germans are a highly cultural people, it is important to consider how culture enables the adoption of an ethical position in bilateral discussions. That is why Habermas talks of a communicative ethic and communication as a fundamental link between construction, integration and adoption of any policy **(Davies, 2007: 779-800).** His communicative ethic is part of a broad discourse ethics in which he attempts to give details on the inferences of communicative rationality in the field of normative validity and moral insight in a reformulation of Kantian deontological ethics. Whereas the thrust of Kantian deontological ethics is designated as moral obligation, which he calls categorical imperative, Habermasian discourse ethics reformulates this in terms of communicative structures. He develops his concept of communicative action that for him serves to renew and transmit cultural knowledge in a course of action of attaining mutual understandings **(Habermas, 1984:124).** The question of mutuality is very critical in bilateral processes as this study demonstrates.

Wagao (1992) asserts that sub-Saharan Africa has so far failed to formulate and consistently follow a proper policy of development. The limited growth of per capita GDP that has been realized during the last thirty years is largely the result of a favourable set of circumstances rather than the result of a policy of development. He further notes that the adoption of World Bank Fund sponsored Structural Adjustment Programmes (SAPs) have obscured the real issues confronting sub Saharan-Africa. What may be at stake is to improve the planning process in sub-Saharan Africa in order to achieve a realistic harmony between the approach to solving immediate and more pressing problems and other concerns aimed at medium and long term challenges.

According to him, the heart to Africa's development is not a 'Foreign Exchange Myth' but must be indigenous resources and their commitment to the nation's development. In this study we investigate how Kenya's development strategy led to the demand for German aid. This is critical for us given that Habermas's idea of communicative actions suggest that real social development comes through the achievement of consensus among those involved in negotiation and partnership.

Aseka (1996) is an analysis of challenges, problems and contradictions of the global political economy in the 20th century, and how they impinge on Africa's development in the 21st century. He makes an analysis of the Africa economic crisis and argues that a complex mix of historical factors and those of our own making have caused it.

Management of these problems in the 21st century and beyond can only take place if African governments, among other things, rethink and adopt the Lagos Plan of Action of 1980 formulated by Governors of African Central Banks in 1979 in Monrovia and endorsed by their respective governments, but which was to be left in abeyance in favour of the Bretton Woods institutions' blue-print of SAPs and calls for a new international economic order. What are Kenya's interactive achievements, which enable it to instrumentally or strategically rationalize bilateral agreements? Our study seeks to identify the lessons Kenya can derive from Germany development in the light of her quest for prosperity. For instance, what propelled Germany to emerge as an economic powerhouse in the Cold War period and beyond, despite the ravage of the two world wars?

Arnold (1979) contends that West Germany of the Cold War era was incomparably the strongest of the European economies, but her aid effort is not commensurate with her economic strength. In historical terms this is due to the fact that unlike Britain, France and Belgium, West Germany was not a recent ex-colonial power. Its aid position was described as hardliner. The country's interests in Africa were spelled out in general terms of trade (markets) and investment. There was no specific reference to Kenya. Furthermore, Arnold argues that aid was primarily an arm of foreign policy that championed the self-interest of the donor nation's government. He adds that the long-term effects of aid were usually to tie the economy of the recipient into the system of the donor. This is critical in demonstrating how conditions of dependency on aid generate restraints on efforts towards the attainment of economic independence. Accordingly, economic development can only take place, if it is internally oriented.

With respect to what was then the Federal Republic of Germany (1980) also referred to as West Germany, an official government document states that at the end of the Second World War, Germany had suffered the greatest defeat in its history. Most towns lay in ruins, a quarter of all houses were destroyed or heavily damaged. The economy and transportation networks were smashed. Millions of Germans were captives, millions homeless, millions in flight. Germany appeared to have no future. This work states that external relations played a major part in the Federal Republic's economic life.

Consequently, from the outset the Federal Republic opted for integration into the world economy and committed herself to the principle of international division of labour. Germany's external economic relations are driven by the motivation of investing abroad as well as securing and widening export markets. Although, it may be assumed that Germany's economic cooperation with developing countries does not involve political conditionalities, the Habermasian notion of the colonization of the life world provides a different picture because the politics it generates perverts public life. For him, the goal of coming to an understanding is inter-subjective mutuality, shared knowledge, mutual trust and accord with one another. In other words, the primary objective of reaching a consensus should be the fostering of enlightenment, consensus and goodwill **(Habermas, 1979:3).** There is need to find out the possible existence of goodwill towards Kenya in Germany's bilateral relations.

Fulbrook (1992) examines the history of the two Germanies. She periodizes the history of the two Germanies in terms of: Occupation and division 1945-49, Crystallisation 1949-61, the decade of development 1962-72, the established period, 1972-88 and the end of the two Germanies, 1989-90. She looks at politics, economy, society and patterns of culture, particularly with respect to the periods of crystallisation, development, and the established phase. She grapples with the question, why did West Germany appear to be the winner at unification? She rightly finishes this discussion on the note that the recombining of the two Germanies will remain a subject of lively academic controversy as well as political engagement. This study is a historical piece that sheds more light on the emergence of German into an economic heavyweight.

Germany Federal Ministry for Economic Cooperation (1975) is a report on the development policy of the Federal Government covering the period 1973 to 1974. The report in part asserts that the regional distribution of funds from Germany for technical and financial cooperation with developing countries had shown a marked tendency in two years upto 1975 towards concentration on a small number of recipient countries. Some of the areas for technical cooperation include agriculture and forestry, fisheries, promotion of training, education and science. Financial cooperation involves public utilities, industry, mining and construction. Co-financing with institutions such as World Bank is part of Germany's international cooperation. But this report treats Germany relations with developing countries in general terms. This study addresses the specifics of Kenya-Germany cooperation in historical perspective. It also historically traces the efforts of Germany to assist Kenya through multilateral agencies in view of the fact that Overseas Development Assistance (ODA) which Germany had embraced is a category of development assistance that needs to be analyzed.

Giersch et al (1992) is an account of economic policy in West Germany from the late 1940's up to 1992, and has been carefully updated to include a survey of the way Germany has reacted to the new challenges presented by the unification of the two Germanies in 1990. Five distinct areas are covered, first, the early post war misery ending with the celebrated liberal reforms of June 1948 that laid the ground for the so called social market economy. Second the miraculous growth of the country which was characterized by a spring up into prominence in the 1950's. Third, the golden years of full employment and demand management from the early 1960's up to the World wide

caesura of the first oil crisis in 1973. Fourth, the fifteen years of the country's slow economic growth and the subsequent period, and fifth, the dramatic political and economic unification of the two Germanies which set up a challenging new agenda for policy makers.

Currently it can be argued that the national and international cost of Germany unification had an impact on Germany as a partner for African countries in their quest for development. Alongside gigantic projects in Eastern Europe, even small-scale projects such as the building of schools and the creation of craft and agricultural businesses on behalf of ethnic German minorities in Kazakhstan, Ukraine, Russia and other successor states of the USSR demanded considerable sums of money, which would then be withdrawn from its earlier entrustment to development cooperation with Africa. An argument has been made to the effect , that assistance to Africa faces a predicament of authenticity. The present mood in the contributor societies is one of growing cynicism and great frustration and that is why there is need to re-examine and even re-think the terms, rules and principles of development cooperation. The authenticity of the aid project will continue to wear away without clear substantiation that aid is helping Africa to advance economically. There is grave and perhaps growing uncertainty about aid to Africa.

The World Bank ropes the common claim that the so called 'donor fatigue' of the 1990s can explain falling aid to Africa. According to the Bank, the donor fatigue is partially explained by the belief that aid to Africa has done little to raise growth or reduce poverty. The second tendency in the present debate on aid to Africa does not recognize that there is a predicament that mirrors shrinking public support. In contrast, it argues that public view plays a constructive role and that it has an effect on policy makers involved in aid policy **(Olsen, 2001:645-646, Roop, 1992:403-404)**

1.13 Theoretical Framework

This research is underpinned by selected aspect of Habermasian and dependency theories. In many respects, social science explanations are explanations of social reality and explanations of history are a matter of interpreting particular institutions and events in their social context and that is why this study seeks to bring out the value of culture and the ethicality of bilateralism in development partnership. The theoretical elaborations

undertaken in the study signify the need for us to undertake some theoretical rethinking and repositioning in view of the multifaceted nature of the state and the development crisis in Africa. It is a crisis that generates gestures and interventions of donor support from different partners whose character needs to be historically and conceptually explained in an innovative way where possible. It has been said that the crisis of Africa is not just a crisis of the state and governance, but also an intellectual crisis, namely a crisis of theory **(Aseka, 1998:1-2)**. As such, development bilateralism needs to be both intellectualized and theorized in an integrated approach that pieces together salient elements of different theories to provide us with a feasible framework within which we can explain the phenomenon of development bilateralism.

Despite the assumed demise of modernization theory and criticism leveled against the dependency and underdevelopment theory in the face of intense debates in the 1970s and 1980s, Habermas provides us with a link between Postmodernism and Marxism since he conceives postmodernity as a continuation of modernity. He is a child of the Frankfurt School of Theodore Adorno, Max Horkheimer and Herbert Marcuse who were originally Marxists but eventually became postmodernists. Instead Habermas when he argued that modernity had neither come to an end nor was it a finished project. While the rest dismissed modernity calling it oppressive, he did not consider it prudent to dismiss modernity. He argued that modernity could still be remodeled to improve humanity.

The Frankfurt scholars had embraced a form of neo-Marxism since these thinkers dismissed some aspects of Marxism, which resulted in the inception of Critical Theory. The dependency theorists like mainstream Frankfurt School were disturbed that Western modernity had caused human suffering especially in the periphery. Their solution was a socialist paradigm of development free of Western modernity because Western modernity had caused the culture of dependency, which was the cause of underdevelopment (**Amin, 1974, Frank, 1969**). But Habermas was of the view that modernity was not necessarily bad. As such, through the theory of communicative action, modernity could be appropriated to bring peace, understanding and therefore lead to emancipation.

We see a possibility of situating the Kenya-German relations on the valuable analytical components of Habermasian critical theory and dependency theory that help illuminate socio-economic bilateral spaces that could be best described as consensus-based forms of social domination. That is why we say that the different debates and

contestations surrounding theoretical formulations have created spaces, which necessitate the need to have a critical look at the emerging alternative theories with the express purpose of harnessing some of them to analyze the emerging realities of development partnership.

Until the end of the Cold war, it was fashionable to analyse Africa's social, political and economic development in terms of modernization theory. This theory is rooted in the Neo-classical economics of the late 19th century. Neo-classical economics treats three factors of production namely land, labour and capital, equally. None of them is regarded indispensable. Hence the possibility of exploitation is excluded. Neo-classical economists and political thinkers emphasize social peace at the expense of conflict. When they analyse the economy of pre-colonial Africa, they dismiss it as primitive, static and backward. They argue that colonialism was an agent of growth and progress in Africa for it produced a vent for Africa's surplus resources, which were previously unter-utilized before (**Chilcote, 1984**). Various social movements emerged to fight against colonialism. Habermas who within a framework of Critical Theory embraces modernity seeking to develop it sees the essence of modern society in terms of the progressive role of new social movements. He stresses that conflict in modern society move away from the production relation sphere to the domain of culture and politics **(Mitrovic, 1999: 220)**

Prior to the Second World War, in modernization thinking, underdevelopment was equated with `backwardness' of a people and the reason for this was sought in the broad historical and environmental conditions. This is when `Environmental determinism' was at its zenith. Economic `backwardness' of the continents of Africa, Asia and Latin America was explained in terms of inferior social environment (**Chilcote, 1984)**. After the Second World War, nationalists in Africa and elsewhere wanted to achieve social and economic development for their people, therefore, they began to ask questions about development. They perceived this development from a somewhat modernization view informed by modernization theory. This is a theory that has been used to summarize modern transformations of social life. It is a Euro-centric theory that looks at the internal factors of a country in an evolutionary sense based on the form of modes of business or social life, which came out in Europe from the 17^{th} century onwards. The theory appeared in three waves with the first wave emerging in the 1950s and 1960s. This wave of the

theory was characterized by its emphasis on economic development. Its major features were mass media promotion of the global dispersion of many social and technical innovations that were conceived to be essential to modernization. It also emphasized literacy and social development as well as the development of national identity and the drive towards democratic policies and governance **(McQuail, 2000: 84).**

Jurgen Habermas may be socially located in the second wave of modernization theory looked at as part of the critical theory that was popular in the 1970s and 1980s. The Habermasian theory does not support but criticizes the influence of Western modernization. This wave of modernization is, therefore, held to be a case of Western cultural and economic imperialism or dominance **(Schiller, 1976).** The Habermasian motif finds its way into the third wave of modernization theory, which is said to have arisen in the 1990s in the formulations of a late, high or so-called post-modernity also articulated by the likes of Antony Giddens. Giddens showed that whereas contemporary society is typified by time-space disembedding and distantiation mechanisms, traditional society is founded on direct relations between persons living close to each other. As such, contemporary societies extend further and further across space and time using interactive media and mass media **(Giddens, 1991: 75)**. This wave of the modernization theory tries to be more neutral, being not in favour or against Western transformation. Rather it endeavors to reveal the contradictions in the modernization process and to elaborate the price of modernity for individuals in contemporary society.

Writers of the modernization school see development as the process of social change towards those processes of social, political and economic institutions of North America and Western Europe. Western societies are described as `modern' and `industrialized'. While underdevelopment is regarded as original or a social stage where Western societies once were. A very important contributor to the theory's evolutionary perspective is W.W.W. Rostow. He conceived five stages of economic growth that appear to be good examples of the evolutionist view of social change underpinning the modernization theory that embody the tenet that social advancement as it happens in a particular society be conventional with a fixed pattern. He assumed that it is possible to identify all societies, in their economic dimensions and pursuit of modernization, as lying within one of the five groups: the traditional society, the prerequisites for take-off, the

take-off, the compulsion to reach the prime of life, and the age of high mass-consumption (**Chilcote, 1984).**

Modernization theory has been criticized on many grounds and this has in a way contributed to its demise. It is usually argued, for example, that many of the solutions derived from this theory by the developing countries have left those countries in a worse state. It is, for example, argued that the prescriptions from this theory have deepened underdevelopment since food production has declined, industrialization is at a low level and foreign domination of the economy is on the increase. This theory's indices of measuring development and its categorization of Africa as static, backward and undeveloped have been questioned by historical studies. It is now an established fact that Africa's social, political and economic institutions had developed long before the coming of Europeans **(Rodney, 1989)**. Unlike the modernization theory that portrays an evolutionary harmony, for Habermas a level of understanding social facts, moral justification and legal standards corresponds to each level of the social development **(Mitrovic, 1999: 221).**

It is postulated that modernization theory does not conceptualize underdevelopment in a historical sense. It ignores the history of the Western societies at their traditional stage. Hence it does not tell us that western societies developed slave trade, fascism and imperialism. It is also pointed out that non-western countries could not improve using the Western model as the Western countries had exploited the rest in order to improve.

Furthermore, the paradigm assumes that development and organization of an economy can take place in the setting of an implicitly harmonious order where there would seem to be no internal structural contradictions. It is a theory that does not explain the origins and reproduction of inequalities between different groups. By ignoring the process of capital accumulation that includes exploitation both internally and externally it cannot adequately describe development. For Habermas in the course of the human society, development and as new modern organizations are formed to mediate among people, these organizations become dominated by money and power orientation, monetization, bureaucratization and politicization **(Mitrovic, 1999: 221).**

This study integrates Habermas's theory of communicative action and purposive dialogue with the dependency and underdevelopment theory notions of unequal

exchange, exploitation and uneven development to analyze the German factor in postcolonial economic development in Kenya given that, as Habermas states, colonizing the life world life and turning it into a medium for monetary and political trafficking becomes apparent **(Mitrovic, 1999: 222).** The theory of communicative action posits life as both a "life world" and "system". Habermas argues that all human action involves language use and that linguistic communication is impossible without raising what he calls validity claims**.** As such, the Habermasian theory of communicative action is a subset of Critical Theory. As Schroyer says; it is an important approach in critical science whose primary focus is the critique of domination **(Schroyer, 1973: 27).** Members of the Frankfurt School, which birthed Critical Theory, included leading academics in philosophy, sociology and history comprising scholars who worked together at the Institute for Social Research at Frankfurt between roughly the late 1920's and 1935. Its chief intellectual leaders were Theodor Adorno (immanent criticism), Max Horkheimer (a rational society of free human beings), and Herbert Marcuse (a rational society where labour is libidinous and a joyful experience) **(Held, 1980, Seidman, 1994).** All these scholars influenced Habermas a great deal but also in a fundamental sense, Walter Benjamin who dismissed history also influenced him. However, it was Hannah Arendt's idea of redemptive power of narrative that had a more visible impact on communicative action in its affinity to purposive dialogue **(Aseka, 1998).**

Adopting the centrality of understanding in discourse Habermas argued that beneath the near-infinite variety of human desires are three universal desires. These social interests give rise to general forms of cognition and experience. Habermas referred to three types of information that correspond to three cognitive interests, each of which is said to be basic to the on-going reproduction of human existence. These are: 1) empirical analytical sciences (the natural scientific ideal), 2) historical sciences (interpretive/cultural) and 3) emancipatory cognitive sciences (critical sciences).

The empirical analytical sciences focus on apprehending empirical regularities and making predictability possible. They are governed by "a technical" human interest in enhancing control over nature and society. Social theory was being rethought from the positions of viewing industrialization as an increasing utilization of state support for a permanent revolution of scientific and technological innovation to serve the particular purpose of mediating conflict and managing social change **(Schroyer, 1973: 27).**

It is assumed that the sciences are rooted in the necessity of human reproduction through work or controlling our inner and outer environment. The reproduction of human life through exercising mastery over self and the world is made possible by our capacity to cooperate, communicate, and share a common world. Habermas in a way makes arguments drawing on premises of modernization theory **(Habermas, 1998).** It is only because we share language and a world of meaning that has historical and cultural imperatives whose national import may determine the nature of communication and the issues being negotiated in making bilateral relations feasible. The above argument helps mitigate the quest to understand the nature of agreements signed, the nature of bilateral relationship and the texture of diplomatic language in operation in the Habermasian sense of technocratic strategy and its notion of rationality called instrumental reason **(Schroyer, 1973: 27).**

The "practical" cognitive interest gives rise to the historical, interpretive, or cultural sciences whose aim is to clarify the meaning of texts, actions, and social events in order to promote mutual understanding. This interest helps in understanding diplomatic texts, actions and meetings. The third aspect is the emancipatory cognitive interest that gives rise to the critical sciences such as Marxism and psychoanalysis. These aim to identify unnecessary psychological, social or environmental limitation on human action with the hope that such awareness will promote autonomy **(Seidman, 1994).** These aspects inform this study on the impediments to the diplomatic cooperation between these two countries. But again the question is, do we find equality and freedom of interest in relations between Germany and Kenya?

Habermas's brand of critical theory is anchored in a universal human interest in autonomy. His communicative rationality provides for strengthening of civil society autonomy in expanding the space reserved for free action and communication of people. In essence, his theory portrays society as a communicative community (**Mitrovic, 1999: 217).** In the theory of communicative action, Habermas's central thesis is that of a dualistic view of society as both "life world" and "system". In the theory of communicative action, Habermas argues that all human action involves language use. Moreover, linguistic communication is impossible without raising what he calls "validity claims". In order for individuals to share a common social world, to cooperate and coordinate actions, there must be some consensus about what we take to be real and what

social norms are appropriate in various situations **(Habermas, 1990: 399, Seidman, 1994).** Is there consensus in the interaction between Germany and Kenya? Does the language used impinge on the relations between these two countries? For Habermas, people who are in mutual communication bring about rational decisions founded upon rational argumentation and consensus **(Mitrovic 1985: 218)**

In a conceptual sense, it is unfortunate that quite often discussion and deployment of Habemarsian motifs and principles have not been stretched to the politico-economic arena in Africa in the sense in which Habermas constituted this arena as constituting a system and lifeworld. He divides the system and lifeworld into economy and state administration and into private and public spheres respectively. It is a politico-economic arena about which he argues that capitalist economic and socio-political systems make up an overarching structure of society within which institutionally ingrained knowledge frameworks provide for social interaction and discussion that act as the driving force in the construction of reality. Habermas stresses that conflict in modern society move away from the production relation sphere to the domain of culture and politics. For Habermas in the course of the development of human society modern organizations are formed to mediate among people. These organizations become dominated by money and power orientation, monetization, bureaucratization and politicization. There is emergence of capitalism that is public sphere out of control of the state which is heavily influenced by mass media. In order for individuals to share a common social world, to cooperate and coordinate actions, there must be some consensus about what we take to be real and what social norms are appropriate in various situations **(Habermas, 1987).**

Communicative action is an aspect of modern critical theory to which Habermas is an outstanding contributor. The theory and politics of Marxism were at the centre of Habermasian theorizing that is part of the so-called critical theory to which, apart from Habermas, Herbert Marcuse and Henri Lefebre belonged **(Schroyer, 1973).** The fundamental breakway of Habermas from the Marxist orientation of the Franfurt School is significant in the sense that whereas Marx viewed history as the linear, progressive unfolding of successive socio-economic formations propelled by internal contradictions in the prevailing mode of production **(Seidman, 1994),** Habermas, was to reconstruct Marx's theory based on the formulation of a theory of communicative action. The latter theory was meant to provide an alternative to the Marxian philosophy of history and

thereby present logic of communicative action which provides a fundamental link between construction, integration and adoption of foreign policies. Habermas's theory of communicative action is intended to give an alternative to the philosophy of history on which early critical theory still relied. It was meant to be an outline within which interdisciplinary research on the discriminative pattern of capitalist transformation could be taken up once again **(Habermas, 1992:397).**

The concern with underdevelopment and dependency evolved from the earlier discourses on imperialism and its effects. Relationships of dependency and descriptions of exploitation and deformation were mentioned in the writings of Marx, Lenin, and Trotsky. Lenin wrote ***Imperialism the Highest Stage of Capitalism*** in which he analysed the external and internal dynamics of capitalist exploitation and underdevelopment addressing peculiarities of Russia vis-à-vis the much more industrialized Western Europe in which Marx had anticipated a proletarian revolution. Marxism-Leninism, therefore, involved a measure of revisionism. Unhappy with the fact that the modernization theory was Euro-centric and that development approaches deriving from this perspective had led to buttressing conditions of dependency and underdevelopment of less developed countries, Third World writers following the neo-Marxist formulations of Paul Baran and Raul Prebisch came up with an alternative theory **(Amin, 1974, Frank,1969)**. They noted that the writing on imperialism overlooked internal and external dynamics generating underdevelopment. Thus, the more modernization takes place, the more the dependency and underdevelopment are entrenched. Gunder Frank, Samir Amin and Walter Rodney among others articulated this position.

The theoretical underpinnings of the dependency and underdevelopment perspective have their foundations in the writings of the United Nations Economic Commission for Latin America (ECLA) General Secretary and its Chief Economist, Paul Prebisch. Prebisch divided the world into two parts, a centre of industrialized countries and a periphery of underdeveloped countries. Prebisch demonstrated that there had been deterioration in the conditions of trade for the margin, the result of distortions in international commodity markets which impeded development because of a decline in exchange earnings **(Chilcote, 1984)**. Prebisch's ideas were joined to other social and political concepts, in what was to become known as dependency and underdevelopment theory.

The best-known exponent of dependency theory was Andre Gunder Frank who asserted that the countries with the closest past ties with metropolitan powers were the weakest ones today (**Frank, 1969**). He arrived at this conclusion by analysing how the economies of Latin America had developed. He showed that since the 15th Century, Latin America had been drained of its surplus by the capitalist west. He said underdevelopment was not an original condition but the product of a historical process which can be traced to particular societies. According to Frank, underdevelopment and development are two sides of the same coin. There are satellites and metropoles. The surplus is drawn from the satellites at each successful level towards the metropoles (centre). This has facilitated the development of capitalism **(Frank, 1969).**

There is need to bring about a dialogue between dependency theory and Habermasian theory of communicative action and purposive dialogue. Purposive dialogue with its emphasis of purposive rationality is a key component of this Habermasian theory of communicative action and it should be perceived to lead to purposive rational action. Purposive rational action systems refer to all human activities that is guided by technical rules based on empirical knowledge **(Schroyer, 1973: 148).** This dialogue is critical in developing and harnessing the potential of a Habermasian consensus.

Samir Amin (1974) and **Walter Rodney, (1989)** introduced tenets of the dependency theory in Africa. These scholars argued that before the 15th Century Africa was developing like any other countries of the world, until, the 16th century when the capitalist demand for labour in the plantations in America led to the export of human labour (slave trade) from Africa to America. This was the start of underdevelopment and unequal exchange in Africa. This process has continued to date. Slave trade also led to technological stagnation and the distortion of African economies.

The second stage of Africa's underdevelopment was the colonial period. It deepened the process of underdevelopment. The third stage is that of neo-colonialism. African economies are dominated by foreign capital. Hence for these scholars, dependency marks a new era of underdevelopment. This era is characterised by decline of terms of trade and the ever-widening poverty gap. The agency that insures underdevelopment is the mechanism of unequal exchange. Furthermore, African economies depend on technology and markets of the developed countries. This outside

conditioning has made dependent economies to lack control over external markets and an autonomous capacity for self-sustaining growth.

The theory of dependence informs our analysis on Kenya-German aid, technology and trade relations. The dependency theories inspired an emancipatory call for a New International Economic Order (NIEO). This study demonstrates how this call can be effected by applying the Habermasian theory of communicative action and purposive rational action through a new consensus over a new world order that is just to all nations. As Schroyer says, purposive rational action is assumed to secure man's capacity to satisfy his needs **(Schroyer, 1973: 150).** It is in this sense that communicative action provides a fundamental link between construction, integration and adoption of foreign policies, which inspire and guide developmental partnership and bilateralism between Kenya and Germany.

Although useful to this study, there are a number of weaknesses in the dependency theory. At the theoretical level, the dependency theory is criticized for focusing excessively on exchange relations rather than productional relations **(Zeleza, 1983:4-6)**. Again, it overemphasizes the external determinants of dependency. The local capitalists' classes are portrayed as impotent. This oversimplifies the contribution of local ruling classes to underdevelopment.

Despite its criticisms against modernisation theory, the dependency theory too, emphasizes unequal and uneven development at the expense of class analysis. It is silent on the fact that in the rich countries there are poor people. Likewise, in the poor countries there are rich people. Ideologically, this theory has a wrong tendency to homogenise the developing countries. The highly dependent newly industrializing states (NIS) like South Korea, Brazil and Singapore have been able to develop their economies so fast in the recent past.

Although the theory of communicative action helps us to explain aspects of developmental interaction between Germany and Kenya, it fails to grasp the issue of exploitation in the global political economy. That is why this study borrows aspects of dependency theory of unequal exchange, technological dependency, uneven development and exploitation to discuss the reality of inequality of bilateral actors in adopting development positions about Kenya. The reality attending to Kenya's development process is that many Kenyans are poor, illiterate, lack better shelter, health, transport and

communication infrastructure. So any meaningful paradigm must address the historical dynamics of development and provide a sufficient basis for analysing the terms, rules and principles of development partnership. Again people must be seen as agents, the means and end of the development process (**Ake, 1996**).

In this study, it is posited that there can be no communication in conflict. That is why the communicative action theory is applied to understand the formulation of German aid policy, mechanism of redressing the uneven development between Germany and Kenya, in trade negotiations and disbursement of bilateral assistance from the former to the latter. The view here is that postulations of communicative action theory address the question of the establishment of mechanisms of justice in international economic relations. The problem of dependence can thus be negotiated through dialogue with its intended goal of achieving consensus, which is the linchpin of the theory of communicative action. It is in this mould that the advocacy for the formulation of better parameters of disbursing donor assistance has been analysed.

1.14 Research Methodology

This research depended on both primary and secondary sources. The University of Nairobi, Kenyatta University, Kenya Ministry of Trade library, and German Information Centres and libraries were visited for this purpose. The secondary sources for this study included books, journals, magazines, theses, government reports, seminar papers and newspapers on the German and Kenyan economies, politics, culture, development, economic policies, foreign relations and aid policies. These documents were critically read and relevant data extracted. The German embassy in Nairobi was central to this research since it is where publications on German's economy and foreign relations to Kenya can be found. These publications formed primary sources of my data.

Primary data was derived from libraries in Germany, German Embassy in Nairobi and Kenya Ministry of Foreign Affairs. These data included the following: German-Kenya governments' negotiations minutes, German Embassy briefs and reports on aid relations, activities of German aid agencies such as KFW, DAAD, GTZ, DED and political foundations. At Goethe library in Nairobi, I consulted materials from the Inter Nationes press which were routine briefs on aspects of German-Kenya relations including loans, technical aid, trade, tourism and German aid policy to Kenya.

Archival material constituted a key component of my primary data. Archival research was done both in Kenya and Germany. This material was consulted for information on German activities in Kenya before and after independence. In the archives information on the following was sought: Trade statistics, terms and procedures of loans and technical assistance, exhibitions in Germany, economic missions to Kenya, German volunteer activities, German Agricultural team, Tourism, consultancies, seminars, training, project negotiation minutes, Embassy notes, GTZ minutes, Government officials visits, lists of projects in Kenya and implementation process.

Before attempts were made to conduct interviews, stratified random sampling method was used to come up with a truly representative list of informants. It must be noted that majority of respondents turned down the researcher's interviews due to the sensitivity of foreign aid matters. Again, library and archival research provided guidance on the outlook of the list. The criteria for choice of informants were based on mention by documentary sources. These two sources were found in the mentioned ministries, Kenya National Archives and Germany Embassy in Nairobi.

Purposive sampling techniques were used whereby only those respondents who have experience and knowledge in the research area were targeted. Primary sources included carrying out an oral interview in the Kenya ministry of Foreign Affairs and International Cooperation. The Interview as an instrument of research was conducted here to allow the researcher an opportunity to gain insight into agreements between Kenya and Germany, on issues relating to development and all forms of relations between these two countries. The difficulty of interviewing government officials was tackled by the procurement of a research permit. However, they were unwilling to be interviewed for fear of their job security. Only one desk officer at Kenyas foreign Affairs Ministry accepted to be interviewed. It is this difficult which made it necessary to use open-ended questions and to pursue further research in the Federal Republic of Germany.

This research also adopted one internet interview for Professor Schmidt an expert on German aid but who was on sabbatical leave in Cape Town, South Africa at the time of the interview. This researcher attempted to interview officials of the German sponsored institutions, organisations and agencies in Kenya, for instance German Technical Cooperation (GTZ) and German Academic Exchange Service (DAAD) without success. In most cases he received regrets. By interviewing both Kenyan and

German officials detecting and balancing of biased information was sought. Kenyan and German officials' viewpoint was sought.

From February to July 2003 I spent six months on a DAAD research grant in Germany. This went along way to ameliorate the shortfall in my data occasioned by unwillingness of Kenya government officials to be interviewed. While in Germany my permanent base was at Trier University. At Trier university library, I consulted on both relevant primary and secondary data for my research work. During this time I was supervised by Prof (Dr.) Andreas Gestrich of Department of Modern History, Trier University. I also had discussions and consultation with Prof. Emeritus Peter Molt of Department of Political Science, Trier University on various sources of information in the relevant ministries and organizations. Prof. Molt is a former practioneer with the German Volunteer Service.

While in Germany I did research at Inwent-internationale Weiterbildung Und Entwicklung GMBH (Capacity Building International, Germany) library in Bonn, which houses specialized library in the field of development aid. I also did research in Bonn at the library of Germany Development Institute (*Deutsches Institute Fü Eutwicklungspolitik*). Primary data from these two important libraries filled the gap in knowledge. It also solved the challenge of few oral interview respondents and inadequate secondary data in Kenya. I interviewed and consulted in Bonn Government and Non Governmental Organizations (NGOs) officials. I consulted Mr. Thomas Albert – Head of the East Africa division at the *Bundersministerium Fü Zusammenarbeit* (Ministry for Economic Cooperation and development). I also consulted Ms Dorle Müller, Desk Officer, Eastern and Southern Africa for the *Deustche Entwicklungsdienst* (DED) and interviewed Dr. Martin Grafe of the International Cooperation Department for Africa of the Friedrick Ebert Stiftung.

Once data was collected, the historical method was used to analyse it. Historical method is a crucial investigation of events, experiences and developments in the past. It involves cautious weighing and verification of information on the past as well the analysis of evidence. In historical method preference was given to primry sources. There was external criticism on authorship then there was interpretation and analysis of documents. This data was used to test the hypothesis, related it with theory and to draw conclusions **(Peter, 1986).**

1.15 Conclusion

This chapter has outlined the main aspects of this research. It has been argued that foreign aid is a crucial aspect in the process of development. After Kenya got independence in 1963, she embarked on the path of economic development. Foreign aid was sought from developed countries such as West Germany to achieve this objective. It has been shown that economic aid interaction between a developed Country West Germany and a developing country Kenya can well be studied using dependency and underdevelopment theory. But conflict in this interaction is well appreciated using Habermas's theory of communicative action and purposive dialogue. It suggests that there can be communication and gains in relations between two countries which are at different levels of economic development. The study focuses on the period 1963 to 2003. The next chapter examines in a recap various debates and perspectives on the role of foreign aid in the development of recipient countries.

CHAPTER TWO

2.0 DEBATES ON THE ROLE OF FOREIGN AID IN DEVELOPMENT: THE DIFFERENT PERSPECTIVES

2.1 Introduction

This chapter focuses on the notion of foreign aid and goes on to examine various dabates on the role of foreign aid in the development of developing countries. It highlights conditionalities and motives which drive the aid industry. The chapter also outlines the debates on foreign aid effectiveness which results in two arguments. On one side we have the radicals and on the other we have the reformists. For radicals, foreign aid process is seriously flawed, creates development fatigue, discourages innovation, distorts citizens' relations with their government, disrupts private sector investments and breeds elite corruption (**Odious debts**). Radicals are informed by the dependency theoretical underpinnings hence they call for disengagement from foreign aid architecture. They recommend re-invigorating social movements and restructuring the international trade arena.

The chapter also examines the reformist agument that aid has to be effective in order that it impacts positively on human well being in such areas as food, health and education. Reformers are influenced by the modernist perspectives hence they suggest taking into account aid fungibility, aid for democracy and business managerialism approach to revamp the aid industry. The chapter raises concern on donor fatigue. Donors are preoccupied with their domestic issues and self-interest. The question as to whether foreign aid is contributing to economic growth in developing countries like those in Africa is raised. The future of more development assistance to Africa is put to doubt after the end of Cold War since this turning point in history has weakened Africa's bargain for development aid from the north.

2.2 Definition of Foreign Aid

Foreign aid is abroad term which has been used to describe the help one country gives another through some form of donation. Bauer defined foreign aid as "a transfer of resources from the taxpayer of a donor country to the government of a recipient country"

(cited in Shliefer, 2009). Foreign aid has also been described as a free transfer of resources from one country to another without the obligation of providing a security by the recipient either immediately or later. But this view of aid as free transfer of resources is contested **(Adeniji, 2004).**

Foreign aid may take various forms namely grants, loans or technical assistance. In this sense, a grant is pure aid since it does not call upon the recipient to make good use of the resources received either immediately or later. Loans, however, are not pure aid. The aid element in a loan is presented by the subsidy element implicit in the loan. Thus, a loan granted at a concessionary interest rate has an aid element equal to the amount of the concession. The concessionary element in a loan consists of a grace period during which amortization is suspended or a long period of repayment or simply the provision of "hard" currency, which the aid recipient cannot easily earn.

Technical assistance consists of the provision of experts, training facilities and consultancy services. The aid element in technical assistance is represented by the part of the assistance financed by the donor. Another form of aid is usually concealed in trade. It generally arises when a buyer country pays more than market prices for imported goods. Here, the difference between what the buyer country (donor) pays and market prices is aid because it represents an actual resource transfer for which there is security from the seller country (the recipient). In short this is called public external financial aid otherwise referred to as Official Development Assistance (ODA). It takes many forms and most important in terms of its size and influence is official aid. The donors and recipients may be government or non-governmental bodies. Donations may go directly from the donor to the recipient, or they pass through other bodies. The purposes of aid differ, but are commonly grouped into three broad categories: relief, military, and development assistance **(McCormick, et al, 2007).**

The description of ODA is given by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). ODA is computed as the sum of loans and grants to aid beneficiaries that: (a) are taken on by the administrative division of the contributor country; (b) have as the main goal the endorsement of economic development and welfare in beneficiary countries; and (c) are on dispensational financial terms (i.e., with a grant element equivalent to at least 25 per cent of the total). Over and above these financial flows, technical co-operation costs are

included in ODA; but grants, credits and loans for military functions are not included. Transfer payments to private individuals, contributions from the public, foreign direct investment (FDI) and commercial loans are not counted. Furthermore, while it is regular to treat foreign aid and ODA as the same thing, this is misguiding. help funded by non-governmental organization (NGOs), which is foreign aid but not ODA, has grown considerably in the last 25 years and currently equals approximately one-third of official help **(Rajan and Subramanian, 2008).** Various forms of foreign assistance have been extended to developing countries and the motive has ranged from the desire to reduce poverty, to political, security, cultural, historical and commercial interests of suppliers. In reducing poverty, attempts are made by donor to meet basic human needs such as food, clothing and shelter. Other humanitarian concernes include provison of education, health and sanitary services, safe drinking water and gainful employment.

2.3 Foreign Aid and the politics of Domination and Subordination

There is a general misconception that foreign aid is a free resource transfer. This can be redressed by the fact that, it often arrives with economic and political conditions. In many cases, official donors require that recipient countries pursue reforms or policies that the donors feel should promote economic growth or development, and aid may also be tied which reduces its effectiveness. With respect to the multilateral development finance institutions, such as the IMF and World Bank, these requirements are often known as stabilization and structural adjustment conditions. In his book, *Globalization and its Disconnects* (2002), the winner of the Nobel Prize for Economics in 2001, Joseph Stiglitz, argues that the way assistance is given creates impediment to transition due to various "conditionalities," which may not have necessarily spurred development. In a evaluation of aid allotment patterns, for instance, **McGillivray (2003)** discovers that past political alliances and colonial links are key determinants of foreign aid and that such tactical factors are at least as significant as variables which mirror beneficiary needs **(also see Alesina and Dollar, 2000).** Simultaneously, and as the subsequent section shows, official aid flows have not been stagnant. Very different intentions have driven aid relations over time, for the most part as global circumstances and dominant ideas that have changed, and have been counterproductive and caused social and economic turn down rather than development.

In view of its birth, right after World War II when the United States of America (USA) released billions of dollars to assist Europe in reconstructing the latter's economy foreign aid has been assumed to directly induce or at least influence economic development on the recipient country. Many studies have been undertaken to try to assess if aid actually fulfills its main objectives, which is to promote microeconomic development in developing countries. After five decades characterized by some stern changes in world politics and economic, (i.e. breakdown of communism, glabalization, terrorism), the connection between economic growth and foreign aid remains at the centre stage of debates on aid efficiency.

Donors, however, have a variety of motivations for providing aid and only a few of them are directly related to economic development. There is no question that foreign policy and political relationships are the most important determinants of aid flows. During the Cold War, both the United States and the Soviet Union used aid to vie for the support of developing countries with little regard as to whether the aid actually was used to support development. The two largest recipients of USA foreign aid from 1980 until very recently were Israel and Egypt, following the USA financial support for the 1979 Camp David peace agreement. Beginning in 2002 Iraq has became the largest aid recipient in the world, with a reconstruction that is likely to become one of the largest single foreign aid programs ever recorded. Taiwan and China have used aid (among other policy tools) to try to gain support and recognition for their governments from countries around the world. Many benefactors give considerable aid to their past colonies as a way of retaining some political control **(Alesina and Dollar, 2000).**

It may be argued that what most clearly defines foreign aid is the symbolic power politics between donor and recipient. Aid practice transforms material dominance and subordination into gestures of generosity and gratitude. This symbolic transformation, in turn, euphemizes the material hierarchy underlying the donor-recipient relation. In this process, recipient becomes complicit in the existing order that enables donor to give in the first place. This constitutes what has been described as the gentle imperceptible aggression, unrecognized as such chosen as much as undergone. What foreign aid does in a policy sense is secondary to a more basic role of naturalizing the social relation in which it arises. Foreign aid originated with the Cold War which aimed at politically influencing recipients. It presupposes a clear inequality between donor and recipient,

conditioned by the superior military strength and economic capability of donors, and identifies the conflict between the superpowers. Foreign aid, it follows, was a key weapon in this battle **(Hattori, 2001).**

The most prominent theorist of political realism, Hans Morgenthau, created a typology of foreign aid that distinguished five policy aims as military, economic, prestige, humanitarian, and subsistence. He identified two strategies of influence: 'propaganda' and 'bribes'. Propaganda involved the attempt to create a 'psychological' relationship between donor and recipient that drew on the donor's own aspirations for international recognition and prestige, whereas 'bribes' involved a more direct exchange of goods for loyalty. The Soviet aid was characterized as propaganda while that of the USA was viewed as bribe. What this suggests is that the Soviets Union's emphasis on monuments and parades was not a defective strategy of foreign aid ('propaganda') but a much inferior means of symbolic domination. Whereas the USA could afford to naturalize its hierarchy over recipients with gifts, the Soviets were constrained to mere gestures and symbols; their domination remained a harsh material fact **(Hattori, 2001).**

2.4 The Pro-aid and the Anti-aid Debates

There have been two general but contending schools of thought with regard to the effectiveness of aid in spurring economic growth in the Third World. There is the traditional pro-aid view and the radical anti-aid view. Critics of foreign aid argue that it has had no effect and even hurts Third World economies (negative aid-growth correlation). On the other hand, supporters of foreign aid espouse the view on average, or in most cases, that aid has been an effective development tool (positive aid-growth correlation). A recent research trend has however emerged, of which I view as a third school of thought. Scholars in this school argue that aid can either be effective or ineffective depending on certain donors' conditions and country circumstances (Conditional aid-growth correlation) **(McMillan, 2011).** Burnside and Dollar have been the leading proponents of this third school of thought.

The objection to aid is from two distinct viewpoints. One school derives from dependency theory which argues that underdevelopment is not merely the absence of progress. It reflects active exploitation of the periphery by the developed market economies of the centre and thus to them aid is, a tool to perpetuate the dominance of

donors. The other school claims that aid inevitably expands the role of government, distorts market signals and finances some investments that the private sector would undertake if it were given the chance. Although several of the above studies on the effectiveness of aid make a contribution to the aid-development debate, of particular importance is a highly valuable but overlooked research that specifically examines the relationship between foreign aid and development, precisely viewed within the lenses of human well being nexus **(Gani and Clemes, 2003).**

Empirical investigations of the impact of various forms of aid, for example, aid for education, food and health on the state of human well being is sparse. This has motivated the study by **Gani and Clemes (2003).** The two have noted that donors, while providing aid, also influence the allocation of funds in many developing countries and often show little interest in social good and even less interest in basic health services, allocating only a small proportion of aid to human development. A large proportion of aid funds are allocated to economic, infrastructure and services sectors (energy, transport and communications) as well as production sectors (agriculture, industry, mining, construction, trade and tourism). While investments in these sectors can indirectly influence human development, the effects are slow as a result of the long gestation period of projects in these sectors. Foreign aid that targets human well being areas like education and health can directly address the dilapidating conditions of the poor masses in the developing countries. Thus, efforts to improve human well being are likely to succeed in the long run with greater investment in human capital of the poor from domestic government sources as well as foreign sources **(Gani and Clemes, 2003).**

2.5 Radical versus Reformist Discourse on Aid

Foreign aid programmes for offering economic support to third world countries have fallen on harsh conditions. The supposed amounts of aid promised by developed countries have of late been falling and the real values of economic help have fallen even further. This owes in part to the distraction of the contributor countries to other foreign policy issues. It is due partly to their increased pre-occupation with their own domestic priorities. There has also been a growing disillusionment with the possibility for advancement in the less developed countries and with the role which foreign aid should play in development. Positive expectations of swift growth in Third World countries have

given in to cynical assessment of their actual performance. The donation of foreign aid to advancement has also been evaluated more skeptically and its probable lack of encouragement impacts are now emphasized **(Bhagwati and Eckhaus, 1970:7).** This has led to a radical and reformist perspective on aid.

Mainstream discussion on foreign aid intertwines both radical and reformist perspectives and at a times a blend of the two. To radicals, reform of foreign aid is both desirable and achievable so long as aid is re-theorized as a contested, commonsensical, contingent and critically oriented endevour. The Great Aid Debate centres on the contested value of foreign aid and the wider aid system as vehicles for achieving development. Economists continue to debate the question of aid impact on development by looking at variables like growth, poverty and inequality. The Great Aid Debate elevates and extends these concerns to the level of aid policy by asking whether aid is, on balance, a vehicle for harm or for good of developing societies. A binary presentation of positions arises with radicals on the one hand and reformers on the other side. Radicals have a convergence of opposition to foreign aid. On the other side, aid reformers who are represented by development policy makers and the academia believe corporate executive reform to the aid system is both desirable and probable for improved development results.The ideological split defines the radical camp. However, reformers such as Burnside and Dollor remain fairly united in their belief that business managerialism is the main vehicle for revolutionizing foreign aid. Radicals such as Bauer, Kanbur, Easterly and Moyo **(Gulrajani, 2011)** uphold that not only does aid fall short of achieving its development aims, it creates dependencies that keep countries poor and even worsen the burden of poverty. They add that Aid crowds out investment by holding back the functions of free markets, promotes corruption and fosters reliance on foreign munificence to the detriment of self-help and innovation. Public organizations are criticized for the way they have managed foreign aid using the sluggish, burdensome and inefficient command and control approaches of state planners **(Gulrajani, 2011).**

Both Friedman and Bauer in **McMillan (2008:159-160)** assert that foreign assistance to governments is dangerous because it increases the power of the elite in the recipient governments, leads to corruption and hinders economic growth. In particular, Bauer notes that aid discourages the growth of private or investments, encourages public sector-led growth since aid is in fact money added to government coffers thereby limiting

growth and inhibiting development. Literature on lack of connection between aid and economic growth include **Mosley (1992), Mosley et al. (1987)**, and **Kanbur (2000).** These scholars converge in saying that aid fails to induce growth. They claim that aid is most often misused or corrupted by recipient governments. Kunbur, in particular, reports that aid fails to induce growth because of corruption, poor administration, tying up of aid with precious resources in recipient countries and questionable aid allocation decisions by donors. Another argument that these researchers espouse is that aid is a disincentive for the private sector to invest or to improve productivity. They cite the "Dutch disease" where aid induces the recipient country currency to appreciate and weakens the profitability of the production of export good. For instance, food assistance causes local farm production prices to decline, thus reducing local farmers' income. They also argue that aid flows can reduce both private savings and government savings since aid impacts in interest rate and/or revenues. Theses scholars also surmise that aid can help keep corrupt governments with poor economic policies and mismanaged capabilities in power, hence deterring growth and development **(Mosley et al, 1987; Kanbur, 2000).**

A notable and also recent input to the anti-aid literature is the one done by Easterly in 1999 and 2001. This study strengthens critics' skepticism about the effect of aid on growth. This study implies that aid money has been wasted as the predicted impact of aid (using the "two-gap" model) on output growth does not match the actual performance of a large sample of developing countries. Easterly found that aid had very little, and in some cases no, impact at all on the performance of the majority of the individual countries he examined. **Easterly's book of 2001,** presents figures for Zambia, where its actual development performance falls way below the predicted aid-induced growth. Evident in Easterly's study is that somewhere along the dynamics of aid provision and aid utilization in Zambia, not all aid went into investments or that not all aid-financed investment were converted into economic growth **(McMillan, 2011).**

The capacity for progress of the aid industry is restricted for right-wing radicals. Easterly appears to advocate dismantling the public aid architectures. He perhaps sees greater scope for reform than his counterpart, Moyo, albeit involving revolutionary changes to the aid system. Moyo simply seeks to end the myth that aid is effective or can be made effective. Feeding the bureaucracies that sustain the western aid industry is, for Moyo, not only unproductive but harmful and she actively calls for dismantling the

industry altogether to reduce this harm. In its place, she advocates market-based policies that she claims address the root causes of poverty, namely lack of access to capital and adequate trading opportunities **(Moyo, 2009)**.

Both The neo-liberal and neo-Marxist radicals have a number of commonalities. First the failure of aid is blamed on the limitation of the planning process within the aid industry that either prevents foreign aid from achieving its stated goals or worsens the status quo of underdevelopment. This arrangement has failed to achieve the goal of removing poverty and kick starting industrialization in the newly independent states. Secondly, the aid industry is understood to be a global hegemonic complex that cultivates peripheral states to be dependent on benevolent interests at the global core. Similarly, effects of dependence are felt at the citizen level which limits the achievement of potential for agency, empowerment and entrepreneurship. Thirdly, the aid apparatus that has vindicated its own reason for being in terms of the lessening of poverty does not sufficiently target or stridently lessen the institutional sources of underdevelopment, for instance the unfairness within the global capitalist system of the asymmetries leading international trade rules. Finally, the aid industry endures by guaranteeing sustainable demand for its services and expertise. In other words its survival is predicated on the contribution of poverty and underdevelopment **(Gulrajani, 2011).**

Most contemporary aid reformists share an ideal of improvement that borrows from managerial logic. Managerialism is defined as a set of beliefs and practice, at the core of which burns the seldom-tested assumption that better management will prove an effective solvent for a wide range of economic and social ills (**Cited in Gulrajani, 2011:8**). Contemporary aid reformists have been some of the most optimistic adherents to managerial logistics and their request to aid planning and administration as a way to cajole improvement and a better performance. Managerialism is an ideology which assumes that corporation doctrines operate as a tested rational science that can in an orderly manner causally steer changes in the foreign aid apparatus. It is in this logic that the ideology of managerialism is inspired by Enlightenment understanding of progress as deriving from the application of rational science to control complex organizations and propel improved outcomes **(Gulrajani, 2011).**

Some prior analyses were concerned principally with the significance of ‘tied aid’ effects on increased imports of services or goods from the donor **(WTO, 2007).** Other

studies concluded that the causality is not unidirectional and both aid and trade flows and policies can have a mutual influence. Aid for trade may increase trade flows through the general economic effects it induces in the recipient country. Aid for trade flows may also increase exports directly when its effects are tailored to export promotion. Others argue that aid flows may have a distinct import-augmenting effect in the recipient country, especially when such flows are tied to goods and services procured from donor countries **(Kemp and Kojima, 1985).** Cynical views about aid were common among academics and experts plus some contributor countries and recipient developing countries. Aid per se or the methods through which it is distributed can results in negative developmental effects or unintended discouragements in beneficiary countries. Some critics pointed to the risk of the 'aid curse', where the potential unconstructive impacts would pull through and make matters worse rather than better for growth, similar to the 'resource curse' or 'Dutch disease' effect.

The term "Dutch disease" was first used to reflect the decline in the Netherlands' export competitiveness following the discovery of the Groningen gas fields in the early 1970s. Most studies of the Dutch disease have been done for developed countries. The impact of a discovery of natural resources or an influx of foreign revenues may be different in developing countries for three main reasons **(Benjamin et al., 1989).** First, it is agriculture rather than manufacturing that is most likely to be hurt. Second, as domestic prices rise, consumers may not shift entirely to imported goods since the domestically produced manufactured goods are imperfect substitutes for goods sold in world markets. Third, the resource movement effect associated with the influx of foreign revenues may be limited if the booming sector is an enclave that uses mainly imported capital and labour. Alternatively, if foreign aid is spent on imports there may be small or no effects on the real exchange rate or on the resource movement effect**.**

Henson, and Rajasenan, (2005), for example, acknowledged several potential disagreements between trade and aid. High degree of assistance can lead to 'Dutch disease' and give rise to undermining trade, thus overwhelming the very intention of aid for trade. This is particularly true when the absorptive ability of the recipient country is weak and when aid flows are significantly proportionate to GDP, the whole foreign exchange reserves or government expenditure. As a result, aid alone is an essential but

not a sustainable resolution to evading the poverty trap and meeting other development obstacle.

Since the year 2000 a "third generation" of studies that are more sophisticated have emerged and they attempt to take into account the endogeneity of aid and also the policy and institutional environment in the recipient country. The key literature is written by Burnside and Dollar in 2004**.** These two are reformist scholars. They take a different approach. Instead of ascertaining whether aid has a positive or negative relationship with growth, they endeavor to see where and in what circumstances foreign aid can have a positive or negative impact on growth. This is a more "progressive" approach to the aid-growth analysis. They provide evidence that aid has a positive effect on growth depending on the political-economic environment. In a nutshell, Burnside and Dollar stipulate that aid encourages growth in countries with good policies. In this case, a country has good policy environment if there is low inflation, low budget deficit, and no protectionism meaning trade is relatively open. They further suggest that "making aid more methodically provisional on the value of policies would likely increase its impact in developing country growth" **(McMillan, 2008:162).**

This study by Burnside and Dollar (2004) gained favor from aid regime supporters because it explains why aid has supported growth in several countries (Korea, Botswana, Indonesia, Mozambique and Uganda) while at the same time failing to influence growth in others (Haiti, Liberia, Zaire, and the Philippines). Another study done by Dollar in collaboration with Collier in 2001 further substantiates the findings by Burnside and Dollar. They argue that additional aid of about one percent of gross domestic product increases, in average, the rate of economic growth by approximately 0.6 percent in nations with good policies, 0.4 percent in countries with average policies, and 0.2 percent in countries with poor policies. Consequently, the Burnside and Dollar study has for the most part influenced donor policies in aid. Their findings are consistent with donor claims that individual aid projects do impact growth positively. The inference of this tendency in the aid system is that benefactors, in the near future, are likely to allocate more aid to countries with good policies **(McMillan, 2011).** This is yet to be seen**.**

Although published in 2000 Burnside and Dollar paper was first circulated as a World Bank discussion paper in 1997 and immediately made an impact because of its

novel claims. Their findings are clearly an indictment of policy conditionality. The inference, rather, is that countries choose their policies because of domestic reasons uninfluenced by aid. But if this internal process does lead to good policies, then aid will have a positive impact on growth. The Burnside and Dollar (2000) findings underpin the World Bank's (1998) report on aid, where the implication was drawn that there should be aid selectivity. Aid should flow to those countries that have good policies rather than, as seems to be the case, a system where aid allocation takes place on other criteria altogether, for instance past colonial ties or political loyalty of the rule during the cold war era **(Alesina and Dollar, 2000).** These conclusions have in turn ignited a debate on selectivity where, for most people, basically disposing of the poor in bad policy regimes seems too harsh a policy.

Foreign aid flowing from developed to developing nations has been used to resolve the problem of world poverty. On the other hand, the assumption that holds that any aid is beneficial to any country no matter the circumstances demands further inspection. The influx of massive amounts of foreign aid can have deletrious effects on the governments of the receiving countries, and can end up doing more harm than good in several circumstances. However, discrimination by donor countries on the basis of standards of governance creates new complications. The current foreign aid paradigm should be overhauled, and a new system should take a more nuanced view of international development. The record of Western aid to Africa is one of abysmal failure. More than $500 billion in foreign aid – the equivalent of four Marshall Aid Plans – was pumped into Africa between 1960 and 1997. Instead of increasing development, aid has created dependence **(Lancester, 1999)**.

The budgets of Ghana and Uganda, for example, are more than 50 percent aid dependent. Though foreign aid has continued to play an important role in developing countries, especially sub-Saharan Africa, it is interesting to note that after half a century of channelling resources to the Third World, little development has taken place. In almost all of sub-Saharan Africa there is a high degree of indebtedness, high unemployment, absolute poverty and poor economic performance. The average per capita income in the area has fallen since 1970 despite the high aid flows. This scenario has prompted aid donor agencies and experts to revisit earlier discussions on the effectiveness of foreign

aid **(Lancaster, 1999).** President Abdoulaye Wade of Senegal once remarked on this dilemma as follows:

> "I've never seen a country develop itself through aid or credit. Countries that have developed — in Europe, America, Japan, Asian countries like Taiwan, Korea and Singapore — have all believed in free markets. There is no mystery there. Africa took the wrong road after independence **(Onishi, 2002:3).**

According to **Thompson et al., (2005)** foreign funds can help only those African countries that undertake political, economic, and institutional reform, but the commitment to reform has been woefully lacking. The democratization process in Africa has stalled through political chicanery and strong-arm tactics. Only 16 of the 54 African countries are democratic, and political tyranny remains the order of the day. Often, those countries that are democratic remain deeply corrupt. Intellectual freedom is stuck in the Stalinist era: only eight African countries have free and independent media. The record on economic reform is abysmal. Only Botswana, Mauritius, Namibia, and South Africa can be described as "success stories." Africans themselves have come to the realization that Western assistance has not been effective. It has been shown that foreign aid has effective done more harm than good to Africa than we dare to acknowledge. It has resulted in a state of affairs where Africa has unsuccessfully attempted to follow its own direction of development and set its own pace free of external intrusions. Today, Africa's advancement plans are drawn thousands of miles away in the hallways of the World Bank and the IMF. What is sad is that the IMF and World Bank specialists who draw these development plans are persons totally out of touch with the local African actualities." **(Thompson, et al., 2005)**

Traditional development economics has for a long time seen foreign aid as an instrument for surmounting the savings gap in Third World countries. On the basis of the assumption that the developing countries are poor because they lack the capital necessary for making income-generating investments, most of economics literature propose that aid can help developing countries by closing this financing gap that would otherwise leave them stuck in a "poverty trap." The "big push" argument depicts aid as the needed catalyst for investment that would, in the long run, lead to growth and most probably initialize an upward path to economic development **(Schabbel, 2007b).** Bauer

and subsequent writers have advanced several reasons for the dreary performance of foreign assistance. The professed purpose of aid, in any case in the post-World War II era, was to rouse economic growth. The logical support for many of the policy proposals on how to allot aid in order to inspire economic growth was founded on the big push model. In accordance with the model, what keeps developing nations behind is inadequate investment across sector of the economy and in infrastructure. An economist such as Bauer has relentlessly criticized the big push model. He argues that foreign aid contributors do not know which investments are right for a developing economy, so aid money is emptied into bad ventures (also known as white elephants), which not only falls short of encouraging economic growth, but diverts scarce human and other resources away from creative uses. Aid wipes out economic motivation, leads to the wrong allocation of scarce resources, and so not only fails to ignite growth, but actually undermines it.

Foreign aid disbursement is complicated by the fact that the donor government has its national political, military and economic objectives, such as supporting friendly states, selling its food and weapons, promoting its own consultants, intervening in international conflicts, and so on. Traditionally, much of bilateral foreign aid has been tied to purchases from donor countries, although apparently this phenomenon has seen some decline. Many of these objectives have little to do with development. In fact many leaders in developing countries have become billionaires due to foreign aid. When the money is not embezzled by the leader, there are the various ministries, officials and other bureaucrats who all want a cut. The loans to third world countries have come to be known as "odious debt" because the income is stolen by the governments and the citizens are taxed to repay. The debts owed by African government has been largely rescheduled and rarely repaid **(Shliefer, 2009).**

It is quite apparent that most African countries are so reliant on aid that without it almost half of their annual budgetary obligations would not be fulfilled. For example in 1992, aid is said to have accounted for 12.4% of gross national product (GNP), over 70% of gross domestic savings and investments in Sub-Saharan Africa and over 50% of all imports **(Ampaw, 2000).** As the age-old saying goes "you cannot bite the fingers that feed you", leaders of these countries are unable to speak out when fake and unwanted goods flood their markets. It seems aid is not intended to make sure beneficiaries become

self-reliant given that were it the case, powerful nations would no longer boast about who is giving more than the other. The conclusion we can deduce here is that aid is not a "joystick by which donors can manipulate macroeconomic or political outcomes" **(Edgren, 2002).**

To a large extent, Africa's development depends on "African private sector entrepreneurs, African civic activists and African political reformers and not on what ineffective, bureaucratic, unaccountable and poorly informed and motivated outsiders do **(Easterly, 2003).**Besides, there is constant debt servicing where recipients routinely report to donors, service donor consultants and try to keep things "normal" **(Kanbur, 2000),** thus neglecting domestic issues and development. Loans put Africa in debt and Africa has to spend a long time on a merry-go-round affair to negotiate and reschedule "to keep gross inflows sufficient to fund debt servicing outflows" **(Kanbur, 2000). Karikari (2002)**, like other radical scholars argues that development assistance has resulted in dependency as "it induces a lazy, slavish, dependent mentality and culture across society – from governments to villagers." This, according to him, undermines the peoples' faith in themselves and the fact that they can make it on their own.

Other scholars also think development should be situated within the context of the country concerned. **Prah (2002)** for instance argues that "people can best develop from the foundations of their indigenous knowledge" which is embedded in the culture of the people, adding that imposing a notion of "modernity" on Africa will not yield desired results. This does not ignore what the people already know but rather integrates the new knowledge into it. He reasons that it will not be easy for the African creams of the crop who are "surrogates for Western culture in Africa" to fashion indigenously oriented development plans **(GTZ, 2005; GTZ, 2009; Daily Nation, 2012).**

2.6 Liberal Democracy and Conditionalities to Development Aid

The most noteworthy advancement of the last quarter of the twentieth century has been the establishment of liberal democracies across the world. Liberal democracy remains the only coherent political aspiration that spans different regions and culture around the globe. In addition, the "free market" liberal principles of economics, has spread, and succeeded in producing unprecedented levels of material prosperity, both in industrially developed countries and in countries that had been, at the close of World War

II, part of the impoverished Third World. A liberal revolution in economic thinking has sometimes preceded or sometime followed the move toward political freedom around the globe. All nations undergoing economic transformation must to an increasing extent resemble one another: they must join nationally on the basis of a centralized national government, urbanize, substitute traditional forms of the social order like sect, tribe and family with economically lucid ones founded on efficiency and function, and provide for the total education of their citizens (**Fukuyama, 1992**). Such societies have become increasingly connected to one another through worldwide markets and the spread of a universal consumer culture. Foreign aid is part of the liberal free-market worldview. Furthermore, the reason for contemporary natural science would seem to order a universal evolution in the direction of capitalism. The experience of China, the Soviet Union, and other socialist nations show that while highly centralized economies are adequate to reach the stage of industrialization that Europe stood for in the 1950s, they are dolefully insufficient in creating what have been known as complex "post-industrial" economies in which information and technological innovation play a much larger part.

The yearning for acknowledgment and the accompanying emotions of shame, anger and pride, are part and parcel of human personality. According to Hegel, they are what drive the whole historical process. Comprehending the significance of the desire for recognition as the motor of history, permits us to reinterpret many phenomena that are otherwise apparently familiar to us, such as religion, culture, work, nationalism, and war **(Fukuyama, 1992).** Fukuyama's thinking underpins the need for economic cooperation in the form of foreign aid to support democracy.

During the Cold War period, foreign aid ended up propping dictators and authoritarian regimes, in the process discouraging or even preventing democratic rule. Since, the early 1990s, however, aid has often been used to promote and reward democratization. Though tying foreign aid to political reform is not always successful, it can be very effective in facilitating the move from one party state to a multiparty system, even if it is not necessarily a full transition to democracy. Though political change often rests on powerful domestic factors, the international component is particularly fundamental in sub-Saharan Africa in large part due to the magnitude of foreign aid flows to African governments. In a number of cases, donors have assisted in bringing about a transition to democracy while working in conjunction with domestic actors. Donor

conditioning of aid or the threat of doing so certainly encouraged many African authoritarian regimes such as president Moi of Kenya to liberalize politically, notably by holding multi-party elections, although many elections did not meet international standards of being free and fair.

Without conditionalities, aid to an authoritarian regime helps it survive by providing resources for co-opting or repressing opposition. It notably strengthens the hand of conservative hardliners, who tend to control and benefit from neopatrimonial uses of development assistance. Political conditionality, however, has the potential of shifting power to soft-liners and the political opposition through the opening of political space and by raising the cost of continued authoritarian practices. Moreover bilateral donors can assist domestic opposition groups and civic and religious actors by providing material, financial, organizational and psychic encouragement, as well as some degree of protection from state repression. Donors can also meet some of the high cost of holding elections and help build democratic institutions and local capacity. It is argued that international actors, though largely absent from current theories of democratization, can play a very important role in promoting democratization in sub-Saharan Africa, even if the impediments exist **(Brown, 2005).**

Although colonization and decolonization delayed social contract development in Africa, currently the main obstacle to healthy social contract development in African states is the introduction of the aid industry into the cycle of exchange. Aid disrupts the normal cycle of exchange by providing the government with alternative to tax collection and military conscription, as well as replacing the government in the provision of social services. Citizens' expectations of their government change and citizens lose both ability and motivation to hold their governments to account. Donors also fail to hold recipient governments to account and have a negative impact on governance. Citizens of African states need to be aware of the harmful long-term effects brought about by the short-term solutions offered by the aid industry and demand their governments to transition away from short-cuts in state-building. Only the reversal of current aid policies can allow for the development of a working social contract which benefits citizens and strengthens the state **(Ochieng, 2010).**

It has been reasoned that the impact of bilateral aid on the recipient countries' economic growth and domestic savings is likely to be positive. Again without multilateral

aid during difficult times, the recipient country's domestic savings are likely to be even lower. High multilateral aid and low savings are caused by exogenous conditions like deteriorating economic and political situations, disasters, droughts, wars and civil wars **(Nushiwat, 2007).** The main determinants of food aid dependency have been found to be inflation, population density, crop yields, arable land per capita and the frequency of disasters affecting the country. The top two determinants of food aid dependence were found to be cereal production and the frequency of droughts affecting the country. These findings suggest that if they are to break the cycle of dependence on food aid international donors should focus primarily on offsetting the substitution effect that aid has on local production as well as implement systems partially to offset the negative effects of droughts.

Food, inflation and population density have a robust positive relationship to food aid dependence. Crop yields can be influenced through agricultural research aimed at developing crops to suit the particular local climatic conditions, land reform, land use policies, education and water resources management. These policies should also assist in addressing the problem of arable land per capita, possible in conjunction with family planning policies. One of the indicators of quality of governance is the rule of law. The importance of the number of armed conflicts reflect the difficulty of ensuring that aid reaches the neediest individual, suggesting that aid to these countries should be done in conjunction with measures to soar-up the country's security situation **(Moore, and Stanford, 2010).**

Then there is a moral question in the foreign aid debate. The moral aspect of aid appears to be based on different types of criteria: on human solidarity, on alleviation of misery, on a need, on a sense of equality and the recognition of newly created international community. Many people, particularly those involved in the “aid business”, find the moral case for aid compelling and persuasive. This is especially in respect to the argument which points to donor governments as having an obligation to help address the need of the Third World poor by working to alleviate that poverty. For others, however, the moral case is far from convincing, and there are influential writers from within development studies and from other disciplines who reasoned that there is no ethical case for official aid. It is the view that needs of people in developing societies cannot provide a basis for granting aid because there are no common needs globally. Even if poor people

do have needs that required meeting, it is argued that this is an insufficient basis for external agencies to provide assistance because it ignores the crucial question of why some people have unmet needs and others do not **(Adeniji, 2004).**

2.7 The Right to Development and the Heterogeneous Nature of Aid

The emphasis on development aid, rather than the broader development cooperation has contributed a great deal to the politicisation of the right to development and consequently undermined its materialisation. It is stated further that even if development assistance is indispensable, taking it as the sole approach to the realization of the right to development is both wrong and useless. Beginning from its early phases of manifestation the right to development has been thought of as the resurrection of the 'NIEO, in which the developing countries insist on improved terms of trade, heightened development assistance and tariff reductions by the developed world. This understanding of development as an entitlement to 'a process,' as much as an abstract conception as it might seem, is vital in many ways. Primarily, it reminds both the donors and recipients alike about the complicated job involved in the full realization of the right to development which requires a duration that is relatively longer. It involves, as spelt out under the United Nation's declaration, 'comprehensive social, economic, political and cultural process, which seeks the continuous development of the well-being of the entire populace in development and the foundation of active, meaningful, free involvement in growth and on the fair distribution of benefits resulting therefrom.' **(Fikre, 2011:254)**The obligation for the recognition of the right to development is put on all human beings, individually and collectively. But states have a primary duty to development since they are responsible 'for the creation of national and international circumstances favorable to the acquisition of the right to development. The international scope of view of the duty rising from the right to development stresses the indispensability of international cooperation **(Fikre, 2011).**

Serious concern has come up on the issue of fungibility of foreign aid in recent years. In particular, there is a widespread feeling among donors that foreign aid is diverted to non-designated and unproductive activities **(Sobhee and Nath 2010).** It is argued if it is sufficient to double aid efforts by simply raising and transferring more money. Substantial effort needs to be taken in order to delve deeper into the various

routes and transmission mechanisms through which the various types of aid operate. Aid analysts should move beyond aid figures and take the heterogeneity of the nature of aid into account. Prominent scholars in the field have raised their concern as to whether it is sufficient to double aid labors by transferring and raising more money. In any case part of the responsibility for missing the Millennium Development Goals (MDGs) falls on insufficient targeting of sector-specific aid; unless aid is better targeted, doubling aid is unlikely to have the desired effects. Also, it is necessary to improve efficiency and specific needs. It is argued that many donors prefer project aid, which contrasts to the widely acclaimed shift toward general budget support. In this case donors try to impose their preferences on recipients **(Nunnenkama and Mavrota, 2007).**

Mavrotas and Quattara (2006) have emphasized the heterogeneity of the nature of aid. They argued that each of the main four categories of aid, namely project aid, program aid, technical assistance and food aid may exert different effects on the recipient economy. Furthermore, in case the preference of the aid-recipient government is higher for some of these types of aid, neglecting aid heterogeneity would lead to lack of understanding of the results and impact of aid. Any impact of aid on the macroeconomy depends on the aid recipient government behavior, in particular how fiscal decisions on taxation and expenditure are effected by the presence of aid.

The impact of aid is mediated by public sector fiscal behavior. Research on aid effectiveness and the fiscal response must not neglect the heterogeneous character of foreign aid. Four different categories of aid are identified. The project aid with a rather lengthy gestation period, program aid which distributes rapidly as free foreign exchange, technical help, and food aid and other commodity aid which is attached directly to consumption. To the above four types of foreign aid, relief or emergency aid could be added as a separate group, given its increasing significance in recent years. The argument is that different types of aid operate in different ways because of varied conditions in countries hence their impact is different. Again different fiscal framework influences the impact of aid differently **(Mavrotas and Ouattara, 2006).**

Another study done on the effects of foreign aid on the overall growth dynamics and fiscal behavior is that on Bangladesh by **Quazi (2005)**. It was found that although loans had significantly raised GDP growth in Bangladesh, grants had, in fact, very significant effects. Further, it was found that funds provided by both foreign loans and

grants are highly fungible between public investment and public consumption. While a substantial portion of grants was diverted to public consumption, virtually all tax revenues and bulk of loans were channeled into public investment projects. The repayment obligation attached to loans evidently induced the government projects and provided socio-economic services, such as education and healthcare. Compared to grant aid, loans are furthermore found to induce a more responsible fiscal behavior. Loans bring increased tax collection, reduce domestic borrowing, and marginal non-productive civil expenditures, while grants bring about almost the opposite fiscal responses. From the results, it can be recommended that, since foreign loans have been much more effective vis-a-vis foreign grants in promoting GDP growth and inducing a more prudent fiscal behavior in Bangladesh, aid donors may consider altering the mix of loans and grants in the aid packages so that more loans and fewer grants are provided in the future, which may conceivably result in higher GDP growth**.**

Trade patterns affect variation and distribution of foreign aid from a number of countries. Imports from developing countries have a 'displacement effect' on aid commitments. Increased imports from developing countries are associated with reduced aid. Major donors reduce aid and justify this by pointing to increased imports from developing countries. Thus, an argument can be made that providing access to donor market is a superior way of supporting economic development in developing countries, and this can provide political cover for politicians or technocrats wanting to trim aid budget. Developed countries are faced with instrumental choice of supporting development in third world countries. The reason being that developing countries face capital shortage and capital is often viewed as a major component for development. Developed countries can encourage economic development via resource transfers. Research has acknowledged foreign aid as a tool for reallocating resources internationally. Drawing on the 'trade versus aid' debate, this case is argued that varying level of contributor generosity can only be understood when increased trade in from developing countries to benefactor countries are taken into account **(Prakash et al, 2007).**

There is also evidence that domestic economic conditions in the donor country, and employment levels in particular influence foreign aid budgets. Thus, only some aspects of the domestic political context are important in shaping aid decision. Reducing

foreign aid due to increased trade means developing country governments have fewer options to explore alternative development paths. Moreover, citizens within developing countries may net gain in the same way from the type of development that trade endorses, in view of the fact that those benefiting would likely be concentrated in the outwardly leaning sectors of the economy. Reduced aid may accentuate global disparity, particularly if certain underdeveloped countries do not have the assets or skill valued in global markets. Finally, cutbacks in foreign aid may also wane developed countries' leverage to support human rights and democracy in the developing world **(Prakash et al, 2007).**

It is noted that bilateral aid to Fiji is 100 per cent in the grant form. In Fiji the long run domestic resources for example labor force, exports and total investment do not contribute to the growth. Development assistance in an aggregation form has a positive impact and exerts a stronger impact on economic growth in Fiji. Generally in Fiji's economy foreign aid plays a substantial role in financing investment. The political and economic uncertainty in Fiji has led to an inability to stimulate private investment in the productive sectors. The contribution of exports to growth is minimal. On the other hand, aid in various components such as bilateral aid and technical co-operation grant aid have a significant and positive outcome on growth. In the light of the above one would opine that Fiji should maintain the utilization of grant aid and closely monitor it given that more aid is in the grant form than the loans, and contributes significantly to economic growth. Multilateral aid and loan aid do not impact significantly on Fiji economy. The Fiji case explains the negative impact of political instability on domestic resources **(Gounder, 2001).**

2.8 General Foreign Aid Policies of Development Assistance Countries (DAC)

In terms of the whole sum of dollars, the USA has time after time been the world's largest benefactors (apart from the mid-1990s when Japan for a short time topped the list). In 2004, the USA gave $19.7 billion in ODA, to the world. Japan, France, the United Kingdom, and Germany were the next largest donors in the world. However, when aid is measured as a share of donor income, the most generous donors are Norway, Denmark, Luxembourg, the Netherlands, and Sweden, each of which provided between 0.79-0.92 percent of their GDP in 2004. Saudi Arabia gave aid equal to about 0.69 percent of its revenue. The USA is among the smallest contributors by this measure at

approximately 0.17 percent of U.S. revenue in 2004, over half of the 1970 level of 0.32 percent and a smaller amount than one-third of the USA average in the 1960s. Contributors have vowed ever since the 1960s to dedicate 0.7 percent of their revenue as aid. In recent times at financing for Development Conference, in Monterrey, in March 2002, only a handful of small contributors have realized this level of aid **(Birdsall, 2004)**.

As at 1991 Japan had approached the USA in terms of its share of Development Assistance Committee (DAC) multilateral grants. Yet Japan remained significantly lower in its share of bilateral grants. Japan's emphasis in aid for private goods purpose is also found in the role of private flows of funds relative to government flows. Japan pursues a somewhat higher level of private goods in its bilateral aid donations than does the US or DAC overall. At the very least Japan emphasizes the 'discipline of repayment' as a way of promoting economic development 'good habits' in recipient countries. Japan uses 'selfish' rationale, at least in the bilateral aid domain.

The share of ODA allocated to multilateral versus bilateral aid is another indicator of a donor's contributions to the provision of public goods. Neither Japan nor the USA has been an obvious leader relative to the rest of the DAC in recent years in emphasizing multilateral aid. In the more private goods category of aid to regional development banks (RDBs), Japan has devoted a larger share of its multilateral aid to this category since the late 1970s than the DAC as a whole. From 1984 onward, it has also outpaced the US in this respect as has the DAC. This finding would tend to support the idea that Japan's aid has and maintains a significant regional orientation **(Bowbrow and Boyer, 1996).**

It is argued that international relations of African countries have changed since the end of the Cold War. These changes have been accelerated by the pressure unleashed by the international environment, including the reality of Africa's marginalization and the forces of globalization. These, along with domestic factors including debt, internal conflicts, the impact of the ubiquitous structural adjustment programs (SAPs), HIV/AIDS and human insecurity in general have combined to underscore foreign aid and economic assistance as key driving forces of the continent's foreign policies and diplomacy towards the North. The new thrust of foreign policies, informed by the need for foreign aid, has not accrued without a price. Among other things, it has elevated technocrats in central or reserve banks and finance ministries to position of prominence vis-a-vis officials from foreign ministries and in the process introduced extra-African actors into the foreign

policy making process of the continent. This in sequence has destabilized Africa's increasingly shaky economic autonomy. But especially, it has led to the increase of attachments with the North and international creditors particularly at the cost of intra-African relationships.

The new inaugurated partnership for Africa's Development (NEPAD) and the African Union (AU) pledged to unravel a new episode in Africa's international relationships. It is reasoned, nonetheless, that, against a backdrop of a convergence of factors, these new continental schemes will have minimal effect in terms of extenuating the cost of the aid-driven foreign policies, thus changing the donor-oriented bearings of African nations. Africa's international relationships in a broad-spectrum and foreign policies particularly have taken a new form from the time of the abatement of the Cold War. In contradiction of the circumstances under bipolar policies, which gave African nations the influence to pitch one superpower in opposition to the other in a bid to remove concessions, the continent's post-cold war foreign policies have become limited and relatively unsurprising. The increased peripheral role in the global economy, by Africa is dramatized in two main areas-the continent's declining ODA, and its shrinking share of foreign direct investment (FDI). The underlying factors accounting for Africa's marginalization are varied. However, the most popular reasons relate to the discovery of new investment opportunities in Eastern Europe following the liberation of the regions economies from communism along with the inflexible conflicts and poor governance, which jointly undercut Africa's attractiveness as an area for investments **(Akokpari, 2001).**

Moyo (2009) argues that the notion that aid can alleviate poverty is a myth since aid has been and continues to be, an unmitigated political, economic and humanitarian disaster for most developing countries. Moyo sees the vicious cycle of aid as one that chokes off investment, encourages dependency and facilitates corruption, adding that this cycle perpetuates underdevelopment and guarantees economic failure in poor regions. Moyo also touches on‘the paradox of plenty’, insisting that aid instigates conflicts in Africa. If not, how come the same continent that receives the largest amount of aid is the most conflict ridden place in the world? For instance, the estimated costs of armed conflicts in Africa between 1990 and 2005 exceeded US$300 billion – an amount which is almost equal to overseas development assistance in the same period **(UNDP, 2009)**.

This suggests that aid is not necessarily 'a good thing' but that it can be beneficial. If it is entirely a good thing, how come many countries in Africa still struggle with poverty? How was it that the same continent that collects the biggest chunk of aid money has had an average growth rate of 3.8% between 1996 and 2000 and 4.75 in 2005? **(OECD Observer, 2009).**

ODA to Africa is broken down into sectoral allocations and excluding debt relief, and it is directed mostly to the social sector (45%), followed by economic infrastructure (15%) and the rest torn between debts, production sectors, humanitarian, general programs and other needs. The chart below is a review of the top 10 African ODA recipients and donors to Africa in 2008.

Table 1: Top 10 African ODA recipient and donors to Africa in 2008

Top 10 African ODA recipients USD Million, net disbursements in 2008 and country share in total				Top 10 ODA donors to Africa USD Million, net disbursements in 2008 and country share in total		
	Ethiopia	3327	8%	United states	7202	16%
	Sudan	2384	5%	EU Institutions	6012	15%
	Tanzania	2331	5%	IDA	4053	9%
	Mozambique	1994	5%	France	3370	8%
	Uganda	1657	4%	Germany	2703	6%
	Congo, Dem.Rep	1610	4%	United Kingdom	2594	6%
	Kenya	1360	3%	AfDF	1625	4%
	Egypt	1348	3%	Japan	1571	4%
	Ghana	1293	3%	Netherlands	1516	3%
	Nigeria	1290	3%	Global fund		3%
	Other recipients	25411	58%	Other donors	11986	27%
	Total	44,005	100%	Total	44005	100%

Source: **OECD**, DAC Statistics Aid to Africa (2010:3)

It is quite difficult to determine how much aid comes from non-OECD donors and emerging economies. Current evidence suggests that development aid and South-South co-operation from these sources are growing rapidly and may represent a significant share of global aid flows. In many cases, these "new" donors have been recipients of ODA in the past and therefore experienced aid from the recipients' point of view. This experience can lead to exchanges and potentially effective relationships between "new" donors and African partner countries. The OECD Development Assistance Committee (DAC) has been following non-OECD contributors' aid flows for a number of years; however, some of the most significant contributors of development aid to Africa, such as India, China, Brazil and South Africa, are not accountable to the DAC. These non-OECD

contributors are also inclined to use different categories or benchmarks in accounting for development expenditure, making direct comparisons with OECD countries hard. In spite of this important caution, it is nonetheless important to attempt some assessment of aid flows from all of Africa's major donors **(OECD, 2010).**

2.9 Conclusion

This chapter has attempted a synopsis of the meaning, genesis, dynamics and trends in the foreign aid industry. The meaning of foreign aid as a free transfer of resources from developed to a developing country has been contested. Various forms of development aid have been mentioned. They include project, program, technical, food (commodity), trade and emergency aid. It is argued that Donors usually have diverse motives for providing aid. They range from national interest self, humanitarianism, strategy, politics and economics. The debate on the effectiveness and desirability are revisited. Reformist scholars contend that foreign aid contributes positively to development whereas the radicals see it as an instrument that perpetuates economic dependency of developing countries on developed countries. The reformers recommend the reinventing of the aid architecture to make it robust by embracing managerialism tenents. The radical scholars, on the other hand, call for an immediate halt of foreign aid project and recommend a raft of measures for developing countries to move on economically minus foreign aid. In general this chapter grapples with various perspectives in the debates on development aid. The major issues tackled include the following: Does foreign aid impact on economic growth? What determines performance, increase or decrease of aid? In what ways has fiscal policy, trade, politics and Cold War influenced the emerging trends of foreign aid history? On the whole, the question of efficacy in foreign aid and its impact on economies of developing countries will continue to generate controversy in academia and among policy makers. In chapter three we examine the genesis, trends and dynamics of Germany's aid policy towards Africa in general.

CHAPTER THREE

3.0 TRENDS IN GERMAN FOREIGN AID POLICY TOWARDS AFRICA

3.1 Introduction

This chapter scrutinizes the Cold War rivalry between the Federal Republic of Germany and the German Democratic Republic in Africa. It traces the beginnings of German aid policy initiatives, its motives, principles and characteristics. It analyses Germany experience with Marshall Aid which become a basis of starting her development assistance programmes to developing countries in Africa. It also undertakes an analysis of the end of the Cold War period in terms of its implications manifested in twists and turns in German aid policy. It proceeds to highlight the characteristics of German trade and investments in Africa. It also analyzes the aid activities of various German political foundations. It looks at the end of the Cold War and the nature of the instruments of aid used towards Africa in Habermasian logic. In this chapter, Habermas's opinion of politics and democratic process is directly linked to judicial institutionalization and autonomous processes are pictured as the legal institutionalization of those forms of communication necessary for rational political will formation **(cf Habermas 1992).** Habermas ideas are relevant because the nature of politics and democratic practice in Africa determined her foreign aid relations with Germany.

In the notion of rational political will Habermas develops his inter-subjective approach using the concept of "communicative rationality" which signifies the centrality of this experience as an inherent phenomenon in human social life. Communicative reason is directly implicated in social life processes insofar as acts of mutual understanding take on the role of a mechanism for coordinating action. As such, for Habermas human social life is founded upon procedures for ascertaining mutual understanding that we deem important in bilateral and multi-lateral relationships. These processes are assumed to be "universal because they are unavoidable and as pointed out in chapter one, Habermas regards politics not the market as responsible for promoting the common good (**http: www.signandsight.com/featues/1796/html**).

This makes it necessary to explore the politics of German bilateralism and multilateralism within a Habermasian conceptual prism. This is critical given that we are

facing what Habermas calls a legitimization crisis of capitalism, of which he surveys predicament propensities in late capitalism and the possible order that might follow.

3.2 Germany at the end of the Second World War: A Summary of her Economic Conditions

The impact of the Second World War on Germany influenced the evolution of her development aid policy over the years. This in turn affected Germany aid relation with Africa in general and Kenya in particular. A defeated Germany was occupied by various powers namely the USA, Britain, USSR and France. These powers undertook deliberate and purposive dialogue in economic policies to resuscitate Germans' economy. It is argued though that the USA and occupying powers had no intention to make Germany a colony in the classical sense of a dependency relation in terms of industry, technology, finance and trade. Instead Germany was strengthened by those powers to act as a buffer to contain communism during the Cold War era (**Hardach, 1984, Derbyshire, 1991**).

The Potsdam conference that was held towards the end of the Second World War in July-August 1945 comprised key communicative actors who divided Germany into two parts thereby creating a critical ideological boundary between the two Germanies. The Western part was occupied by Britain, France and the U.S.A and was referred to as Federal Republic of West Germany (FRG). The eastern part was occupied by Poland and the Soviet Union administration and was known as the Democratic Republic of Germany (DRG). Due to increasing discord among the occupying powers each of the four zones developed its own democracy and differing policies at an early stage. At Potsdam there was an agreement only on the general policy goals of demilitarization, denazification, administrative decentralization, economic decentralization and industrial disarmament **(Hardach, 1984:66).**

In 1946, the West German economy lay in ruins. Its cities and factories had been bombed and destroyed and half its eastern territory had been lost to Poland and to East Germany. The War destroyed the country's modernity but aid assisted this peripheralized state to resume its advanced status. Three decades later, West Germany's industrial base had been fully rebuilt and it is clear that European and American aid did not cause the syndrome of dependence given that Germany was not treated as a formerly colonized territory as was the case with countries of the South linked to the North in a metropolis-

satellite chain of surplus value expropriation. Handled in a manner that was different from the way Third World countries were handled, the post-war regeneration of West Germany was so dramatic that the period between 1948 and 1974 was termed one of "economic miracle".

This economic recovery was achieved through hard work, responsible labour by its educated, well trained and expanding population and through high levels of industrial, research and development investment. Workers from the Mediterranean lands provided the hands to man the factories. These factories were equipped with up-to-date machinery and geared towards the expanding markets of post-war Europe machine tools, electrical goods, steel, automobiles, consumer durables and chemicals. Growth was export-led with European community providing a wide and integrated market and Korean War boosting demand during the 1950's **(Derbyshire, 1991:208).**

German policy-making processes became arenas of key communicative actors who devised what actions they deemed appropriate to stimulate internal competition within the German economy. By so doing, they thereby contributed not only to consensus creation among policy experts and practitioners over the importance of not only figuring out the right policy inputs in improving product design but also the setting up of appropriate political and organizational institutions of governance as essential components for effective economic policy making. Foremost in this problem finding and problem solving proclivities in the policy process was Ludwig Erhard's courage in removing controls and using state power to enforce free competition (**Balfour, 1982**). Erhard was the Federal Republic of Germany first economics minister who as early as 1946 advocated for social market orientation **(Koch, 1995: 128)**.

West Germany depends on imports of oil, iron ore, aluminium, copper and tin which it procures within the global trade framework that did not relegate her to a colonized status of the Third World type in a metropolis-satellite chain of dependence. As **Aseka (2005: 154)** says, the dynamics of the capitalist economy have historically sparked off social mechanisms that have continued to generate progress and growing wealth for those in the North while exacerbating social imbalances, political tensions and poverty in the South. West Germany was not disadvantaged by this kind of location in the international political economy whose institutional arrangements were tailor made to engender, intensify and protect social and economic injustice in the global arena against

the former colonies of the South. That is why German policy makers took note and advantage of this, in devising policy inputs that would yield the best outputs including promulgating the appropriate price policies given that any increase in the prices of these commodities would have a serious effect on the trade balance **(Balfour, 1982:151).**

3.3 The Marshall Plan: Germany experience with Foreign Aid

Years before the end of conflicts in Europe, the American Government, had planned extensively for Germany's role in the post-war world. Following these deliberations, a conclusion was reached that a reconstruction of world trade would in the long run not be possible without the ultimate re-integration of the German economy into the world economy.

Due to the growing East-West tension and the emergence of the Cold War, this view was largely shared by American leaders. On June 20^{th,} 1948 the U.S.A, Britain and France introduced the Deutschmark into their zones. In response, the USSR stopped all surface traffic to Berlin four days later. This ushered in what came to be referred to as the **"Berlin Blockade".** The blockade that lasted ten months was countered by the Western allies' Airlift of some 277,000 flights which took vital supplies to the beleaguered Western part of the city of Berlin. This laid the basis for the process that culminated in the foundation of the Federal Republic of Germany in May 1949 **(Hardach, 1984:74).** Perhaps USSR reacted this way in fear of the influence and domination that comes with the use of a given currency since it had an interest in dominating Eastern Germany.

The Marshall Plan, which originated in the U.S.A, was not designed primarily to aid Germany recovery but was meant as a general multilateral assistance for the reconstruction of war ravaged Western Europe as a whole. Germany received only 10% of the total funds distributed, Great Britain and France received significantly more, and Italy and the Benelux countries (Belgium, the Netherlands and Luxembourg) were recipients of about the same amount as Germany. Economically more important were the increased imports of raw materials and industrial goods the Marshall Plan aid allowed .In 1949, almost half of German imports were financed by USA funds **(Hardach, 1984:75).**

Britain and the USA were spending 700 million dollars every year on their occupation of Germany. The remedy lay in Germany being assisted to stand on her own. Soviet Union policies were targeted at taking over the whole of Germany. In the

Habermasian sense of communicative rationality in which people who are in mutual communication bring about rational decisions founded upon rational organisation and consensus, it appears that alarmed, Britain and USA felt that West Germans needed to be encouraged with Western support and made to feel that they were welcome as partners in Europe. The objectives of the Marshal Plan were formulated towards this end.

West Germans had to be recruited in the Atlantic Camp, and this was initiated through West Germany's involvement in the Marshall aid programme, financed by the Americans with the aim of restoring the shattered economies of Western Europe. Injections of Marshall Aid begun in April 1948 and proved a veritable "blood" transfusion. When the American aid schemes ended, a total of 3,298,400,000 dollars had been pumped into the West German economy in various forms. As a result, agriculture, improved leading to increase in food production. The aid financed the rebuilding and equipping of factories leading to an increase in production. Marshall Aid purchased much needed raw materials **(Radcliffe, 1972:116).**

The USA aimed to demonstrate to the defeated Germans through the Marshall aid the excellence of American political order and the superiority of its economic system. In March 1946, the ceiling of industrial production was put at 50 % of the pre-war level. In August 1947, the figure was revised in the British and American zones to 90 -95 %. Initially, these changes were managed by allied powers who then began to transfer political power to West Germans themselves **(Rdicliffe, 1972)**. In August 1948 state department policy statement on Germany emphasized at great length the close interdependence between European recovery and German economic reconstruction. The statement averred: -

> Germany is potentially one of the most important European suppliers of such acutely needed commodities as coal, mining machinery and industrial equipment. At the same time, she is potentially an important market for European goods. German economic recovery is, therefore, vital to general European economic recovery (**Schroder, 1986:306-307).**

The Marshall Plan aid was important in the sense that it provided foreign exchange, was an instrument of West Germany's integration in the world economy and led to the creation of the Federal Republic of Germany. To what extent was the new

Republic dependent? German economic recovery took a completely different pattern from the dependency that bedeviled Third World countries. An economy is dependent to the extent that its position and relations to other economies in the international system and the articulation of its internal structure make it incapable of auto-centric development **(Ake, 1981: 55)**.

The fact that the Deutschmark was adopted to replace the Reichsmark shows that West Germany was rescued from possibilities of financial dependence. Though the recipient of massive financial aid, Germany‘s monetary system was never to become an extension of that of the donor country in the classical dependency theoretical sense. Monetary stability was to help boost overall German trade, but there was no monetary dependence created for purposes of establishing monetary dependence as a means of exploitation like was the case in colonies in Africa where dependence was characterized by manipulation of a colonies reserves and currency **(cf Ake, 1981; 55).**

Germany did not become a colony of the USA in the classical sense of dependency with its dimensions of monetary, financial, trade and technological dependence. In its push for financial aid through the Marshall Plan, the U.S.A. had in a larger global context aims that were in essence strategies to counteract communist influence in Western Europe and especially within the Truman Administration’s framework of containment and not colonization per se. The USA postponed any large scale socialization schemes thus effectively preventing the creation of a new economic order and decisively contributing to the re-stabilization of the capitalist system in Western Germany **(Schroder, 1986:306).**

Containment of communism was the issue here to the extent that while Washington was prepared to tolerate some degree of nationalization in Britain that was not under any communist threat, the Truman administration clearly rejected the application of the same schemes in West Germany. The American position was determined by the fact that Washington regarded West Germany as a cornerstone of American reconstruction policy in Europe. In the field of international affairs, foreign trade was regarded as an important lever to help reduce foreign control in the Germany economy, for West Germany to regain full sovereignty and equality among nations. In dependency parlance, the colonial economies depended primarily on the metropolitan countries, which colonized them for their external trade. This dependence reflected the

exploitative structural integration of the colonial economy to the capitalist system of the metropole **(Ake, 1981:57).** This was not the case with West Germany where decision makers in the country were real communicative actors who provided those in authority with wide consultative skills forums and erotetic processes which were aimed at utilizing opportunities in a dialogic sense because they regarded economics as a key means of furthering their aims in the political field.

Germany's commercial policy was, therefore, a product of dialogic policy arguments in policy settings characterized by consultation, debate and formulation of solutions to problems whose importance was to be felt in the field of foreign affairs. In this sense, it may be said that West Germany used its ability to absorb foreign products as a political instrument without being subjected to coercive measures which any foreign power attempted to use to gear the German economy to its interests. Political importance of commercial treaties needs to be emphasized because just like after World War I, post World War II Germany used trade policy to regain equality in the international sphere within well-calculated policy frameworks **(cf Schroder, 1986:318).**

The Marshall Plan was not formulated with the intention to create and perpetuate a German colony. It was a four-year plan that was conceived as a means of German containment as well as wrest the Germany society away from possible communist control. This Plan was to be concluded in 1952. It had a radical impact on Western Europe and especially West Germany since the primary beneficiaries of Marshall Aid were Western European countries and Japan. It provided them with the wherewithal to boost economic recovery. The Soviet Union and her satellites declined to receive Marshall Plan funds as this aid was associated with American anticommunist foreign policy. Between 1948 and 1952 the Marshall Plan funds were over $13 billion (**Abelshauser, 1991**).

The point is that as much as the Marshal funds were important other factors needed to be favourable including the use of social capital in the organization of production and formulation of development action plans. In this respect, it is important to emphasize that Habermas conceives communicative action as an important facet of society as it is the heart of what he calls the lifeworld. Thus, it is responsible for accomplishing fundamental social functions such as reaching an understanding, socializing individuals as well as coordinating action plans **(Habermas, 1981:31).**

The Marshall Plan funds were used to purchase commodities, raw materials, food, fertilizers, machinery and vehicles from suppliers in the USA and elsewhere. Before the Marshall Plan, some U.S.A. policy planners toyed with the Morgenthau Plan that envisaged removing all industry from Germany so that the country could not wage another war. This shows that there were fundamental discussions taking place on both sides of the Atlantic involving both the donors and the recipients with each side having its set of interests and goals. That is why the idea of Marshall Plan prevailed over that of Morgenthau Plan and one cannot discount the possible role of German migrants in the US in these debates and decisions. When the Plan was implemented throughout Europe, Economic Cooperation Administration (ECA) administered the Marshall funds **(Abelshauser, 1991:384).**

The European countries, created a body known as the Organization for European Economic Co-operation (OEEC) to co-ordinate the Marshall Plan on their side of the Atlantic and the Federal Republic of Germany was admitted into this body in 1949 after it was established. Most of the participating European Recovery Programme (ERP) nations were conscious of the fact that they would never have to return the complementary fund money to the US from the beginning. It was absorbed into their national budget. Germany was left in doubt.

This insecurity was to have a positive outcome for Germany made effective use of the funds. Before the Marshall aid Germany had already received USA goods through the GARIOA (Government and Relief in occupied Areas) amounting to $ 1.7 billion, so Marshall aid, which was about $1.4 billion in four years, was not dramatic. Britain, France and Italy all received larger share of the aid. But Germany put the aid to better use than any of the other recipient countries because she was not sure if the money was to be repaid back **(Milward, 1991).**

West Germany developed sectoral policies, which deepened its productive base. Good investment and technology policies strongly influence the pattern and strength of a country's industrial base and German did not suffer from vagaries of North South technological divide, which characterizes technological dependence in much of the Third World. The latter countries depended on the West for virtually all their technology. And their economies were characterized by a lack of key instruments of labour making them remain at the pity of those in power to give them the use of instruments of labour. On the

contrary West Germany invested her Marshall Plan funds well including the development of its technological base. That is why any forms of technological dependence did not bridle her that she was able to move from a Marshal Plan beneficiary to a donor country. .

Until 1952 Germany did not know how much money it was going to pay back to the US. This made her to be particularly scrupulous in the use of the ERP counterpart funds. A lending (KFW) - Reconstruction Loan Co-operation was founded in 1948 which was charged with overseeing the program. Finally in 1953 in an agreement signed in London between the U.S.A and West Germany, it was decided that the latter would have to repay only a third ($ 1.16) of its debts to the US. This money was paid in instalments, the last one being in June 1971. The ERP loans enabled enterprising individuals to start up businesses and others to expand. The loans were used in innovation, research and security of jobs **(Stern, 1997:5).**

Germany started an aid program to developing countries in 1957 and modeled it to some extent on the Marshall Plan. Thus, low interest loans could be made to developing countries and both the capital and interest would be used to finance further loans. Some Germans believe that the Marshall Plan alone was responsible for the economic miracle of the fifties. However, scholars explain this miracle in a far more complex way stating that the Marshall plan was perhaps both a psychological and economic contribution to the economic rebuilding of West Germany. It gave Germans back their self-esteem, new perspectives, positive mindset and released their energies to work harder to rebuild their country **(Jacobsen, 1984).** They used available resources to build a formidable technological base for her development. Technological dependence is one of the most critical forms of dependency for a colonized economy which the Germans were not subjected to.

3.4 Conception, Interests and Trends in German Foreign aid Policy

With the full consent of its Western allies, the new government in Bonn Germany also saw itself as heir to German history and culture and maintained that it alone represented all the German people, including the ones in the German Democratic Republic (GDR). Thus, from the beginning, the desire for reunification was one of the pronounced cornerstones of West German foreign policy, but within a German state firmly embedded in the Atlantic alliance. It should come as no surprise, then, that the

overriding ideology of the West German Government was strident anti-Communism coupled with deep faith in and commitment to a free market economy **(Schulz, 1992:224).**

Another key element of West German foreign policy, at both the rhetorical level and practical levels was, Bonn's so-called ***Friedenpolitik. Friedenpolitik*** is a renunciation of armed conflict and physical violence to solve problems of diplomacy and national interest. This German post-War position looks sensible when interpreted in terms of Habermasian purposive rational action. As we have stated in chapter one, Habermas argued for the need for a new post-national identity characterized by a solidarity required to motivate citizen participation in the public sphere where a solidarity is fomented accruing from a form of constitutional patriotism that reflects a shared commitment to the democratic project of realizing a system of universal rights **(cf Habermas, 1989).** ***Friedenpolitic*** has meant a constitutionally anchored commitment not to arm for another war, as well as a condemnation of the use of armed conflict to solve political and economic problems in other parts of the world **(Schulz, 1992:224).** To Bonn, economics constituted an important element of this 'peace policy'. Hence Germany disbursed foreign aid to developing countries in line with *Friedenpolitik* policy.

Bonn pursued a foreign policy towards the Third-World countries in Africa whose aim was to stop the possible advance of Communism. Accordingly, West German development aid policies did originate in an explored researched and finely digested understanding of the situation prevailing in the Third World countries of Africa. Development policies did not originate in a concern to aid in the increased economic well-being of these countries. Instead, they served as proof of Bonn's willingness to defend Western interests as defined by Washington. 'Aid' was therefore much more part of Bonn's alliance policy in the East-West context than a strategy for development of the South **(Schulz, 1992:225).** This violated the Habermasian premise of communicative action and rationality, which negotiates, discusses and creates harmony and consensus that is aimed at emancipation of society.

After the Bonn Government finally received the right to conduct its own foreign policies in May 1955, it began its Third-World policies by manipulating new nations into supporting the FRG on the 'German question. West Germany's approach involved the quest to build and develop a true democratic society while ensuring it does not emerge as

yet another security threat to the rest of Europe by using the proverbial carrot-and–stick approach. Granting Bonn the prerogative of speaking for the entire German people meant, among other things, that a friendly country would get economic aid. Challenging this claim brought about drastic diplomatic, political and economic repercussions. This is what came to be referred to as the ***Hallstein doctrine*****.** The Hallstein doctrine determined West German development aid policy in the following regard:

> The special political situation of Germany and the goal of reunification desired by the overwhelming majority of Germans on both sides of divided Germany has once again strongly influenced the development policy of the Federal Government through the precedent year. The Federal Government, through its development assistance, is attempting to win over the developing countries to an attitude of understanding for the German cause **(Schulz, 1992:226).**

The stages in the growth of the German aid programme have corresponded almost exactly to wider changes in the world's conception of aid. In the 1950s aid was given for a variety of purposes and by a variety of means, but astonishingly little thought was devoted to the central objectives that aid could or should be designed to achieve. Aid grew but with serious consequences exacerbating dependency. During this period, Germany had no formal aid programme; but a growing awareness of the political and economic significance of developing countries was expressed in a range of activities – export financing, technical training, for instance, which laid the foundations on which the aid programme was subsequently to be constructed. In 1960, a rapid increase in the size of aid programmes, and a dawning realization of the enormity of the task, forced the principal aid-giving countries to think again, and there followed a slow re-shaping of several donors' aid programmes **(White, 1965:74-75)**.

German development assistance policy was formulated from 1960 when the Bonn Government budgeted for the first time a limited amount of funds for the purpose of development assistance (**Schultz, 1982**). The technical and financial assistance to developing countries was mooted and benefited countries of Africa such as Kenya. The framework of this assistance provided for a relationship that favoured the FRG. Consequently, this enhanced the culture of dependency. This was the modernization which dependency theories were opposed to. However, the aid programme that sprang

from this decision was conceived as a short-term transfer of German skills and capital. Nonetheless, this was not aimed at giving the developing countries in Africa the kind of a start that Marshal aid had given to Germany. This is because while the Marshal Plan was meant to genuinely address German reconstruction, aid to Africa was exploitative and meant to cause dependence. That is why military coups in Africa in the 1960s and 1970s had socialist leanings as a way of fighting this dependence. The adoption of an official aid programme provided what Habermas would classify as universal inherents. For Habermas human life is based upon processes for establishing reciprocal understanding. They are validity claims, which he defines as consensus without force **(Habermas, 1990)**.

However, the above stated FRG policy was named after a Mr. Hallstein, an adviser to Konrad Adenauer. The ***Hallstein Doctrine*** became a major referent in Germany's practice of bilateralism as well as multi-lateralism in the sense that it outlined as an 'unfriendly act' any granting of diplomatic recognition to the Communist controlled East Germany by any Third World country and was thus subject to immediate West German reprisals. East Germany was recognized as the German Democratic Republic (**Schultz, 1982**).

The ***Hallstein Doctrine*** determined relations between both East and West Germany and the Third World until the 'normalization' of relations with East Germany took place in the late 1960s, when it was quietly allowed to wither away. The head of the trade policy section in the Foreign Ministry defined the motives of German 'Third World politics' in 1965 to have been driven by:

> Humanitarian motives, in order to mitigate the misery in many countries; economic motives, because only economically strong countries would provide for meaningful markets, sufficient supplies and investment opportunities finally, motives of national policy **(Albrecht, 1980:183)**.

A priority humanitarian aid programme was to focus West German policies on the poverty-stricken belt of countries which later became labeled 'the least developed countries (LDCs), through providing food aid and disaster relief. However none of these priorities can be found to be predominant in actual West German aid patterns. Some

humanitarian aid could indeed be identified, but the commitment of Bonn was strongest to those regions where a clear cut economic interest could also be served.

The report of German interests in the developing countries growth can be clustered into four fields: control interests, western block interests and globalistic interests on the nationwide on top of the European level, and humanitarian interests in human rights and conquering of poverty and marginalization. When the profile of German interests is critically examined against the requirements of 'development' and its various facets and dynamic implications, only what appears to be a partial mutuality can be detected, though a large field of well spread out common interests that are yet to be activated can be outlined and clearly identified **(Nitsch, 1982:219).**

German external cultural policy is promoted by the Goethe Institute (GI). German cultural policy creates a good environment for her foreign aid activities in developing countries. The Goethe Institute promoted the German language and culture abroad hence capacity building German aid workers and also enhancing interaction in receipient countries. Other bodies that promote Federal Republic of Germany's cultural policies are the German Academic Exchange Services (DAAD), the Alexander von Humboldt Foundation (AvH) and Inter Nationes (IN) which was founded in 1952. The *Inter Nationes* furnishes the German press and information office, the Goethe institutes and diplomatic missions with information on the Federal Republic of Germany **(Ibid, 1992:249).** German foreign policy on cultural affairs aims not merely at the representation of the FRG in other countries but rather, it is based on the willingness and capacity to enter into a dialogue with the culture of the guest-country for purposes of enhancing a rapport perhaps for conducive eventual political and economic exploitation through development aid activities.

German's cultural policy behaviour can be placed within Habermas's theory of communicative action that explains types of action such as instrumental, communicative, discursive and strategic action by which human beings can be critical of the validity associated with the information being disseminated through communication. In this framework of communicative action, behaviour is not steered towards individual utility maximization but towards a reasoned understanding of valid behaviour. Consequently, communicative action relies on arguing in order to reach a common understanding about valid behaviour **(cf Habermas, 1981).** In view of this position, Habermas's principle of

validity is discernible. It is worth pointing out that the basic philosophy of German development assistance was spelt out in 1982 and reconfirmed in 1986 as part of the validated 'Basic Principles of Federal Government's Development Policy'. This states that:

> The aim of German development policy is to improve the economic and social situation of the people in developing countries and to provide scope for their creative growth. It therefore helps meet the basic needs of the people and enable them to help themselves. It contributes to the development of a viable economy and social diversity as the prerequisite for the country's self-sufficient development. And it promotes regional co-operation and facilitates the integration of the developing countries into the world economy **(Wiemann, 1996:2).**

To some extent as the next chapter illustrates German aid helps meet the development needs of developing countries such as Kenya though in the process dependency and exploitative aspects are noticeable. Recent analyses and perspectives suggest that neither unification nor the end of the Cold War have undermined the essential insight that Germany is a civilian power. In keeping with the 'cheque book' (donor assistance oriented) diplomacy practiced in Western Europe, Germany seeks to establish a regional economic environment and commercial ties compatible with the needs of its domestic economy. German policy encourages the transitional economies of Central and Eastern Europe to pursue policies of openness toward global markets. German assistance for the Central and Eastern European Countries (CEEC) provides valuable insight into the overall direction of German foreign policy after re-unification, because the region represents the Federal Republic's premier challenge in the Post-Cold War period. Economic relations, including aid programmes, would be tailored to solidifying Germany's regional ambitions, the needs of the German domestic constituencies and her competitiveness with other advanced industrial states. Germany maintains political relations with Central and Eastern European countries in order to seek influence and advance German interests, not for ideological reasons or altruistic purposes **(Davis and Dombrowski, 1997).**

The demands to the Federal Republic of Germany for development assistance by Central and Eastern European countries in a way limited the amount of money available to the Third World countries in Africa in form of development aid. In competing with

Eastern Europe for funds, the Third World countries of Africa are bound to lose. This is because Eastern Europe is geographically an immediate neighbour of Germany. Germany cannot permit the same level of economic deterioration, which characterizes much of the developing world to become a reality in Eastern Europe. By 2003, products from the Third World that were so urgently needed by the German economy continued to arrive because the primary commodity producers had no alternative markets to supply. Exports from Germany found an open market in Eastern Europe, thus further reducing the importance of the South to the West German political economy. Eastern Europe shares with the Third World the comparative advantage of cheap labour while having a highly trained and educated workforce **(Schulz, 1992).**

3.5 The Cold War influence: The Federal Republic of Germany in Africa

For more than thirty years from 1925, there were organizations in Germany that promoted interest in Africa. Afrika-Verein based in Hamburg and Bremen promoted shipping, and commercial contact with Africa by collating and disseminating political and economic data about Africa. Between 1925 and 1955, *the institute for Austland Sbeziehungen in Stuttgart* spread knowledge of German culture in Africa and supported German economic penetration of Africa. It linked with the Gold Coast Marketing Board and as a result many students from Gold Coast (Ghana) went to study in Stuttgart **(KNA/AE/3/733)**. In 1955 there was a marked increase in German interest in Africa. As observed in the previous chapter this was due to the fact that in May 1955, the Allies led by the USA granted FRG the right to conduct her own foreign policies. The Federal Republic of Germany begun to use the ***Hallstein doctrine*** to lobby for Third World countries refusal to recognize the German Democratic Republic (GDR).

Earlier in 1954 some African Leaders had visited Germany. These leaders had included more than one minister from South Africa, as well as Ministers and Chiefs from Kenya, Nigeria and the Gold Coast. The Emperor of Ethiopia visited Germany as well. Germans who were brought up in the Nazi era were sympathetic to South Africa's racial policy. The competitive European markets, the dominance of the USA and politically dangerous Soviet market made German industrialist to safely turn their trade interests to Africa. Africa was to provide raw materials needed by German industries and markets for her exports. But the challenge was that British dependencies still depended on her for

development finance. Market for Germany goods in Africa was limited in the 1950s by importation of cheap goods such as cloth from India and Japan **(KNA/AE/3/733).**

The various leaders from Africa were figuring out ways of building their countries economies while in the throes of the challenges of decolonization. Critical to the question of decolonization and post-independence rule was the question of legitimacy of rule. Habermas invoked legitimacy in matters of economic crisis, as he postulates that economic crises normally witnessed within capitalist systems force the state to increasingly involve itself in the management of economic and social problems, increasing the problem of legitimation. The legitimation process is an effort to maintain power without having to resort to coercion **(Jansen, 1990: 2).** It should be noted that Habermas father Ersnt Habermas, was formally an executive director of the cologue chamber of industry and commerce (**Habermas, 1987**). This background must have influenced Habermas views on trade. Habermas argues that politics and not capitalism is responsible for promoting the common good and therefore the market and politics have to be repeatedly balanced off against one another in order to preserve the network of relations of solidarity (**http://Stanford.edu/Habermas/#Habcos**).

Anticipating the end of colonialism, Germany intensified contact with Africa. The Habermasian legitimization crisis of capitalism is conceived against a background of technocratic currents in German politics and sociology concerned with the crisis logic of advanced capitalism **(See Habermas, 1975).** Indeed Germany was to become Europe's biggest economy that vindicated Habermas' assertions regarding power relations, brought about by the disintegration of the bourgeois ideology of fair exchange. In a way unbridled technological expansion was to transform reason into pragmatic instrumental rationality.

German interest in Africa was illustrated in 1955 by three visits of at least a semi-official character. A goodwill mission of industrialists with a secretary from the German Ministry of Economics toured Southern Rhodesia (Zimbabwe) and other parts of Africa. In 1955, Herr Stelzer, the head of the African Department of the Foreign Ministry, visited countries and territories of Central Africa, meeting leading personalities, as well as German representatives there. In the summer of 1955, the President of the Bundestag, Dr. Gerstenmaier, accompanied by a leading Director of the Mannesmann firm, Dr. Pohle, also visited Central and East Africa on what was described as a fact-finding

mission. This visit opened the way for German commercial relations with Kenya, Tanganyika, Uganda, the Belgian Congo, Egypt and the Sudan **(KNA/AE/3/733).**

Nevertheless, German trade with Central Africa consistently expanded between 1952 and 1955, although Germany's exports expanded more rapidly than her imports. In this connection, the principal German imports from Central Africa were raw cocoa, oleaginous fruits for food, edible vegetable oils and fats, unfrosted coffee, round wood and raw cotton. Germany's main exports to Africa in the same period were manufactured goods of which the most important were textile fabrics, ironware, motor vehicles and electrical equipment **(KNA/AE/3/733).**

A striking feature of the second half of the 1950s was the growing interest in Africa from both East and West Germany. From 1956 onwards 'Africa Bureaux' and 'African Institutes' suddenly began to sprout all over the German Democratic Republic (GDR). African students, lured by handsome scholarships, flocked in large numbers to East German universities and technical institutes. At the same time, trade and cultural delegations from the GDR began to visit the newly emancipated countries of Africa. The coming of independence of each new state was watched closely by the Pankow Government in GDR and preparations were made well in advance of each such event to make the most, politically as well as commercially, of the opportunity.

German aid activities in Africa started modestly in the early 1960s. This was primarily motivated by the desire to overcome the international isolation of Federal Republic of Germany in the post-war period and to use aid as a lever for international recognition and a return to the family of nations. Against this historical background Germany for more than two decades since 1960 become one of the major bilateral aid donors in Africa. Africa's share of total German ODA has revolved for some time at around 40%. It was a deliberate policy decision to have some aid activity (although sometimes limited) in every country. This wide geographical coverage has in the past often been criticized as the "watering can principle" **(Schulz and Hausen, 1984; Hofmeier, 1994:17)**.

As pointed out earlier, when African countres got their independence, the FRG Government manipulated the new nations into supporting the Federal Republic on the German question by pursuing a carrot-and-stick approach. This means that only those African countries which recognized FRG as the only representative of the German people

were granted development aid. Those that did not were denied development aid. The major policy tool of the Bonn Government in its relations with the Third world during the Cold War period was use of ***Entwicklungshilfe*** or development aid'. Aid was not meant to develop Africa but to serve the strategic interests of FRG. During the years of the ***Hallstein Doctrine*** - which was allowed to wither away quietly during the late 1960s it was the 'German question' which largely determined eligibility for development aid. Germany saw the primary purpose of aid to be a tool of Western containment policy to block the advance of communism **(Durotoye, 2000:3-4)**.

Germany kept a tight control on the types of projects for which it provided funds, making certain that they satisfied capitalist criteria of profitability. Germany also protected the interests of its export industry by tying such funds to the utilization by the recipient country of West German private consulting services, which naturally tend to recommend products known to them. To Germany, the preponderant share of the capital aid never left West Germany but stayed as purchased goods and services.

As a contribution to the solving of the legitimation crisis, Habermas endorses democracy as a way to rescue modern life from the economic and bureaucratic compulsions that Max Weber saw as an inescapable condition of modernity. Implicit in this is the subordination of democracy to people's true interests by liberating their political purposive deliberations from incursions of policy preferences that clearly reflect those interests **(Salam, 1955: 76).** From the 1960s to the early 1980s West Germany aid was clearly an important instrument in the bitter competition between FRG and GDR for worldwide recognition during the policy era of the ***Hallstein doctrine***. The Hallstein doctrine was to be replaced by the "**Berlin clause**". This element was already clearly reduced during the 1980s, but nevertheless still in evidence in a less conspicuous form until the final collapse of the GDR in 1989/90 **(Hofmeier, 1994:17,Durotoye, 2000:3-4).**

Faced with the Cold War ideological divide, there was a scramble for diplomatic influence between the two German countries. As soon as any African state became independent, the East German Government would first move by sending a trade mission there. West Germany sought to provide the newly independent country with technical assistance. It is in this context that the trade union delegations to Africa and the mooting of plans for the establishment of business training colleges in the new African States can be understood (**The World Today, Vol. 17, No.2 Feb 1961:45-46)**. The West Germans

tried to counter the East Germans' offensive by pointing to the evils of Communism. This often proved a blunt weapon, however, for communism meant little or nothing to most Africans, who had not experienced it and who in any case thought much more in terms of food and clothing than of ideologies and political freedom. In the early 1960s when most African countries attained political independence some leaders such as Jaramogi Oginga Odinga of Kenya and Kwame Nkrumah of Ghana were aware of comunisim hence they had reached out to East Germany.

In their diplomatic duel for Africa each of the two Germanies did their utmost to draw the budding intelligentsia of the new African States into their camp. Intellectuals were important in what Habermas calls the production of legitimacy given that intellectuals were conceived to bear enforcement capacity since that capacity is formed and reproduced thereby making legitimation possible **(cf Habermas 1994)**. Great importance was attached to the creation of a favourable cadre of intellectuals and African students were allowed to practically choose any university in either East or West Germany or in East or West Berlin. It became necessary in the Habermasian sense to legitimise German-African relations by creating elite (both German and African) who had a stake or vested interest in the relations. This was important since for Habermas communicative action cannot take place among states, particularly where states do not share characteristics of regime type **(Habermas, 1984: 71).** Consequently, a full-fledged 'Africa Institute' was opened in the early autumn of 1960 at the University of Leipzig. Its primary purpose was to train East German diplomats and trade representatives for service in Africa (**The World Today, Vol. 17, No.2 Feb 1961:46-47**)

At the end of October 1960, a series of 'Africa Weeks' took place in various towns in the Federal Republic of Germany. Habermas considered the realm of deliberation divorced from material conditions to be essential means of effecting both consensus and coordination in purposive dialogue **(Salam, 1955: 77).** The Bonn 'African week' forums were attended by a large number of African politicians, journalists, trade unionists, and social workers. During these "Africa Weeks", professor Erhard, the Minister for Economics, informed twenty-four African delegations that in a short while, Germany was to open 'extensive discussion' on German technical aid for their countries. In August 1960 aid to the extent of 4 million DM was announced for Cameroon. By the end of October 1960 an agreement had been completed for technical aid to Libya, aid was

promised for Kenya and in November an agreement was drawn up for aid to Togo. An investment programme amounting to a credit of DM150 million was agreed between the Ghana Government and a Consortium of leading German firms was drawn (**The World Today, Vol. 17, No.2 Feb 1961)**.

East Germany's socialist agenda somewhat undercut West Germany's political position in Africa as witnessed by frosty relations with some African countries. A good example was when in 1970, Guinea's president, Sekou Toure, declared Bonn's ambassador to Conakry *persona non grata* and ordered all West Germany technical aid and experts to leave. This was in reaction to the unsuccessful invasion of Guinea towards the end of 1970 by the Portuguese. Sekou Toure alleged that the abortive invasion was a conspiracy planned and executed by the Portuguese actively aided by West Germany **(Holzer, 1971:141).**

Subsequent to the painful events in Guinea, one important development was that Bonn, in spite of its NATO agreements, had moved to the position that there should be no more arms deals with Portugal because there appeared to be no guarantee that some of these arms would not go to Africa. Germany military aid to developing countries hitherto given as technical aid and training to countries like Ethiopia, Somalia, Nigeria, Guinea and Togo had become so unpopular in Germany that Bonn decided to end this special kind of 'aid'. It is clear that understanding rationality and power is the key to understanding actual political, administrative, as well as diplomatic behaviour. The diplomatic tensions depicted between consensus and conflict played out on ideological plane in the relations between Africa, and the two German countries tells us a lot about national interests as drivers of foreign policy.

According to Habermas, specialization and the use of money and power do not merely simplify linguistic communication but replaces it with a symbolic generalization of rewards and punishments in a transfer of action coordination, which represent the technicization of the life-world **(Salam, 1955: 83).** Technicization of the life world has a connection to creation of dependency that is best explained within the dependency perspective. Technological and other forms of dependency are causal to underdevelopment. Many of the African countries were to be entangled further in a dependency relationship, within an interdependence that was fostered between them and Western nations like Germany. At the time, Germany was one of the major industrial

countries of the world, and was ranked as the Third World's largest economy after America and Japan whose politics of bilateral relations sought to reinforce this position.

Critical to the rise of German diplomatic push was German capital. It makes sense to reflect on this power of capital in the light of the Habermasian colonization of the life world. This colonization represents the intrusion of money into a communicatively structured social life. For him, colonization of the life world is behind the reification phenomena in advanced capitalist countries like Germany **(Habermas, 1985: 356)**. He, therefore, looks at systemic imperatives as impositions. These impositions can be understood further in terms of the consequences of rationalization and the use or misuse of the power of capital. Between 1970 and 1971 West German capital aid rose over 25% to reach 215.3m marks and technical aid rose from DM166.9million marks in 1970 to DM251.6million marks in 1971. Exercising the clout of German capital, the development policy of Mr. Erhard Eppler, the then Minister in charge of Overseas Development put more weight on African regional planning and co-operation within existing German development aid plans. This influence is seen when in Ghana and Tanzania, aid started moving away from individual projects to countrywide programming **(Holzer, 1971:143-144).**

In the latter part of 1971, West Germany's Foreign Affairs Minister Walter Scheel visited five African countries: Nigeria, Zaire, Cameroon, Ivory Coast and Mauritius. This was the first official visit by a German Foreign Affairs Minister to most of these countries. No member of the Federal government, for example had ever before visited a country like Nigeria. While in these countries, the Minister was made to understand that the African countries' hopes were that West Germany's aid to the continent in the future would not only be given according to economic considerations but also to help strengthening these countries' chances to build up stable social structures **(Holzer, 1972:144)**.

In 1973, the Ministry of Overseas Development under the Social Democrats, Mr. Eppler, introduced a new approach of disbursing aid to African countries. Whereas German aid was previously available for only individual projects, the financing of national development programs was considered a valuable form of development assistance. Eppler's Ministry commissioned program-studies since 1970 for a number of countries in Asia and Latin America. Within Africa, the program focused on Burundi, the

Ivory Coast, Ghana, Morocco, Rwanda and Tanzania. The channeling of aid to socialist states was far from an indication that Bonn did not wish to discriminate countries that did not follow a capitalistic road to development. On the contrary, it appears that this aid to socialist-oriented countries was meant to lure them into the capitalist fold so as to control their resources and enhance markets for the finished goods of Western European countries.

Private investment to Africa remained clearly concentrated in areas of high probable return. These areas included; banking, mining, tourism, agriculture, manufacturing and oil. The goods exported to Africa were cars, machines, electrical and electronic equipment and chemicals. Africa's exports to Germany were majorly raw materials **(Ansprenger 1974:74-75).** In July 1974, Egon Bahr succeeded Erhard Eppler as minister for overseas development and accepted the budget reductions, which Eppler had resisted. He, however, continued to implement most of Eppler's policies. He spoke of 'tripartite financing of development' in poor countries. The Federal Republic of Germany was to provide know-how and machinery within a framework of multilateral development aid partnership in which oil-producing countries would be expected to provide capital so that poor countries would reap the benefits from the joint project. Bahr had the first opportunity to try this approach when he visited Sudan in November 1974 (**Ensprenger, 1975**).

In 1974, West German official loans and grants to Africa included DM 110m to Cameroon, DM 100million to Algeria, DM 80million to Sahel countries, DM33million to Tanzania and DM 10m to Ethiopia for famine relief. The loans were to be repaid with a 2% interest. The repayment period was stretched out from 20 to 30 years, after 10 years grace period. Part of the Technical Aid program was informed by the activities of the German Volunteer Service (*Deutscher Entwicklungsdienst, DED*). This was a group of young Germany Volunteers who were trained as technicians, medical and social workers, or artisans, who, on symbolic pay, offered to work in Third World countries. In 1974, the largest African group was in Tanzania which had sixty-nine of these volunteers, followed by Cameroon which had fifty-five. In total, DED had 860 volunteers in the field by 1974 **(Ansprenger, 1975:56-57).**

The political relations between West Germany and African Liberation movements remained lukewarm in the 1970's because of their suspicion of West

Germany's military support to Portugal, which still had colonies in Africa. It was only after the new Portuguese government recognized the independence of Guinea Bissau that Bonn also recognized it belatedly. At the beginning of 1974 the government of West Germany turned down the request of the leaders of the South West African Peoples Organization (SWAPO) who had asked for DM 5000 to be earmarked for a SWAPO health and education centre in Zambia. Perhaps it was perceived the Namibian liberation movement, which had close ties with the African National Congress (ANC), was socialist oriented and it appeared that Germany did not want to antagonize the apartheid regime of South Africa that was then controlling Namibia. Instead Bonn donated a much smaller sum (DM500) to the UN Namibia fund for a clinic to be built in Botswana. This drew harsh criticism from the SWAPO leaders. This antagonism showed an absence of dialogue and consensus between the two sides. For Habermas, the social life that humans lead is based on the utilization of reciprocal understanding within general structures of possible communication. Within these communicative structures, Habermas assumes that one identifies a gentle, but stubborn; a not so silent but rarely redeemed claim to reason, that must be given the due recognition as of sole importance if consensual action is to be realized **(cf Habermas, 1987).**

As regards West Germany's foreign policy, it appears that maintaining good relations with South Africa was necessitated by the fact that German private business in South Africa had continued to rise since 1973 when West Germany established a new investment corporation EDESA (Economic Development for Equatorial Southern Capital) whose membership included business concern from Bonn such as Dresner Bank, Deutsche Bank, Robert Bosch and Daimler-Benz. The corporation was meant to coordinate business activities in South Africa. Relationship between the West Germany government and the German Africa Society (*Deutsche Afrika-Gsellschaft*) turned sour when the union became a victim of the anti-leftist tendencies of the West Germany political establishment. The rest of Africa became wary of German aid in racist South Africa making leftist leaning regimes to see a more genuine friend in East Germany. The budget of the society had always depended on substantial subsidy from the FRG foreign office. This was cut in 1974 **(Ansprenger, 1975:58-59).**

The main official criteria for German development aid in the 1970s remained the degree of poverty and for the less poor countries such as Algeria and Liberia, their

attractiveness to Germany industry. The then Federal German Minister for Development Aid, Frau Marie Schlei described the German government aid policy in this regard as follows:

> Our development policy is designed to abolish material need. It also helps to create the prerequisites for enabling people in other societies to live without fear. Where freedom from need and fear exists, communism as we understand and encounter it today cannot prevail... the few African states, which have oriented themselves to the East bloc in recent years, have done this during their phase of transition to independence; the West was not helpful enough. We are now endeavouring, very late… to avoid this grave omission... **(Cervenka, 1978: 122-23)**.

Minister Frau Schlei tried to change West Germany's policy by giving aid directly to the liberation movements in Africa. She is said to have met Zimbabwe's Joshua Nkomo of the Zimbabwe African People's Union Patriotic Front (ZANU-PF in April 1977 in Lusaka during her tour to Botswana, Kenya and Zambia and promised more assistance in form of economic aid to Zimbabwe after her independence. As Cervenka reminds us, she promised Nkomo that the FRG through her Ministry could only offer material aid to refugees. Frau Schlei did not fulfill her promise as she lost her place in the government in the reshuffle of early 1978 **(Cervenka, 1978:123).**

When Nkomo visited West Germany in June 1978, the then Foreign Affairs Minister and the Secretary General of the Social Democratic Party (SPD), Egon Bahr, received him. Herr Egon Bahr used the occasion of Nkomo's visit to spell out Bonn's policies towards Africa as follows;

> Germany's African policy is aimed at reinforcing the independence of the African States, politically as well as economically. …with a view to setting independence against the creation of spheres of influence. Fears are arising in the African states that the communist side will try to bring ever greater areas of Africa under communist influence that is to say under Soviet influence, as well….The liberation movements are a factor of African politics. I believe it is our intereset to see that these liberation movements have contacts other than with the communist states alone, if communist influence on liberation movements is not to be further strengthened **(Cervenka, 1978:123).**

The issue of supporting liberation movements in Africa was hotly debated in the West Germany parliament but was rejected. Despite Bonn's rhetoric, West Germany

continued to support Apartheid regime in South Africa. The exposure by the African National Congress (ANC) of South Africa in October 1975 of secret nuclear and military co-operation between South Africa and West Germany explained the growing economic and political ties between the two countries. There was a steady increase in the volume of trade and financial investment between the two countries in 1975. It appears that there was a lack of strategically negotiated compromises among conflicting particular interests perhaps due to an absence of the emergence of new social movements as agents of communicative rationality and of change in the public sphere. The political process was skewed by processes of monopoly of policy-making both in South Africa and Namibia dominated by the apartheid regime. Habermas's perception of the democratic process and politics in general is directly related to judicial institutionalization. He simply conceives democratic procedures as a means of legalizing and institutionalizing the communication that is necessary for the formation of a rational political will.

West Germany was dealing with highly undemocratic regimes of Southern Africa. Cervenka intimates that earlier on the FRG had been repeatedly accused of co-operating closely with the Republic of South Africa. Nuclear scientists at the Stockholm International Peace Research Institute (SIPRI) discovered very striking similarity between the South Africa's nuclear programme especially its system for uranium enrichment and West Germany's system dubbed as "jet-nozzle system". This somewhat confirmed the accusations. FRG did not bother to refute them **(Cervenka, 1978).**

However, Germany justified its economic ties with South Africa, by arguing that free enterprise, free trade and free competition were the very foundations of healthy economic relations. By 1977, South Africa remained FRG's largest African export market. The African leaders who visited Bonn in 1977 clearly told Germany that they expected more from it than just verbal condemnation of the apartheid regime in South Africa. When he paid a four-day visit to Bonn, President Kenneth Kaunda of Zambia told the West German Chancellor Helmut Schmidt:

> The South African crisis is probably the biggest challenge in relations between man and man. The Federal Republic of Germany, with its enormous economic and technological resources, must respond with new determination to the great task of bringing freedom where there is oppression, replacing injustice with justice, stagnation with progress, poverty with prosperity" **(Cervenka, 1978:120)**

In 1978, ZAPU, SWAPO and the ANC were reported to have received considerable funds from East Germany. Officials in East Berlin stressed that such aid was primarily in the form of medicine, clothing and foodstuffs. However, it was no secret that military aid was also involved. For instance, on 22 May 1979, the East German Defense Minister, General H. Hoffmann, pledged massive military aid to front-line states in Southern Africa and guerrillas opposing the Bishop Abel Muzorewa government in Zimbabwe **(Glass, 1980:308-309).**

Whereas Habermas states that consensus seeking and freedom from domination are universally inherent as forces in human conversation, and he emphasizes these particular aspects, the behaviour of the Federal Republic of West Germany in its foreign policy towards South Africa did not reflect any attachment to the emancipatory agenda in Southern Africa. In some sense, Habermas's theory of communicative action opens him to criticism as an idealist on this question since he appears to lack the necessary understanding of relations of power, a requirement for any meaningful political changes **(Flyvbjerg, 2000).** In dependency parlance it is clear that FRG main agenda was to economically exploit the mineral rich apartheid South Africa.

Regardless of the oppressive nature of the apartheid regime, German private investments to SA totaled to DM576million marks by the end of 1976. In the early 1977, German firms invested an additional 26.6m marks in South Africa. It was also estimated that about 6000 German firms had direct or indirect business contracts with South African firms. Total FRG financial commitment in South Africa was estimated at DM12,000 million marks. FGR mainly exported machinery, electrical equipments and motor vehicles to South African. From South African it imported precious stones, and raw materials such as Uranium. In 1981, the FRG continued providing financial guarantees to several FRG construction companies with business interests in SA estimated to cost DM 4.8billion. By 1979 the German imports from Africa increased from DM 21.43billion to DM 26.43billion **(Cervenka, 1982:190).**

However, the increase was confined to oil imports from Algeria, Libya, and Nigeria, which were caused by the rise in oil prices in 1980. However, imports from SA decreased by 11%. It was also in this year that Zimbabwe was listed for the first time in the foreign trade statistics with exports to FRG of DM 134million. FRG's exports to countries like Ethiopia, Mali, Chad and Gambia decreased. An increase in exports was

recorded in countries like Kenya, Libya, Algeria, and SA **(Cervenka, 1982:190).** This confirms that Germany asymmetrical trade with Africa is the backbone of her economy. German trades with countries where her economic interests are served most.

In 1981, West Germany, despite its appreciable economic difficulties decided to increase its development aid to DM 5.88billion of which Africa received DM 1.5 billion in bilateral aid in addition to other forms of aid channeled through multilateral organizations. This increase shows that economic aid brings with it more benefits that may not easily be quantifiable. German exports to Africa are linked to German aid activities on the continent. Be it as it may, it is important to emphasize that Habermas lauded the political possibilities fomenting communicative action even within an increasing dominance of an aggressive capitalism. He attempts to bridge the gap that exists between the field of instrumental reason that calls for scientism and the field of purposive rational activity of the lifeworld (**Habermas, 1988**). Thus, consensus seeking which is the exercise of power and freedom from domination comes together as individual acts of communication between keys actors.

Visits by African heads of state to Bonn in search of aid continued to rise in the 1980s. In 1981 four African presidents visited the FRG. The African leaders who visited West Germany in the said period were Hilla Limann of Ghana, President Sekou Toure of Guinea, President Abdou Diouf of Senegal and Kamuzu Banda of Malawi. President Sekou Toure's visit marked the culmination of the normalization in the relationship between the two countries, which began in 1979 after a period of severance of diplomatic relations, which had lasted for eight years **(Cervenka 1982:193-94).** These visits and the deliberations they entered into are critical in informing our perception of the relevance of the theory of communicative rationality to understand leaders' positions and actions in relation to government in view of the force of the better argument they used to make their case to their counterparts. It may be claimed that Germany did not exercise coercive power and that is why the African presidents freely spoke their minds. Nevertheless, given the relation of inequality between the discussing groups, one a donor and the other recipient, a carrot and stick imperative cannot be ruled out in bilateral discussions. Habermas states that coercion would be needed to arrive at non-coercive communication between actors. In this sense, any agreement arrived at would be forced. Hence the existence of a political public sphere unsubverted by power, even if it existed, would not

be free of power, as it would be established through a declaration or claim of power **(Flyvbjerg, 2000: 14).** What Habermas implies is that power can be exercised very subtlety or silently.

In June 1978, Chancellor Schmidt visited Nigeria and Zambia. He became first German chancellor to visit the two countries. This gave him an opportunity to see for him-self what needed to be done to assist African states solve their problems. During the visit Schmidt and Nigeria's military ruler, Olesegun Obasanjo disagreed on West Germany's economic and nuclear support to South Africa. Chancellor Schmidt's visit to Zambia was meant to enable him gain first hand impression of the situation in Namibia, Zimbabwe, Angola, Zaire (Democractic Republic of Congo) and South Africa. Zambia was chosen because of geographical and political reasons. Chancellor Schmidt however, declined to offer any substantial assistance to Zambia in its confrontation with South Africa and Zimbabwe despite the warm reception he received. In Bonn, it was felt Chancellor Schmidt failed to clarify Bonn's policy towards Africa. Germany also played an essential role during negotiations over Namibia's independence. This was because of her ethnic affinities with Germans living in Namibia and because of the pressure it was expected to exert as a major South Africa' s trading partner **(Cervanka and Dederichs, 1978:93-4).**

West Germany continued supplying military assistance to its African ally, South Africa through a company known as *Rheinmetall AG,* which was based in Düsseldorf. The company ranked fifth among German arms producers. It was alleged that it had been granted a special export permit for its arms sales in South Africa by West Germany's government authorities. At a conference organized in Arusha, Tanzania from 8th to 12th January 1979 and paid for by the Fredrich Ebert Stiftung Foundation of the Social Democratic Party (SDP), Bonn presented its African policy. The African participants were drawn from countries that received substantial aid from FRG. They included Kenya, which received DM783.40million marks, Tanzania, which received DM974.93million marks, Egypt, which received 2,087.11m marks, and Algeria, which received 972.20m marks. Rainer Offergeld, the then minister of Economic Cooperation, led the FRG delegation.

Given the different interests within the body politic in the donor country it is possible that everyday politics inevitably falls short of the standards of communicative

rationality anticipated by Habermas. Through the mechanism of dialogue and consensus, it was assumed that communication could be a significant tool in solving conflicts. In spite of this, implicit in the Habermasian communicative rationality logic is the importance of building and maintaining of social networks and thereby creating social reality through conferencing such as the above stated Arusha event. It is important to emphasize that communication is not just the simple exchange of information as is often understood in traditional state diplomacy but also a powerful tool and factor in transforming groups and populations and in building social capital. The strategic role of conferences lies in the fact that as Habermas notes communication, especially when it continues over a longer period, defines its own structures and truth (**cf. Habermas 1998, 367-373**). Other delegates included, his deputy Alwin Brueck and Dr. Klaus Von Dohnanyi- the Foreign Affairs minister **(Cervenka and Dederichs, 1981:144).**

For Habermas multinational trade is based on communication and relational consensus that takes place in a complex modern society. He seeks for a paradigm of mutual understanding, a theory of inter-subjective communication that rests on consensus among the participants of diverse cultural units (**Habermas, 1987: 296**). This consensus does not address the unequal relations in trade between Africa and the industrialized countries like Germany. The depencency theory helps us to understand unequal trade relations between Germany and African countries. The trade relationship is strongly asymmetrical, since Germany is one of the leading trading partners for almost all African countries, while trade is only quite marginal from the German perspective (with few exceptions like oil). A large part of German exports to African countries other than South African and the oil-producing states is linked to German international aid activities on the continent. In South Africa German industry has managed to retain a relatively strong position due to its resistance against calls for disinvestments. Major areas of concern for the German business community in Africa are investment protection treaties and export guarantees (Hermes-Burgschaften), but above all a generally more inspiring climate for German foreign-owned private business activities in African countries **(Hofmeier, 1994:72-73).**

German development aid led to indebtedness of African countries. The German asymmetrical trade relations with Africa did not solve the debt crisis. Instead the West Germany government was actively involved in multilateral diplomacy to promote an

improvement of debt rescheduling conditions under the Paris Club rules. In these negotiations for debt rescheduling a basis of legitimacy sought to be created to the extent that we can say multilateral interstate talks for the creation of a post Cold War legitimacy for donor aid. In the Habermasian sense, negotiations matter in legitimation since argument is an inherently unstable social practice that needs to be counterpoised with another argument in a search for mutual understanding and consent which he calls consensus. In this sense, participants who might be inclined to reach a consensus and at the same time remain open to changing their minds if presented with better options; define argument as the exchange of reasons.

Habermas links argument normatively to communicative action, the promise of which is that consensus resulting from argument will be for the right reasons namely reasons that are good for the collective and not simply for the most powerful (**Habermas, 1984, 1996**). In debt rescheduling agreements which emanated from these negotiations and which were concluded in December 1991, the amount owed by very poor countries on the basis of guaranteed loans was reduced by 50 per cent. Agreements of this kind within the framework of the Paris Club context were concluded with Benin, Bolivia, Nicaragua, Zambia, Tanzania, Togo and Uganda **(Verhengen and Wenzel, 1993).**

It appears that the German government effort at debt reductions extended beyond the group of very poor developing countries, to the extent that the countries in question were asked to use the funds released for projects aimed at protection and preservation of the environment. This is a key contribution towards the implementation of the resolutions of Rio de Janeiro. The government of Federal Republic of Germany supported measures adopted by the World Bank and IMF aimed at reducing bank debts incurred by the so-called advanced developing countries. It actively promoted the idea of reducing the bank debts of the poorest developing countries and, as such, a debt reduction fund amounting to US$100 million was established from World Bank funds with a view to making it possible to purchase bank debts from the very poor developing countries. By making use of money from this fund, Niger and Mozambique were able to repurchase bank debts at about 10 per cent of their nominal value.

Again West German development cooperation policy encouraged the consolidation of democracy in the developing countries, within the framework of a return to political stability **(Verheugen and Wenzel, 1993).** Given the importance he attaches

to the consolidation of democracy, Habermas conceptualizes communicative action in the context of a consolidated democratic state. This is critical for him because it blocks the slippery slope to violence. This is a slope which occurs when argument spills over from the conference table to the street in form of demonstrations, or even to the battlefield in the name of resistance to imperialism. Thus, to sustain argumentative legitimation, then, an environment must be created that is able to contain the instability of communicative action. It must permit argument while guarding against the potential that argument will degenerate into violence **(cf Habermas, 1997).** Looked at in this sense, multilateral diplomacy surrounding interstate talks of the type West Germany was participating in could be perceived as a cheap, rhetorical but diplomatic veneer to imperial interests and power.

These interests and quests for power cannot have ended with the close of the Cold War period. For as long as the Cold War lasted, the German success had been overshadowed in Africa by both American technological and political leadership and by the brilliance and rhetoric of the Soviet Union on the global stage. This situation was not helped either by Germany's low-key diplomatic profile in Africa where the so-called spheres of influence had long become cultural constructs and political identities. The experience of Germany with Marshal Aid offers lessons to contemporary Africa. Germany was able to craft a mechanism of transforming disaster into development and despondency into daring. Against the backdrop of its rich Western traditions, its formidable economic performance despite the absence of captive markets in Africa, Germany is unique among its European Union partners. Germany can deepen relations with Africa by coming up with a well-defined policy on culture especially on academic co-operation in the social sciences and other areas **(Nwokedi, 1998:53-54).**

German's commitment to a peaceful and stable world order was bound to be sensitive to the danger signals coming from Africa. German-African exchanges in the social sciences did not entail new budgetary layouts and infrastructure but a mere reallocation of resources and redefinition of priorities and emphasis, which altogether constitute a long-term investment in goodwill and growth. Perhaps knowing that the ideology of technology and development is defined in the humanities and arts, Germany may be pinpointed as unique among modern European states in drawing on its intellectual capital to transform despondency into triumph. In view of persistent

despondency in sub-Saharan Africa, it became the objective of donor assistance policy to foster German-African exchanges in the social sciences and in other fields. This was aimed at contributing to the development and sustenance of the technique and the means of accomplishing socio-economic feats **(Nwokedi, 1998:55).**

Having noted that the ideology of technology and development is defined in the humanities and the arts, it is important to note that as an academic Habermas did a lot in shaping social democratic politics in Germany. He did so by listing conditions to be met in order for freely associating citizens to govern their free lives democratically and influence their own social conditions through political means. Included in these conditions is the presence of an effective political machinery likely to ensure the execution of any collectively binding decisions and the presence of a clearly defined self for which this binding decisions can be ascribed and by which governance may be instituted which aims at the provision of the collective good **(Habermas, 2003: 86).**

By 1992, the Federal Government supported and promoted Africa's commitment to political and economic reforms. This was in line with the globalization process which was in vogue. With the approval of the German Bundestag, the Federal Foreign Office set up a democratization fund as an expression of this political will. It had already supported the elections in Zambia using these funds. Support was also given to the countries of Ethiopia, Angola, Ghana and Liberia with their elections. It was perceived that international support for the economic well-being of the African masses was necessary for strengthening the process of democratization. A starving population will not be helped by democracy; it will not be excited by it either. Hence international economic assistance was needed to sustain democracy **(Adam, 1993).**

Africa demonstrates that the problem of the Third World is not primarily economic but political. Political considerations must soften the impact of economic interests. Germany has taken over the role of the 'honest broker, again a classical requisite within the history of Germany's foreign policy behaviour. Germany foreign policy so to speak, is halfway between the politics of the free hand and the politics of engagement **(Czempiel, 1980).** For Habermas, globalization was transforming a historical constellation that had defined the state, society and economy. As a result of market globalization with its transformation of domestic economies and foreign trade relations, a trans-national economy is being created. It is an economy in which privileged

citizens of Europe want to take the perspective of other countries and continents into account and create the conditions required for the creation of a global domestic policy **(Habermas, 2003: 87).**

But Germany efforts to assist Africa have met a number of challenges since 1990s. Although there was to emerge what has been referred to as 'aid fatigue' following what was increasingly seen as the ineffectiveness of aid, at least in the form it takes in Africa, there is need to look at this issue with some hindsight. Donor aid was ineffective given that it did not address the deformities created by a growing condition of dependency as demonstrated in the previous chapter. As such, German aid did not translate into development. Africa did not adequately turn to internal resources for development or to generate sufficient earnings from them through the international trade system since it was full of unjust practices. Mkandawire emphasizes the need for Africa to turn inwards to both its intellectual and political foci with a view to reshaping the condition of its integration into the world system **(Mkandawire, 1994:87).**

3.6 Characteristics of German Trade and Investments in Africa

Primarily economic self-interest motivated Germany's concerns in Africa. This was manifested until the late 1960s largely by seeking support for the FRGs claims to be the sole representative of the German people a diplomatic initiative borne of Cold-War politics. Since that time, these relations concentrated on an intensified integration into an asymmetrical international division of labour which turned a large number of African states either into the fruit and vegetable garden of Western Europe or suppliers of labour intensive industrial goods. It has been stated that the relations between Africa and Germany were conducted primarily for the political and economic benefit of the FRG **(Schulz and Hansen, 1984:295, Schmidt, Email Interview, 17th June 2003)**.

Trade relations between the Government of the Federal Republic of Germany and African states since their independence have been marked by asymmetry, which characterized their economic connections. Traditionally Germany has had a considerable trade surplus with South Africa, but a deficit in trade with both North Africa and Sub-Saharan Africa. In 1992 the surplus with South Africa was about DM1.2billion, the deficit with the rest of Africa close to DM2.5 billion **(Hofmeier, 1994).** Africa's share of Germany's total imports fell from 2.1 per cent (1997) to 1.9 per cent in 1998 while its

share in total German exports remained unchanged. Table 2 below illustrates a feature of German trade with Africa that give us an example of unequal exchange practices. Excluding a few countries, a conclusion can be made that Africa imports more than exports to Germany during the period under review.

Table 2: West Germany Trade relations with Africa

Country	**DMS Millions Exports from Germany to Africa**	**DMS Millions Imports from Africa to Germany**
Ethiopia	270.7	144
Ivory Coast	770.9	222.5
Ghana	257.9	273.7
Cameroon	111.7	122.5
Kenya	251.4	262.1
Nigeria	562.8	1135.5
Zimbabwe	254.1	131.6
Egypt	493.6	3343.3
Tanzania	111	114.3
South Africa	4,200	6,300

Source: **Grigutsch, W.** "German-African Relations to Boost Continents Globalization efforts in Inter Nationes Press", Bonn: 6, 1999:2

It is on this basis of unequal trade that Aseka calls for an ideological rethinking of global processes of production and trade with a view to redefining a new praxis for the liberation of Africa from the fetters of the old economic order. To do this demands radical challenging of the current intellectual social order and the crucible in which ideological permutations of liberal and neo-liberal thoughts, policies and practices take place. These are policies and practices, which violate economic and social justice in the international economic arena thereby undermining the welfare of Third World citizens **(Aseka, 2005: 155-156).**

The old economic order in which these unfair trade practices take place evolved from the post-World War II nature of globalization whose architecture is sustained by the Bretton Woods institutions key pillars. For Habermas, the liberalization of the global economy that was established on the basis of the fixed exchange rates at the end of the Second World War assumed the temporary form of embedded liberalism and it accelerated the end of the Bretton Woods system **(Habermas 2003: 93).** However, unlike what Habermas would have us believe, the Bretton Woods system has not yet ended.

Nevertheless, playing a significant role in pushing Africa further on in the process of this globalization has been Germany's Investment and Development Company (DEG).

The latter has experience in mobilizing long-term capital for investments, technical expertise, management skills and marketing know-how towards promoting co-operation between German enterprises and their African partners. This has provided fresh hope for many African countries in the task of integrating themselves in the mainstream of the global economy. DEG's confidence in the region saw it investing DM 129.8 million in 8 countries in 1998, registering a new high for such investments in sub-Saharan Africa in recent years. The eight countries in question were Cameroon, Mali, Mozambique, Kenya, Tanzania, Uganda, South Africa and the Ivory Coast where 21 enterprises received new funding for various sectors, with energy as a focal area in view of the massive energy problems besetting the entire African region **(Grigutsch, 1999:4).**

The importance of DEG's and other German organizations in the development assistance arena is important as vehicles of multilateral diplomacy. In the Habermasian sense, multilateral diplomacy was a dimension of global public sphere legitimation where multilateral diplomacy was practiced. Multilateral diplomacy was the horizontal dimension of global public spheres and these agencies were institutions of the West German state system or other civil society organs that enabled them function in the international system in which diplomacy was meant to address dangers and threats to communicative action. Their multilateral diplomacy was meant to meet the challenge of containing threats of communicative instability **(cf Habermas, 1998).**

The process of communicative action is expected to generate stable consensus that provides an agreement on facts and obligations relevant to future interaction between actors **(Habermas, 1996:20).** As an actor in the public sphere and inter - state system, DEG focused on agribusiness and infrastructure as its two main components in East, West and Central Africa in 1998. Several business delegations from various parts of the continent have periodically visited Germany, holding investment seminars and offering special incentives for the esteemed potential investors from Germany. In turn, German businessmen have looked closely at the investment scenarios of probable choices. Economic reforms and privatization processes in many African economies have not made any progress at all, to the extent that foreign investors would find them comfortable to work with **(Grigutsch, 1999:5).**

Another instance of the German role in an inter state setting was with regard to regional co-operation following the revival of "East Africa Community" (EAC), which comprises Kenya, Tanzania and Uganda and formed in 1996. Germany of the post Cold War era was engaged in promoting the co-operation of these three states in economic, social, cultural, administrative, political and security policies. This way, it contributed to the creation of a common market with efficient institutions of productive investments and mobility of capital and labour. This creates conducive environment for Germany investors to exploit the East African market.

As African countries progressed towards the so-called modernization and expansion of their industrial sector, they relied a great deal on German goods and know-how. Against this backdrop, Germany's export performance in 2000 to African countries was as follows: Ghana (Dm 266.9 million), Kenya (219.3 million), Nigeria (DM1232.6 million), Tanzania (DM 113 million), Uganda (DM 55.4 Million) and Zimbabwe (DM 91.5 million) (Roessle, 2001). However, in 2000, Germany's traditional trading partner South Africa remained at the top in Germany's commercial activities in Africa. South Africa's imports from Germany touched an impressive DM 7.3 billion, while registering exports at DM6.1 billion, reflecting a rise of 19.8 per cent and 20.6 per cent over the previous year respectively. In 2000 African countries exports to Germany were: South Africa (DM 6,094 million), Nigeria (DM 1,075 million), Egypt (DM 548.2 million), Ivory Coast DM (637 million), Zimbabwe (DM290.2 million) and Ghana (260 million). On a relatively low profile were Kenya (DM213.4 million), Cameroon (DM182 million), Tanzania DM 126.4 million) and Uganda (DM89.8 million). These figures show that the progress on the export front in the trade volumes between Germany and these countries was specific to their own stages of economic development and trade constraints since their export volumes had actually increased appreciably, with the exception of Kenya whose figure declined by 6.5 per cent **(Roessle, 2001:1-2).**

While appreciating Habermas's contribution to the discourse of modernization as couched in his narrative of modernity, it is important to point out that Habermas develops his notion of modernity to counter the pessimistic, Weberian narrative of modernity as the triumph of strategic action and instrumental, technical rationality. For him, modernity also has given rise to a new emancipatory potential for self-governance based on reason in public spheres, which we fail to see emerging decisively in Africa. Thus, Habermas's

communicative action embodies an inherent tension between social acceptance, or stability, and validity **(Habermas 1996, 20-21).** Nevertheless, in view of this emancipatory project, he states that the national self-consciousness of the people provides a cultural context that facilitates the political activation of its citizens. For him, sovereignty in its internal and external aspects explains the structure of relations in the context of international law. International law governs relations between independent states **(Weller, 2003).**

The structure of German trade with Sub-Saharan does not foster prospects of that emancipation given that it follows the typical pattern between advanced capitalist and Third World countries. Exports from Germany to Africa were predominantly in the form of finished products, while imports from Africa to Germany were mainly raw materials and other primary commodities, notably crude oil which accounts for approximately 63 per cent of the total from Africa. Private investments in Sub-Saharan Africa is low because infrastructure is still so underdeveloped, compared to other regions **(Schulz and Hansen, 1984:293)**.

3.7 Aid activities of German Political Foundations (Stiftungens) in Cold War Africa

The German Ministry of Foreign Development provides payments to the political foundations that form part of a wider set of contributions to non-governmental organization in Germany. Giving foreign aid through non-governmental organizations is one of the ways Germany disburses donor funds to recipients. These organizations are important because of what Habermas calls public reason through which they can hold material or social power accountable. They are part of the vertical dynamics by which subjects hold decision makers accountable. The public sphere is a kind of transmission belt of social concerns to decision-making bodies. According to him, arguments by non-state actors can legitimate state power. These actors who were mandated by the state become critical actors in interstate dynamics, which are associated, at best, with the production of order. For Harbemas, transnational public spheres are constituted by vertical and critical dynamics among non-state actors **(cf Habermas, 1996).**

In 1988, the FRG ministry of Foreign Development funding of non-governmental organization amounted to DM629.7 million ($370 million at 1988 rate) or 9.3 per cent of

total spending on development aid, of which the four party foundations received DM264.8 million ($157 million, 4.2 per cent of these overseas development budget). The main Catholic and Protestant Church relief agencies received DM256 million ($150 million), and other German non –governmental bodies DM56.2 million ($33 million). The Ebert Foundation traditionally focused on a smaller number of major projects namely the construction of multi-purpose buildings in such countries as Madagascar, Zambia and Kenya. The foundation's objectives have considerably been more political. The largest category, "political education" (about DM80 million), includes grants to party –related organizations. Grants to trade unions are another major category. In 1988 the Freidrich Ebert and Adenauer Foundations devoted nearly 30 million DM to foreign trade union projects. Aid to mass media in developing countries totaled about DM20 million **(Duschinisky, 1997:35-38).**

In fact, in the 1980s and 1990s the German foundations devised a strategy of combining projects relating to parties, unions, mass media, business organizations and co-operatives as part of a co-ordinated political campaign. The foundations programmes of visits to Germany by distinguished foreigners and students were used to support a foundation's projects and plan. Foundations also sponsored visits by representatives of liberation movements in the pre-independence era for many Third World countries and also for opposition groups and exiled parties in the Post-Cold War era. These opportunities were given to groups whom it would be difficult for a government ministry to invite **(Duschinsky 1997:41).** The core functions of foundations in the German aid industry can best be illustrated by the fact that:

> A common claim for the German party foundation system is that it serves not only party interests but German national interests. The German involvement in the internationals can be seen as an example of this…. First, the foundation and their overseas representatives are in a position to make friends and establish contacts with opposition leaders and members of liberation movements in foreign countries whom diplomats cannot reach without risking the displeasure of existing governments, and they have the organization to aid politician in exile whom may become future Prime Ministers **(Duschinsky, 1997:44-45).**

Habermas describes the formal or decision-making sphere as one characterized by a horizontal dynamic. It exists once a state has a parliament, which infuses the decision-

making process itself with reason giving and justification. Thus, governance through public reason is demanding and in a communicative rationality perspective speakers must recognize one another's communicative competence and grant each other the right to disagree. Moreover, they approach interaction with an orientation to listen and reflect on others' arguments rather than simply coerce them. By design, they must commit to the process of argument, which means they will not let the fact of disagreement destroy the group **(Habermas 1984, 36–37).**

Nevertheless, Habermas describes the post-national constellation in terms of the world we live in where although states may insist on their sovereignity, they have lost control over parts of the land they may have been created to protect. Forces of globalization have changed the conditions through which welfare, security, freedom and peace can be observed and preserved (**Pernice, 2006: 974**). Friedrich Ebert Foundation has also aided several African Liberation movements such as SWAPO and the ANC and has financed some of their offices in Bonn.

The Seidel Foundation offered its support for the personal links between Franz Josef Strauss, the CSU leader and African politicians such as Presidents Eyadema and Mobutu Seseko of Togo and Zaire respectively. The foundations serve the purposes of a development aid programme with some defined national diplomatic objectives. For example, the Ebert Foundation combined its cultivation in the 1960's of heads of government belonging to the Socialist International with projects in several countries designed to investigate, and presumably to neutralize, the propaganda activities of the Communist bloc. The work of the foundations is subject to considerable governmental control. Unlike the Church agencies, the foundations are not required to raise matching fund as a condition of receiving state aid. But they do not receive block grants for their foreign projects: each development project must be approved by the BMZ as well as by the foreign changes in proposed programmes, or refused to accept them altogether **(Duschinsky, 1997:45-46).**

The foundations of the various German political parties proved successful instruments in generating networks of contacts between domestic and foreign legislators, party leaders and activists, trade unionists, journalists and politically active academics, and in particular in providing easier contact with political oppositions. A brief history of the political foundations-the Friedrich Ebert (FES), Friedrich Naumann (FNS), Konrad

Adenauer (KAS) and Hanns-Seidel Stiftungen (HSS) shows that their origins lie principally in two difficult periods in German history: the Weimar Republic and the post-Second World War era when Germany had lost its connections abroad and was seeking to re-establish its position, thereby creating new forms of dependency, namely: intellectual dependency and dependency of the political elite. These forms of dependency were necessary conditions for enforcing technological as well as trade dependency.

Instead of perceiving and extrapolating on this type of dependency, there were oversights of dependency relations among communicative participants in a public sphere in which various non-state actors take their various positions. The public sphere was an arena of communication characterized by consensus seeking. However, the need for such actors in the form of foundations is entrenched in the fact that the need for foundations arose from the recognition that Germany had a rich cultural history that had produced many leading philosophers and musicians, but had been remarkably dim-witted in the political field **(Forrester, 1985:41).**

It was a natural progression that the experience the foundations obtained in the field of political education in Germany should be passed on to developing countries, which requested such assistance from the donor community. For Habermas, consensus seeking and rhetoric, freedom from domination and the exercise of power eventually come together in individual acts of communication. It is a communication, which helps ensure that constitutional principles not only take root, but also gain practical importance in society. In this sense, constitutional principles can only become rooted if citizens gain good experiences in their interactions with democratic institutions, hence allowing them to experience what political freedom is **(cf Flyvbjerg, 2000).**

The German government and the Stiftungens emphasize that the political foundations play an important role abroad as they reflect the pluralistic structure of present-day Germany and seek to develop relations on the basis of friendship and trust. By promoting understanding between nations they seek to contribute to world peace. This nevertheless poses the question as to why other countries with richer democratic background have not seen it fit to offer similar facilities to the Third World (**Forrester, 1985:51**). Germany's lack of a long colonial history required that she be innovative in establishing links with Third World countries hence the political foundations. European

countries, which had colonies for along time, could afford to be complacent since they had established strong relations with former colonies.

The political foundations from the onset of the Post-World World II era operated from a developmentalist and modernizational perspective prevalent in the West at the time. They worked closely with organizations which they felt could be instrumental in shaping economic and social development and whose political views were similar to their own. Their partners in the Third World included political parties, trade unions, co-operatives and public institutions concerned with youth and adult education. Some foundations also worked with liberation movements. The philosophy behind this perspective was that the problems of developing countries were partly due to weak, or insufficiently developed, political structures that needed to be modernized.

The Friedrich Ebert Stiftung was very active in the sphere of trade unions. Like other similar foundations it sought to provide a variety of facilities aimed at helping to establish independent trade unions in the Third World. This included giving advice on building up a trade union, and the use of statistics in wage negotiations. The Friedrich Ebert Stiftung worked in close consultation with the German Trade Union Federation, the International Confederation of Free Trade Unions and various international trade secretariats. It had partners in most parts of the Third World. In Africa, the activities of Ebert foundations were halted in some countries due to political development for example Burkina Faso and Ghana but co-operation is particularly close with trade unions in East and Southern Africa notably Kenya (Central Organization of Trade Unions-COTU), Zambia (Zambia Congress of Trade Unions-ZCTU), Zimbabwe (Zimbabwe Congress of Trade Unions-ZCTU) and Botswana (Botswana Federation of Trade Unions-BFTU). The Konrad Adenauer Stiftung supported trade unions in Africa, Asia and Latin America. The Friedrich Naumann Stiftung had trade union projects in both Africa and Asia. In Africa it worked with the Organization of African Trade Union Unity (OATUU) that is based in Ghana **(Forrester, 1985:51-53).**

The Hanns-Seidel Stiftung too had trade union partners in Africa. It co-operated with Niger's *Union des Syndicats des Travailleurs du Niger* and with the Togolese national centre CNTT, through the Eyadema Foundation. Since 1973 the Konrad Adenauer Foundation (KAS) co-operated with the Pan African Association of Savings and Credit Unions (ASOSCA) that is based in Nairobi, and brought together 23 African

national co-operative associations. It helped to finance courses on credit administration, accounting methods and the like. The Freidrich Ebert Stiftung promoted co-operatives and rural development in Latin America, Asia and mainly in Africa. The Friedrich Naumann Foundation supported self-help organizations in 11 countries, mainly in Latin America, but also in Africa (Egypt and Burkina Faso). Moreover, in the period upto 2003 it was active in the field of mass media in which it supported training programmes for journalists and technicians and provided advice on the use of new communications techniques. It was also involved in planning and the exchange of information between the media. In Kenya, it co-operated with the Kenya Institute for Mass Communication in Nairobi while in Zimbabwe it supported the Zimbabwe Broadcasting Corporation.

Other institutions that KAS assisted were the Dakar-based *Union des Radio diffusions et Televisions Nationales d'Afrique* and the National Film and Television Institute in Ghana. In view of the fact that the foundations were highly political organizations, they were closely linked to the four established parties in West Germany. This had implications on the creation of ideologically circumscribed dependency relations. Through the Stiftungen, the political parties established their own contacts abroad independent of the German government and through reports drawn up by the foundations their representatives gained an independent assessment of the political and economic situations of the countries concerned **(Forrester, 1985).**

The Stiftungen's activities inside Third World countries had similar objectives of creating relationships that were useful to Germany. All the "Stiftungen" were represented in South Africa, Kenya, Uganda, Tanzania and Ghana, three of them in Namibia, Zimbabwe, Senegal, Benin and Cote D' Ivoire, and two of them in Zambia. It should be noted that four major African states were missing from this list: Nigeria, Sudan Ethiopia and Zaire. The long lasting engagement of the German "Stiftungen" in Zaire cast a cloud over the stated objectives in support of democracy in Sub-Saharan Africa. The political foundations were vehicles of entrenching dependency relations as their activities illustrated how the main objectives of the "Stiftungen" were never to promote democracy but rather the development and pursuit of foreign policies, particularly those that served the interests of the German political parties they were affiliated to.

Since the political foundations engaged with strict regimes such as Kenya, Tanzania, Uganda, Ghana and Cote d'voire, it means that they operated on the basis of

the central assumption of the modernization theory, which claims that during the transitional period development needs a strong and authoritarian regime. The "Stiftungens" were more development oriented than democracy-oriented. A large section of their activities consisted of classical development projects; the promotion of small-scale industries, the provision of vocational training to entrepreneurs and extension services to peasant farmers as well as support of co-operatives and local self- help groups. Therefore, it is plausible to argue that the "Stiftungen" had a significant say in the stabilization and persistence of authoritarian regimes in Sub-Saharan Africa and were actors in defining critical relations of power. This was far from Habermas's ideal of freedom from domination. But as Mair states this is only one side of the coin **(Mair, 1997:14).**

German NGOs took an active part in influencing official aid policy, including policy towards Africa. In the Post-Cold War period, there was general unanimity that the political foundations were the most important NGOs in German aid and in forming policies towards Africa. It is important to note that:

> The political foundations not only formulate independent interests in the Africa policy of the party to which they are affiliated. They also act as relatively important instruments for German foreign policy because they can exert influence on the internal developments of a given country, which is far from what ordinary diplomatic rules allow **(Olsen, 1998:74).**

3.8 The end of the Cold War era: Trends in German Aid to Africa

German aid policy takes cognizance of the fact that the end of the Cold War and of the ideological conflict provided her with the opportunity to focus on the core development problems. Recipient countries no longer threatened Western donor countries that they could look for support in the Eastern camp given the weakening of the ideological conflict. Donors without hesitating, imposed political and economic reforms, which they justify in liberal terms as constituting a precondition for sustainable economic and social development in recipient countries. Whether these conditionalities generated sustainable development is a different matter altogether.

In 1992 the federal parliament (Bundestag) unanimously outlined the new currents in German development policy in the following words:

> In its development cooperation the Federal Republic of Germany regards the implementation of human rights as an essential goal of the federal government. …Those countries should be especially supported, which try to establish democratic structures… in states where despotism, intimidation and physical threat characterize the relationship between the governing and the governed, only those projects can be supported which benefit directly the oppressed population" **(Waller, 1995:117).**

Two years later, the Bundestag again unanimously adopted guidelines for the federal government, stating that the goal for development co-operation was to guarantee among others, the dignity of human life (securing basic needs), to contribute to a higher level of civil and political rights in developing countries. The ministry for Economic Co-operation and development did not immediately respond to these resolutions and to a large extent left human rights policies to the foreign office. However, in five years political reforms in countries with structural adjustment processes become unavoidable, and especially following the demise of socialism in Eastern Europe. The issue of political conditionality and 'help through intervention' were discussed in Germany that seemed to provide means of entrenching German interests **(cf Waller, 1995:112-113).** The introduction of human rights criteria for country allocations also led to the increased support for human rights and democracy projects, the so-called 'positive measures'. The major political parties in particular, but also church organizations and political foundations came to support this approach.

It was deliberate German government policy to make use of political foundations, churches, NGOs, and so on to cooperate with and to reach social groups in Africa outside direct government control. It appears that 'democracy' replaced 'development' as the slogan of the 1990s. The resolution adopted in November 1991 by the then 12 member states of the EU stated unequivocally that democracy and respect for human rights would in future be conditions for receiving aid from Western Europe. Kenya was one of the first African states to be affected, and after several aid programmes had been cut, President Daniel Arap Moi agreed that multi-party elections for both the presidency and parliament should he held in December 1992. Meanwhile, foreign donors, including the West European ones, were also subjecting Malawi to direct pressure. A decision was arrived at in May 1992 following a meeting, to suspend all non-humanitarian aid to Malawi and this

was explicitly linked to the regimes lack of respect for human rights **(Olsen, 2001:645-646, Roop, 1992).**

The end of the Cold War era is significant in view of the fact that the fall of the Berlin Wall hastened the spread of the view in the European Union, that the ideals and ideologies of the West had 'won' the Cold War. In the political climate of the West immediately after the collapse of the Soviet Union and Eastern European communist regimes, it become impossible to continue aid programmes that offered assistance to dictators. There can be no doubt that Western Europe's relationship to developing countries generally, and particularly Africa was influenced heavily by the ideological currents of the time.

As we have noted, the end of the Cold War enabled Germany to use the instrument of development co-operation to strengthen German influence in Africa. There were three priorities of German development co-operation with African countries between the end of Cold War and 2003. The assistance of democratization processes such as election observation missions, the support for substantial regional co-operation and integration efforts, for instance by sending experts to secretariats of regional organization like SADC or IGAD, and the strengthening of conflict management or prevention mechanism **(Kopfmüller, 1999:20).**

As we have demonstrated in a Habermasian sense, national interests of a nation especially in established democracies like Germany always guide the foreign policy of the nation. Hebermasian conception of foreign policy emanates from his conception of modernity and it appears to be trapped in Euro-centricism as demonstrated earlier. Germany's development aid co-operation with Africa was therefore a product of a coalition of interests, which were no doubt vital to Germany's survival. Ideally Habermas argues that communicative action should naturally benefit all countries involved in bilateral realtions. Because that does not happen only proves that in reality asymmetries exists in bilateral relations. Therefore Habermas critical theory requires that change be effected even in the global world order. An expert on German foreign policy Stefan Mair, in 1996 differentiated between what he called direct and indirect interests of Germany in Africa and his list of German interests included direct and indirect security interests, direct and indirect economic interests, direct and indirect ecological interests, values and power interests.

It appears that a major challenge to Germany Africa aid policy was that German language was not widely spoken in less developed countries and yet this was the essential element in the transfer of ideas and aid. On the other hand, Germany was extremely reluctant to get deeply involved with the wider aspect of development in recipient countries. This was in keeping with an article of faith in her aid policy, which requires the recipient country to share in the responsibility of a Germany aid project, through political and administrative process. For this reason Germans usually insisted that there be a local contribution to the project. Also, the Germans particularly favor projects, which enable them to withdraw after a short period. It also explains the German emphasis on counterpart training to replace German technical assistance personnel (**Streeten, 1972:9).**

The end of the Cold War and the unification of the GDR with the FRG changed Germany's foreign aid policy interests in relation to Africa. It also seems to have changed the perception of the German decision makers as to which role the new and unified Germany should play in world politics. In this context, Germany's aid policy towards Africa can be examined under the lens of a speech made by Chancellor Helmut Kohl in 1993 thus:

> It is our duty as a rich nation also in the future to contribute to solutions to the pressing global problem. In this context, the emphasis of Germany Policy is on: dialogue and smoothing our differences between North and South, demands for dynamics development, the fight against hunger, poverty and environmental degradation…**(Olsen, 1998:71).**

German application of conditionality on aid has led to some discernible shifts, i.e. noticeable reductions for countries like Sudan, Somalia, Malawi and Zaire, temporary suspension of aid activities in Togo at the end of 1991 (in reaction to the army intervention in the political process) and increased allocations for reform-oriented countries like Benin and Zambia. The 1994 German aid budget reduction for Liberia, Togo, Sierra Leone, Sudan and Zaire were in reaction to their precarious political situation and they were completely struck off from the list of countries that received new ODA allocations. South Africa had in 1992 for the first time been allocated some limited regular funds for technical cooperation projects (for activities of various NGOs), while previous support had been exclusively channeled through special funds for churches, political foundations and other NGOs **(Hofmeier, 1994).**

3.9 Conclusion

In the foregoing pages we have examined trends in Germany's foreign aid policy towards Africa and in particular highlighted the rivalry between the two Germany Republics before their re-unification. We have also considered characteristics of German trade and investments in Africa as well as activities of the various German foundations as non-state actors in the public sphere. In the light of these we have posited arguments from a Habermasian as well as dependency theory perspective in analyzing the various historical situations pertaining to the activities of the various actors in the period under study.

With specific reference to Africa and the relevance of Habermasian philosophical thought this chapter has traced the genesis of Germany economic interaction with Africa with a view to enabling us to properly contextualize Kenya's relations with West Germany in the next chapter. We have noted how West Germany economic relation with Africa was enhanced by visits of high ranking government officials and demonstrated how trade relations between Africa and West Germany are asymmetrical. In a way, we have indicated that German aid lacked a strong cultural presence in Africa due to the fact that German language was not used in many African countries due to lack of a long colonial past. However, we have indicated that German aid is a blend of technical support disbursed by GTZ and financial support coordinated by KFW. Moreover, German political foundations (*Stiftungens*) such as Friedrich Naumann, Hannis Seidel, Konrad Adenauer and Friedrich Ebert played a key role in German aid industry in Africa due to their ability to penetrate sensitive segments in Africa unreachable by formal government channels. Chapter four delves into the specifics of Germany aid to Kenya. It demonstrates the shifts and trends in Germany assistance to Kenya.

CHAPTER FOUR

4.0 GERMAN DEVELOPMENT ASSISTANCE TO KENYA SINCE 1963: TRADE, AGRICULTURE, INDUSTRY, HEALTH, INFRASTRUCTURE AND WATER SECTORS

4.1 Introduction

This chapter examines German development assistance to Kenya since the country acquired its independence in 1963. It looks at the genesis and characteristics of German development aid to Kenya and addresses the question of the role of foreign aid in development, trade, agriculture, industry, infrastructure and medical spheres highlighting notable characteristics of this aid in the period 1963 to 2003. Apart from proceeding to look at these characteristics in the post-Cold War era, it also addresses imperatives of the various exchange visits undertaken by the two countries in cementing Kenya-German relations during that period. In particular, the chapter underlines the importance of German investment in Kenya as well as its industrialization assistance.

Again it looks at 1993-2003 period and contemporary issues in German aid to Kenya with regard to various sectors especially the road and water sectors. These issues are tackled in a manner that seeks to provide a good basis of explaining the evolution of German aid relations. The above intentions are pursued within an analytical framework, which heavily draws from Habermasian theoretical positions as well as those of the dependency theory.

4.2 Kenya's Policy on Donor Funding

Kenya started receiving foreign aid during the period of British colonial rule. This foreign capital to Kenya which was mainly from Britain increased after the World War II. This coincided with large increase in domestic savings in the colony. The period also saw large numbers of Africans entering the labour market in agriculture and industrial production **(Swainson, 1980:10).** The amount of aid to the Kenya colony from the metropolitan British state also increased. This aid was mainly directed to welfare and education services. This provided the prerequisites for the intervention of private capital. To pre-empt radical nationalism in Kenya, the British government encouraged an African middle class, which would hopefully stabilize the political scene. Some degree of African

involvement in agricultural boards was encouraged during last decades of colonialism **(Swainson, 1980:10-11).** Why and how did Germany come into the picture given this British dominance? This is part of the question that this chapter addresses.

The attainment of Kenya's independence on 12 December 1963 marked the culmination of 68 years of anti-colonial struggle waged by the Africans to free themselves from British domination, oppression and exploitation. A form of neo-colonial interlocking ensued after the attainment of independence. This marked the beginning of the process of nation building. The notion of nation building was understood in terms of the need to eliminate poverty, disease and ignorance and for fostering the emergence of a relatively egalitarian and participatory society **(Ochieng, 1989:203).**

Since independence, Kenya's development policy has hinged crucially on the promotion of economic growth of the national economy. This policy was well articulated in an important official policy document, Sessional Paper No.10 of 1965 on ***African Socialism and Its Application to Planning in Kenya*.** This was not a document that was exhaustively negotiated and a consensus generated over it given the manner in which it was hurriedly introduced and deliberated upon in parliament in a budding counter-alliance within KANU against the perceived dangers of Jaramogi Oginga Odinga's leftist politics.

Nevertheless, various development plans were formulated on the basis of Sessional Paper No.10 of 1965 during Kenya's post-independence era. Within a clear capitalist framework of development, from the very beginning, the document intimates that Kenya intended to mobilize its resources to attain a rapid rate of economic growth for the "benefit" of its people thereby foreclosing any possibilities of real revolutionary socialist policies. The Sessional Paper placed priority on growth. Providing a firm basis that would support rapid economic growth was the most important of these policies. Issues such as education, welfare services, unemployment, provincial policies and Africanization of the economy, had to be handled in ways that would not jeopardize growth. The sole enduring solution to these problems rested on rapid growth. Growth became the first concern of planning in Kenya **(Kenya Republic of, 1965:18).**

This policy continued to inform all the subsequent development plans and official statements concerning development matters. The achievement of rapid growth required careful planning and firm discipline in implementing plans to ensure that Kenya's limited

resources were increased as rapidly as possible and used wisely in the promotion of growth. The critical shortages in Kenya at independence were identified as follows: domestic capital, trained, educated and experienced manpower as well as foreign exchange. The Sessional Paper pointed out that the shortage of domestic capital was caused by low rates of domestic savings that in turn were due to low per capita income. Hence, to compensate for the shortage of domestic capital, a policy of borrowing from abroad was instituted **(Kenya Republic of, 1965:8).** In this regard, the paper pointed out that:

> It is unfortunate but true that if we had to depend solely on domestic savings and tax surpluses to grow, our growth might not even be rapid enough to keep pace with our burgeoning population. In order to compensate for our shortage of domestic capital, in order to grow rapidly… we must borrow from foreign governments and international institutions and stimulate the inflow of private capital from abroad **(Republic of Kenya, 1965:19).**

When Kenya gained her independence, she chose to be guided by a number of principles in the conduct of her foreign relations. Globally, the division of the world into two antagonistic blocs gave birth to a principle that such division constituted a hindrance to the development of world peace and welfare and hence the need for a non-aligned movement. But this so-called non-aligned movement was a mere cloak for Third World countries practicing different ideological standpoints to foster a new basis of solidarity. Yugoslavia's Jose Tito, the founder of the movement was a practicing Marxist while Kenya was capitalist. It is, therefore, misleading to assume that the new post-independence state in Kenya rejected in principle identifying with the camps formed based on the ideological divide of the world system that led to the adoption of the grandiose principle of non-alignment in international affairs. This was a grandiose principle despite the fact that at the continental level, the new post-independence state of Kenya postulated the principle of 'positive independence' that was to form a foreign policy basis in guiding the country's determination to be an effective actor in world affairs and in her opposition to imperialism and neo-colonialism against Third World countries. It guided Kenya's reaction to racism and all other forms of foreign or national oppression against the peoples of these countries (**Orwa, 1989**). According to Habermas an ideal speech situation requires participants to have the same capacities of discourse,

social equality and the words are not confused by ideology or other errors. In this version of the consensus theory of truth Habermas maintains that truth is what would be agreed upon in an ideal speech situation. This is how consensus and emancipation is achieved. Kenya pursued the ideology of African socialism and non-alignment in an effort to achieve consensus and emancipation in her relation with Germany.

It has been argued that internal and regional conditions produced the principle of a regional *status quo*, from which emerged the policy of 'good neighbourliness'. To this was tied an economic ideology known as African Socialism, which ostentatiously rejected 'Western Capitalism and Eastern Communism" **(Howell, 1968:32-35, Orwa, 1989:222).** This rejection was ostentatious because Kenya supported the Western domination of the world and this was equivalent to supporting imperialism and that Kenya was itself a neo-colonial state dominated by multi-national economic interests. Its leadership failed to dismantle the pillars of British colonialism even after the acquisition of political independence.

Therefore, in their pursuit of specific foreign policy goals these aligned countries were driven by objectives bellied by *'core'* interests that comprised territorial integrity, quest to maintain their perception of independence and sovereignty, and national security. Connected to these were the 'middle range' objectives-economic, cultural and commercial relations, diplomatic representations and political influence. The Non-aligned Movement provided a framework for the exercise of political pragmatism in foreign policy. This pragmatism, therefore, meant that Kenya would pursue a conservative course in her foreign policy. All the same, far from the practicality of adjusting policy to national and international social exigencies as implied in the concept of pragmatism Habermas within whose epistemic framework we are carrying out this study somewhat twisted the philosophy of pragmatism towards his communicative motif and labeled it universal pragmatics. His approach pointed to the need to achieve a pragmatic consideration of language in its everyday use, its diversity of forms of reason and its claims to universal validity. Thus, the Habermasian theory of universal pragmatics attempts to separate social action from false consciousness by preventing the distortion of communication by political ideology **(cf Home, 1985).**

Closely allied to the theory of universal pragmatics is the theory of communicative action as well as the concept of purposive dialogue. It makes sense to situate the social

conditions of donor assistance within these conceptual purviews in an integrated way with the dependency perspectives through which we attempt to provide an explanation of Kenya's underdevelopment. In chapter three of the study, we noted that Habermas emphasizes the importance of technocratic strategy with its inherent rationality as critical to the process of economic growth within a national economy as part of an attempt to create "a rationalized life world" **(cf Home, 1985).**

In his conception of the capitalist modernization process, which we mentioned in the earlier chapters of this work, Habermas aimed at grasping the place and import of science and technology in our lifeworld. It is a lifeworld that is constituted as a sphere of interaction organized around consensual knowledge given that the best environment for public spheres is a vast reserve of shared background knowledge. Habermas calls interaction organized around such consensual knowledge a lifeworld. This sphere includes social institutions that constitute what he calls the culturally familiar that is itself an unproblematic environment because it helps explain how the daily process of consensus building is able to cross the threshold of the risk of dissent **(cf Muller 2001, 169).**

Looked at from this perception of social institutions being germane to the creation of consensus, cooperation between the Kenyan government (GOK) and the German government (FRG) which started almost immediately after Kenya attained independence involved a great deal of institutional intermediation some of which we have interrogated in the previous chapter as non-state actors. It appears that in the evolution of bilateral relations between Kenya and Germany, there arose a need, therefore, to strengthen the friendship and cooperation whose dynamics we have sought to explain in terms of intermediation roles of non-state actors caught up in what Habermas calls purposive rationality or instrumental action.

It is important to state that Habermas was wary of a development towards an arbitrary world of politics dominated by a self-declared democratic super power seeking to control others. In view of the importance of these non-state actors, since Habermas stresses the close link between interstate talk and balance-of-power politics, it would seem that any norms states follow would have to be derived from and aimed at not only domestic but also international audiences **(Habermas, 2001: 71).** No wonder, he

emphasizes that an intervention's legitimacy depends on whether or not it is justifiable based on international law **(Kreide, 2009).**

As noted heretofore, Habermas impacted on German social democratic discourse on international relations and it is probable that the evolution of relations between Kenya and Germany experienced some dosage of Habermasian influence. Kenya, like many other Third World countries embraced the non-aligned political stand in spite of its ambiguities. The notion of non-alignment came to denote a policy as well as a strategy designed to avoid entanglement in the Cold War which characterized this bi-polar structure of the new international system **(Orwa, 1999:223-224, Rono, 1999:102-203).**

These so-called non-alignment states considered themselves not formally aligned with or against either power bloc. The Non-alignment Movement sought to enable their member states to be actors in international politics without losing their identity. As a part of the non-aligned collectivity of states, Kenya hoped to effectively pursue her international interests. The collective strength was to derive from moral force rather than military power. The moral force was conceptualized as pervasive and salient, encompassing security, defensive strategy and economic realms. Rapid economic development required diversification of both sources of trade and aid. But such diversification also meant increased politico-economic independence and security, as it would enable the state to skirt the superpowers' camps in which they provided the philosophy, way of life and the wherewithal of life in their respective camps or spheres **(Orwa, 1989:224).**

From a neo-classical developmentalist sense, it has been stated that immediately after independence investment rates in Kenya were rather low, partly because of uncertainties about the country's future and the fears of non-citizens about their role in a newly independent state. The Kenya government came up with a framework of development policy referred to as Sessional Paper No. 10 on African Socialism and its Application to Planning in Kenya. This sessional paper gave lip service to African socialism. It was actually a cloak for capitalist policies, certain economic initiatives were incepted on the basis of it. The government began to increase its own development spending thereby increasing prospects of increased investment. As such, fixed investment rose as a proportion of GDP from 13 per cent in 1964 to 21 per cent in 1968. Kenya was able to finance most of its investments out of domestic savings. During the period 1972-

78, domestic saving averaged 75 per cent of gross investment in the economy, with the remaining 25 per cent financed by capital inflows from the rest of the world. The national savings effort was creditable and helped to limit the extent of Kenya's dependence on foreign sources of finance **(Killick, 1981:6).**

In his address to the nation during the Independence ceremony, Kenyatta summed the challenges of independence in these words:

> "… you and I must work together to develop our country, to get education for our children, to have doctors, to build roads, to improve or provide all the day-to-day essentials. This should be our work, in the spirit that I am going to ask you to echo, to shout aloud, and to shatter the foundations of the past with the strength of our new purpose…*HARAMBEE*!" **(Cited in Ochieng, 1989:203).**

Although the *Harambee* phenomenon emerged out of a dialogic engagement of citizens by President Jomo Kenyatta when he called upon them to join hands and develop the nation, the state virtually abdicated its responsibility to finance development. The Harambee movement played a significant role in the mobilization of domestic resources. Indeed *Harambee* contributions in both voluntary unpaid labor and as cash contributions rose substantially in the period up to 1978. The Development Plan of 1974-78 estimated the value of self-help construction to have risen from K$0.7 million in 1964 to K$ 3.1 million in 1972. During that period, 8,300 projects had been completed or were in progress (**cf Ochieng, 1990**). The Harbamasian theory of universal pragmatics seeks to free social action from false consciousness, which is political ideologies that systematically distort communication **(Home, 1985).** Indeed the Harambee spirit was never free of false consciousness. It helped few people and created a basis of corruption and abuse of office.

Since the early 1960s, Kenya chose to mobilize resources from both external and local sources and to use planning to introduce rational or technical knowledge in all decision making avenues in order to guide the process of economic development. External resources were to be mobilized by integrating the country into the world economy. According to the *Sessional Paper No. 10 of 1965*, Kenya welcomed foreign aid and investment within a policy referred to as economic and political non-alignment. This meant that Kenya was to borrow technological knowledge and proven economic methods

from any country without commitment. Kenya was to seek and accept technical and financial assistance from any source without strings. And finally, Kenya was to participate fully in world trade without political domination **(Ngau, 1987:525-526; Thomas, 1988:20).**

Soon after 1963, enthusiasm for *Harambee* blossomed to an unprecedented scale in Kenya in a way that vindicates the Habermasian theory of universal pragmatics which seeks to free social action from false consciousness, that is, political ideologies that systematically distort communication **(Home, 1985).** Psychological effects of colonial brainwashing about the African had to be transcended in a purposive dialogue with Africanity as evidenced in the motto of *Harambee*. But the Kenyan government noted that *Harambee* continued to waste resources by abandoning and duplicating projects and through embezzlement of funds **(Thomas, 1988:4-5)**. That is why there was need for constant communicative action in various government and civil society fora. In a sense *Harambee* was an effort to compliment the North's moves to modernize the periphery by creating the dependency syndrome.

In the ensuing years, development in Kenya served to integrate the country into the world economy and facilitated the emergence of an African petit bourgeois class. Kenya became a success story of economic development in the neo-classical sense, but also an example of extroverted development due to the increasingly illusive success of *Harambee*. Given that a number of actors seem to have failed to develop a communicative mind, the use of *Harambee* become distorted, deviating from its traditional emphasis on simple projects to the provision of large, costly social amenity projects **(Ngau, 1987:523).**

On the issues of Kenya's future economic structure, and the values underlying it, there were no serious difficulties between the British government and the African leadership. If anything, most African leaders were in full agreement with the economic philosophy of free enterprise and the institution of private property and were visibly eager to maintain that economic system **(Ochieng, 1989:204)**.

Equally the African elite had come to accept and respect the role of private investment in Kenya's economy. The philosophy of free enterprise offered a steady basis of trust by Western countries. It may be said that it provided Western donor countries with a basis of bilateral and multi-lateral negotiation. Kenya could be trusted as an ally

and it is possible to conceive the development partnership dialogue as a form of purposive contract. It appears that the norms and values defined by the quest for free enterprise were based on a purposive rationality emanating from this philosophy. Right from the attainment of independence Kenya's leadership opted for a clear strategy of economic growth based on a determination to keep existing ties with Western countries and to attract foreign aid and investment. The use of this aid was to create a basis of political disquiet as a number of people agitated for fair distribution of the fruits of independence. Unfortunately, the KANU government concentrated on growth, rather than redistribution **(Ochieng, 1989:209).**

When Jomo Kenyatta died in office in August 1978 his Vice-President, Daniel Arap Moi, succeeded him as per the constitution. Moi became the head of a KANU regime that had witnessed rising instances of tribalism and corruption. Given the country's dependent status, Moi was also soon faced with an array of pressures on the Kenyan economy that were beyond his immediate control. The end of the world coffee boom in 1979, the dramatic rise in the price of imported oil in 1980/81, the world recession of 1981/82, and the continuation of a 3.9 percent annual rate of population growth combined to slow fifteen years of economic advance **(Hyden & Bratton, 1992: 178-179).**

Despite those pressures, and partly in response to them, Moi embraced a populist approach to governing based on what he termed his ***nyayo*** philosophy of 'peace, unity, and love' **(cf Godia, 1986).** This philosophy has been critiqued for its populist claims and failure to foster national cohesion since monstrous tribal clashes, Wagalla Massacre, human rights violations which took place during Moi's rule did not reflect the so called ideals of the Nyayo philosophy **(Aseka, 2005:267).** Using this philosophy as a tool for the legitimating of his rule, Moi embarked on the construction of the Nyayo State.

The construction of the Nyayo state was characterized by prebendalism, the use of office for personal gain and a show of magnanimity through distribution of largesse to Moi's political cronies. This did not appeal to western countries including Germany. Germany was critical of Moi's bad governance. Poor governance worsened economic conditions in the country leading to the growth of corruption and impunity to unparalleled levels. These practices rendered the country more vulnerable and dependent on donor aid. Moism was characterized by roadside issuance of decrees regarding certain

critical issues in the country. Notwithstanding its populist overtones, it is clear that the Moi regime was divisive and therefore perpetuated the colonial legacy of divide and rule thereby entrenching the phenomenon of uneven development, which Kenyatta's era had fostered.

Both the Kenyatta and Moi regimes failed to offer a leadership that sought to inscribe principles and values of welfare, equity and justice in its politics. Good national leadership must come out with clarification of roles that is supposed to guide the revision of the organizational structures in order to improve sectoral efficiency. This is important given that capitalism creates a critical frame which after destroying the moral authority of so many other institutions in the end turns against its own in what may be described as political predation **(Aseka, 2005: 157).** The modernization theory assumed that there would emerge a modernization leadership and the economy in the periphery along Western European lines. However, the nationalist project of nation building conceived in these modernization terms failed to produce this kind of leadership. Dependency theory was to be critical of these leaders and dismiss them as lackeys of their Western handlers. That is why both Kenyatta and Moi were extremely intolerant of leftist critics based at the University of Nairobi and Kenyatta University many of whom were picked, tortured and detained while others were made to flee from the country.

4.3 Genesis and characteristics of German development aid to Kenya

4.3.1 Genesis of German Aid to Kenya

It is important to highlight the fact that development co-operation between Kenya and Germany commenced shortly before the former's independence in 1962. This was quickly followed by a technical agreement which was signed in 1964. This agreement constituted what Habermas calls means of social integration that is crucial to enforcement of power since for him the production of legitimacy is crucial as a way of making public reason and consistent behaviour possible in modern political life (**Habermas, 1996: 462**). It came within the purview of purposive rational action whose aim is to secure human's capacity to satisfy their needs and foster symbolic interaction systems that provide institutional framework upon which grammatical rules enable humans to engage in communication and to interact **(Schroyer, 1973: 150).**

Germany bilateral assistance flowed through these intermediated interactive channels enclosed in the rubric of technical co-operation (grants) and financial co-operation (low-interest rate loans). Kenya was to rank amongst the leading recipients of German development assistance in the years that followed. The German assistance supported programmes in social infrastructure, rural development, agriculture, natural resource, conservation, health and education (**Kenya Ministry of Foreign Affairs, 2003:3, Nakitare O.I, September 10th 2003)**.

The history of the evolution of German development support in the post-World War II era punctuated by the Cold War and Post-Cold War periods is given in the earlier chapters. It is important to note in a nutshell that German development aid to Kenya targeted containment of unemployment, mitigation of the disparities in regional and personal income structures. It also targeted improvement of the balance-of-payment promotion of exchange-intensive sub-sectors. This aid helped to improve Kenya's planning instruments at the state level **(KNA/BY/24/85).** Germany borrowed from managerial logics which emphasize use of rational science and planning to bring about better results in the aid industry **(Gulrajani, 2011).**

Accordingly, Habermas proposes to reduce the influence that the capitalistic structure of society that is expressed through the overarching political and economic system has over individuals' construction of reality by replacing this with decision processes based on collective reasoning. Specifically, he purposes to allow the interrogation of the crucial exchange that exists between system (state administration and economy) and lifeworld (both private and public). For him, the interchange occurs through media such as power and money and is institutionalized in the social roles that employees, consumers, clients of state, bureaucracies, and citizens of the state fulfill **(Habermas 1987: 351, 393-395).**

4.3.2 Characteristics of German Aid to Kenya

By 1960, it was clear that the Federal Government of Germany had established machinery for large-scale technical and financial assistance to developing countries such as Kenya and the aid program which sprang from this decision was conceived as a short-term transfer of German skills and capital, aimed at giving these countries the kind of start that Marshal aid had given to Germany.

On 17 August 1962, before Kenya attained independence, the Government of the FRG provided long-term capital aid totaling DM 35 million to Kenya. In this regard, Germany enabled the Government of Kenya to borrow from the *Kreditanstalt fur Wiederaufbau* (KFW) these funds. Out of this amount a sum of DM 27.5 million was used for the partial financing of projects namely: - settlement of 12,000 African families in Rift Valley and Central provinces, development of tea planting in Nyanza, Rift Valley and Central province.s It was also used for the extension of the road system in Nyanza, Central and Coast provinces as well as the construction of plants, both for supplying water and the treatment of sewage in Nairobi, Nakuru and Kisumu towns. Kenya was to pay interest on the above loan at the following rates: 3.5% per annum on DM 13.5 million, New Smallholder Settlement Scheme; 4.5% per annum on DM 4.5 million, Tea Project; 3.25% per annum on DM 5.5 million, Road Project; 3.25% per annum on DM 4.0 million, supply of water and sewage treatment. This interest was to be paid beginning on 31 December 1962 and end on 30 June 1977 (**KNA/BN/84/12**).

Given that these activities took place in the dying years of colonialism, the Africans who participated in these negotiations were a co-opted cadre of politicians and bureaucrats who were co-opted for the purposes of laying the foundational basis of the transition of country from a colonial status to a neo-colonial one. The processes of cooptation began earlier in the 1950s culminating with two Lancaster House Conferences held in London in between 1960 and 1962. A key component of this neo-colonial framework was the retention of the European experts within the Kenyan State bureaucracy. This expert syndrome bedeviled the Ministry of Agriculture for a long time.

As Kenya fast approached her independence in 1963, there was general fear of serious exodus of British technical staff. This made the Minister for Land, Settlement and Water Development, Bruce McKenzie, to request for technical staff in the form of veterinary surgeons, agronomists, extension officers, cooperatives, and administration officers to come from Germany to assist (**KNA/BN/90/5**). What was the German input into this expatriate phenomenon? In 1964, eight local government officers from Kenya were sponsored by the City Administration of Berlin for a course of training in Local Government Administration. The FRG sponsored this training. When the German President visited Nairobi in 1966 he was requested to extend this to many more Kenyans. Moreover, in 1964, Germany gave Kenya 13,000,000 DM for use in the one million acre

settlement scheme. 35,000 landless people were settled and given loans to improve their farms. Technical staff from Germany to do survey and agricultural extension was provided (**KNA/AE/3/984**).

However, more funds were provided for famine relief, construction of Nairobi Medical School, supply of a mineralogists and investment in Webuye Paper Mills. Shortly before independence, the German Bank (KFW) had contributed to tea scheme through a loan of £538,000, which was used for field development, roads and building construction. It is evident that German loans given to Kenya before independence in 1963 had two restrictions. No goods or services supplied by or originating from the Sino Soviet bloc or Yugoslavia were to be included in expenditure against that loan. Secondly, import duties were not reimbursable (**KNA/BV/104/99**). In a technical cooperation agreement with Kenya in August 1966, Germany agreed to establish technical training centers and model institutions by providing German teachers and technicians and technical equipment, including spare parts and replacements. Furthermore, the German government was to provide experts, consultants for specific projects and Government advisers. Kenya trainees were to get opportunities to receive training at technical training institutions in the Federal Republic of Germany or at German industrial establishments (**KNA/BV/10/125**).

To demonstrate that aid had conditionalities attached, in return for the above overtures, the Kenya government was to provide, land and buildings for the individual projects in Kenya. Moreover, the Kenya Government also was to bear the costs of operation and maintenance of the individual projects. It was to provide at its expense local technical and auxiliary staffs required for the individual projects as well as interpreters (English/Swahili and vice versa) as required. Again, the Kenya Government was to provide adequate living accommodation, to the standard provided for Kenya Government officers of equivalent or similar status, for the German experts, teachers and technicians as well as their families and bear the costs of upkeep and maintenance of such accommodation. Thus, the Government of Kenya was to ensure that, after waiting for a respectful period of time, the German teachers and technicians were to be replaced by suitable Kenya nationals. These teachers and technicians were to be selected and trained by the FRG and then employed at the establishments concerned. Besides it was to provide medical services and facilities for German experts, teachers and technicians to

the same extent as were provided to officers of the Government of Kenya. Moreover, German experts were to enter and leave the country free of charge. They were exempted from Kenyan taxes, including on the vehicles they imported into Kenya **(KNA/BV/10/125).**

In the initial years up to 1966, Germany government financial and technical assistance to Kenya concentrated mainly in agriculture and tourism. The first German volunteers to Kenya arrived in July 1966 and the second batch arrived in December 1966 and January 1967. Housing, water and electricity bills of these volunteers were to be paid by the Kenya government. In the medical field, the seven volunteers who were nurses worked in Kisumu, Nakuru, Nyeri and Kerugoya hospitals. The Kenya Government was unhappy with some aid conditions. For instance, the requirement that it pays water and electricity bills for volunteer nurses as well as German staff in the ministry of agriculture and co-operatives. Accepting this meant going against the terms of agreements signed between Germany and the Kenya Government on 18 December 1967 **(KNA/BY/24/55).** Some of the privileges of German volunteers could be stated thus:

> The Government of the republic of Kenya shall exempt from all import and export duties any other public charges the funds, equipment, materials and supplies provided by the German volunteer service in connection with the execution of the projects selected for support **(KNA/BY/24/55).**

In 1966, there were 26 German volunteers helping University College of Nairobi's Survey and Medical departments, Ministry of Social Services and Ministry of Works. Kenya by 1966 had German technical aid experts as follows: Ministry of Commerce & Industry (1), Ministry of Tourism (4), Ministry of Agriculture (in research & Planning) (20), Ministry of Education (5) **(KNA/AE/19/12).** Kenya received technical assistance from Germany in form of 27 scholarships in 1972. Of this 7 went to Ministry of Tourism to train hotel managers and other cadres **(KNA/KL/20/3).** The German experts in the water department as per the agreement with the Kenyan government had unrestricted access to the donated cars. This caused friction with Kenyan staff that felt the cars were idle when they needed them most.

The involvement of Germany within the co-optive logic of decolonization is understandable since Germany belonged to the fraternity of West European nations under

the European Economic Community. The money function in this aid arrangement is important for us because as noted heretofore, for Habermas, the interchange takes place through politics and money is institutionalized in the social roles. However in dependency terms money is a social relation and therefore donor support ties perpetuate a donor dependency syndrome. As Arnold points out such donor aid has political strings tied to it **(Arnold, 1981).**

In the 1960s and 1970s the professed aim of German development policy was to improve the economic and social situation of the people in developing countries and to provide scope for their creative growth. This helped meet the basic needs of the people and enabled them to help themselves. We have characterized this policy as ostentatious and it was operationalized within a policy framework in which Germany sought to give highest priority to rural development in Kenya in its development assistance policy and it is possible to view this support in terms of the Habermasian system/lifeworld interchange to see the nature of institutionalized social roles.

This rural focus was largely in keeping with the Kenyan Government revised second Five-Year Development Plan in which investment in agriculture, the dominant sector in rural development was emphasized by Germany. Within this framework, the state bureaucracy gave priority to irrigation, horticulture, and animal husbandry. At that time forestry, fisheries, mining and industry were considered not priority areas for German aid. Tourism sector's contribution was rated highly. In a way, German Development aid targeted to help increase Kenya's attractiveness as a major tourist destination so that development targets could be achieved. Since a large proportion of this sector is taken care of by private enterprise, development aid was used to extend tourist infrastructure and to open up new areas. Transport and communication sectors received German assistance in so far as they had direct impact on sectors of high priority such as tourism (**KNA/BY/24/85**).

The education sector was not generally eligible for German aid except in the sphere of technical education. This was because promotion of technical education was expected to render a contribution to the priority aim of containing unemployment since there was the bottleneck of trained technical personnel. Areas of target in health were family planning, training medical staff and building district hospitals. In housing, development aid contributed, in particular, towards the establishment of a consistent

housing and urbanization policy and towards the promotion of low-cost housing. Urban water supply received relatively high priority. Since rural water supply projects had already been taken up by a number of other donors, German aid focused on urban areas. The problems of urban water supply and sewerage were considerable obstacles owing to the rapid growth of the urban population, and as upto 2003 had not sufficiently attracted the attention of other donors (**KNA/BY/24/85**).

In the 1977/ 1978 period, Germany awarded Kenya 50 scholarships largely in areas where German equipment, drugs, materials would be used. 15 of these scholarships involved training in German while 35 were for training in Kenya or other countries. These advanced professional courses involved training water and sewerage engineers, community nurses, plant production (fruits/vegetables) experts, veterinary officers, technical teachers, hotel operators and administrators, agriculturalists, television/camera producers, agricultural planners and tourism marketers **(KNA/RP/9/17).** They entrenched a growing relationship of dependency. This relationship did not foster freedom from domination and reciprocity that would terminate dependency relations between bilateral participants. The framework of cooperation did not lead to eventual emancipation of Kenyans as envisaged in communicative rationality.

In various schools and higher education circles, we had 24 experts who covered the following areas: motor mechanics, banking, chemical engineering, teachers for business technology, domestic science, metalwork and plumbing. Others were 9 physical engineers, electrical technician, mechanical engineer and joinery. In agriculture we had 2 experts in agricultural engineering and horticulture. The experts were posted to ministry of agriculture, cooperatives and social services, Ministry of Power and Communications, City Council of Nairobi, Kenya Red Cross, Association of the Physically disabled and National Christian council of Kenya (**KNA/BV/3/16**).

During the 1976 bilateral negotiations for aid in Bonn, it was agreed in accordance with Kenya's long-term development strategy, that the cooperation with the FRG was to primarily, but not exclusively, be concentrated on the following areas: promotion of the rural sector, support for efforts towards industrialization and strengthening of planning capacity. In this context a provision of DM 80 million was made in favor of the Upper Tana Multi-purpose Reservoir with the balance of DM 25 million being earmarked for industrial development, cooperative Bank and Commodity

Aid. On technical assistance, topping up of experts was suggested (**KNA/TR/25/45**). We have faulted the character of German technical assistance since it has not formed a basis of overcoming Kenya's technological backwardness. Kenyan governmental and private sector entities have not been made competitive on the basis of an enhanced ability (through this technical support) to learn and deploy technical knowledge to meet ever-changing demands of the national and global political economies.

In seeking to enact what has been termed as interactive competence oriented towards consensus, before a loan was granted, German Development Bank (KFW) appraisal mission was sent to evaluate targeted projects. One such mission was sent to appraise the cooperative Bank, its operations, scope of activities, financial aspects and future prospects before Germany gave DM5 million for the cooperative Bank projects in 1976. West Germany aid in the process targeted cotton, coffee, dairy and sugar industries. On 19 July 1977, Kenya got two loans totaling to Kshs.33 million. In the first loan Kshs.18 million was to be used by the Cooperative Bank for construction of coffee factories, milk cooling centers, animal feed plants and cotton ginneries in the rural areas. Kshs.15 million was used for the first phase of the new water supply for Eldoret Municipality. In the same spirit Germany begun to fund Mombasa and coastal water supply, Kisumu and Nakuru water supplies and sewerage schemes. Germany gave two scholarships for Kenyans in 1974 to study cooperative economics at the University of Hamburg in Germany (**KNA/TR/25/44**)

Habermas states that language symbols and action can interpret each other reciprocally, indicating that within communication the formal structures of the language are mediated by contextual, norm guided actions and expressions. Thus, the notion of an ideal speech situation, or non-repressive communication, is the necessary condition for the simultaneous maintenance of communication and meta-communication **(Schroyer, 1973: 157)**. In view of what Habermas characterizes as the 'force of the better argument' this bilateral relation did not foster an emancipatory agenda and therefore one cannot say that German aid was non-repressive because its money could not buy goods from another country.

Lack of this force of sound argument left issues that were unsolved in striving towards Habermas's ideal freedom from domination in the exchange of notes on 8th and 12th January 1979 between the Kenyan and West German Governments. This was to lead

to cooperation in preparing a practical manual for surgery in rural hospitals; designs for new surgical units and improvements of the existing ones; designs and instructions for producing medical equipment; proposals for standardizing hospital equipment; and instructions for carrying out repairs needed for rural hospitals. The Government of the FRG provided one public health expert; one surgeon, a university-trained engineer; an illustrator; short-term experts; and the necessary auxiliary personnel (**KNA/BY/24/124**).

On 10 December 1979, in what was perceived to be of practical importance to the Kenyan society, GTZ gave to the country a financial contribution of DM 1,000,000 for the purpose of setting up and equipping a Health Teaching Centre and providing equipment for the Kakamega Nurses Training School. In September 1979, Malindi hospital received gifts from West Germany. These included beds, mattresses, ambulance cots with wheels, oxygen item, disposal syringes, syringes for insulin and needles for insulin. They came from three hospitals from the state of Baden Wurttemberg. It was the initiative of a German, Mr. Oswald Pfeiffer, who had been visiting Malindi for seven years. The cost of the gifts was DM 75,000 (Kshs.303, 750) (**KNA/BY/24/124).** West Germany funded the construction of Kakamega and Kisumu community nurses training schools: The building of the Kakamega school begun in 1974, while the Kisumu one begun in 1975 **(KNA/BY/24/85**).

Senior German experts who included retired professionals with long-standing experience came to Kenya on 29 May 1985 to consult and advise on technical, operational and management levels to assist in overcoming production bottlenecks and to help solve problems in a very wide range of activities. German experts in technical and manual programs as at 1980 were 20. The areas they covered included interior decoration, joinery, car mechanics, building construction, engineering, locksmith, civil engineering, business administration, motor vehicle electrician and masonry. In community development and social work, we had 3 experts. These were a potter, an economist and a nutritionist. As at 1980 we had 3 nurses and 1 laboratory technician in the Ministry of Health as German Experts **(KNA/BV/3/16).** The advent of the German expatriate engrossed the country's technological dependence that had been developed in the colonial era during which the economy was characterized by varied forms of dependence. This dependence is worrisome given that in the Marxian conceptualization of the labor process, technology is conceived as an instrument that constitutes a

fundamental factor in the labor process, and as such instruments of labor are the vital link between labor and objects of labor **(cf Ake, 1981).**

The FRG provided Kenya with food aid of 7500 tonnes of wheat. Germany feared that the exceedingly large growth of Kenya's population was bound to seriously retard the country's development. As such, Germany advised that measures be taken to control this population. Both Kenya and Germany agreed that, in principle, supplies and services for projects of Kenyan-German cooperation should be procured from sources in the FRG **(KNA/KL/20/4).**

In the 1982/ 1983 periods FRG disbursed to Kenya financial aid of DM 112 million for the loans. Under this commitment, the terms were: interest rate 0.75 per cent, maturity 50 years including a grace period of 10 years. For technical cooperation in the form of grants DM 55 million was provided. In addition, in order to help overcome food shortage, the Government of the FRG supplied Kenya with 7,500 tons of wheat through the port of Mombasa. FRG also initiated a study on the afforestation programme in Masinga dam area (**KNA/KL/20/4).**

In the 1980s West Germany applauded Kenya's implementation of tough International Monetary Fund (IMF) conditions on devaluation of currency, increase of prices of agricultural products, and cuts in budget expenditure. West Germany aid to Kenya in the 1980s was affected by difficult economic, employment and budgetary situation in FRG. In 1984/85 period the government of the FRG provided Kenya with DM 107.8 million. This loan had interest of 0.75 percent, maturity of 50 years and grace period of 10 years. Other projects financed by FRG in the 1984/85 period were a financial cooperation of DM 62 million. Kiambere Hydropower project, water and sewerage project received (DM 16 million), while Tourist Roads got DM 1.8 million. Aid for railways, telecommunication, agriculture and industry was worth DM 8 million while Garsen Bridge was allocated DM 38 million.

Additional financing from Germany was given to the Coast Settlement Scheme (DM 4 million), GAT (DM 13 million), Kenya Bureau of Standards (DM 8 million) and Forestry School (DM 6.3 million). Funding for new projects included Family Planning (DM 7 million), Training Hospital technicians (DM 6.7 million) and Control of Grain Bover (DM 2 million). The Kenya and German governments agreed in 1985 that, as in the past, future relations depended on implementation of ongoing projects and securing

adequate financing of new projects both for the implementation and running costs. Again, projects selected were to reflect the priorities of the Kenyan governments, Five-Year Development Plan as well as those of the development policy of the FRG **(KNA/KL/20/4)**.

4.4 Trends in the Kenya – German Trade: A Historic Snapshot

In the 1960s, many people condemned the various illegal practices (over-invoicing and overcharging) adopted by members of the Europeans resident business community. To eliminate such practices as well as to satisfy local calls to indigenize control of certain sectors of the economy, African governments everywhere moved to take over economic activities from non-African resident entrepreneurs as part of the move towards Africanization. But this approach at Africanization did not seek to alter the logic of monopoly based on a well-formulated policy framework of citizen empowerment and enforcement of social justice. Such moves at Africanization were directed particularly against the predominance of Asians in East African commerce. A purposive-action approach of Africanization that veered off towards ethnicization was adopted in reaction to this dominance. Africanization of domestic retail and wholesale trade was to result in the substantial exodus of resident Asians from Kenya in the late 1960s with its associated capital flight **(cf Zeleza, 1983).** Generally, African governments adopted restrictive policies towards international investment. In this sense, one understands why Max Weber, mark you Habermas is in many respects Neo-Weberian, talked about systems rationality of capitalism, state bureaucracy and law. It appears that Habermas's rationality of communicative action builds on a Weberian motif of systems rationality. However, unlike Habermas, Weber fell short of linking them with the rationality of action **(Cf Abanes, 2007: 2-3).**

Despite this overall economic orthodoxy billed as neo-liberalism, Germany's bilateral relations with Kenya was tailor-made to cover trade matters and as well pave way for the development and entrenchment of trade relations, characterized by uneven and unequal exchange. These are dynamics that are only adequately explicable in terms of the heterodoxy of dependency with its account of disparities between partner countries. As early as 1939, Germany sold to Kenya, among other things, glassware, mining products, building materials (nails, beams, pillars, screws, and bolts), iron and

steel products, agricultural tools, knives, sewing machines, typewriters, cotton blankets, drugs, vehicles, and tyres and guns. In turn, Kenya sold to Germany, coffee, cedar slats, raw cotton, sisal fiber and dried hides (**KNA/AE/43/4**). Kenya's trade surplus with West Germany after rising steadily, declined in 1963 because of a rise in imports combined with a fall in exports. Although imports from West Germany rose from £3.02 million in 1954 to £4.97 million in 1963, domestic exports rose much more sharply from £3.20 million to £6.83 million during the same period.

The possibility of increasing exports to West Germany in the early 1960's depended on the quality of Kenya's exports, the competitiveness of her prices, establishing marketing channels and the possibility of breaking through the common market barriers. When Mwai Kibaki went on a trade visit to West Germany in 1963, Kenya hoped to diversify her sales to Germany, so that Germany could, buy more of Kenya's Soda Ash, pyrethrum, fruits, hides and skins, oil seeds, raw cotton, raw wool and wood. Between 1960 and 1963, Kenya imported the following products from West Germany: beverages, tobacco, crude materials, minerals, fuels and lubricants, animal and vegetable oils and fats, chemicals, manufactured goods, machinery and transport equipment. These things cost Kenya £5,094,000 in 1960, £3,472,000 in 1961, £4,107,000 in (1962) and £4,970,000 in 1963 (**KNA/BV/10/99**).

A German trade delegation consisting of a banker, an agriculturist, and an engineer visited Kenya from 9 January to 4 February 1961. Their interest was in water supply scheme for towns and villages and public health project **(KNA/BY/24/15).** In 1964, Kenya participated in fairs in West Berlin to market Kenya's agricultural products (Coffee, fruits and hides), investment potential and tourism. To market Kenyan products and tourism, Kenya participated in other international fairs in Berlin, from 1965 to 1968 (**KNA/AE/37/25**).

After Kenya got independence the desire to modernize her economy drove her to import more machinery and finished industrial products from Germany. Foreign aid from Germany led to intensive importation of made in Germany items. Hence since the 1970s to 2003 trade was skewed in favour of Germany. That is why Kenya has organized a number of trade fairs in Germany to close the trade gap.

By 1966, in trade matters with Germany, the following Kenyan organizations provided contacts and commodity information. The Kenya Chamber of Commerce and

Industry, the Association of East African Industries, the Export promotion Council, the Kenya National Trading Corporation Ltd, the Coffee Marketing Board, Tea Board of Kenya, the Kenya Sisal Board, Pyrethrum Board of Kenya and Kenya farmers Association (**KNA/AE/19/12**).

Kenya first participated in the Anuga exhibition in Germany in 1969. In the 1971 Anunga exhibition, the following companies took part:- Virani Curry Powder and Flour Mills; P. J. Products Ltd; C. Dorman Ltd' East African Mattings Ltd; Dongre (Kenya) Ltd; Kenya Canners Ltd; Pan African Foods (1968) Ltd; Maendeleo ya Wanawake; Aturia Trading Co.; Coffee Board of Kenya; Tea Board of Kenya; B. S. Mohindra and Co. Ltd; Merchandise Co (E.A) Ltd; Horticultural Co-operative union Ltd; Kenya Horticultural Exporters Ltd; Bobs Harries Ltd. Kenya participated from 29 August to 3 September 1972 in the 10th Overseas Import Fair dubbed "Partners for Progress" in Berlin Germany. This enabled contacts with German importers and buyers to be established. Kenya participated in International Green Week Agricultural Show in Berlin on 28 January to 6 February 1972. This show had visitors from Europe, Africa, Asia and America thus enhancing the global marketability of Kenya's agricultural produce (**KNA/RX/5/2**).

The opening of the representative office of Deutsche Bank in Nairobi in June 1979 was evidence not only of the meaningful growth of the banking industry in Kenya but also of its diversification. The arrival of Duetsche Bank (DB) in Kenya was seen as an act of faith and confidence in Kenya's economic progress by leading international bank as well as its country of origin, the Federal Republic of Germany. Although only a representative office, the physical presence of the bank in Nairobi was expected to go along way in furthering trade as well as economic cooperation between both the public and private sectors in the two countries. The principal role of the Nairobi office of the DB was to collect and disseminate information on matters of interest to both German and Kenyan concerns. To Kenya, the representative office of the German bank also represented an additional source of development funds and a refinancing facility **(The Weekly Review 13th July 1979:28).**

Germany ranked as the fourth most important of Kenya's trading partners after the United Kingdom, Uganda and Tanzania. Bilateral trade had been averaging Kshs. 1,260 million for both exports and imports from each country as at 2003. In 2003

Germany took 8% of all Kenya's exports. Kenya's trade with Germany is faced with a narrow range of products that are primarily agricultural products. Coffee, tea, horticultural products, packed fruits; fresh vegetables and pyrethrum took 80% of Kenya's exports to Germany in 1998 and first half of 1999. Kenya's tea exports to Germany decreased since 1993, but has picked up in the last few years. Kenya's imports from Germany include machinery, engineering goods, motor vehicles and spare parts, electronics and pharmaceutical products **(Kenya Ministry of Foreign Affairs,2003:4-5).**

The European Union, and particularly Germany, holds a vast potential for the marketing of Kenya's handicrafts, fresh produce and manufactured goods and the outlook is quite promising for further stepping up their exports in the coming years. Even though the share of handicrafts in Kenya's overall exports to Germany declined in the 1990s, Kenya continues to be a leading African supplier of handicrafts to the German market. The lifting of the EU's ban on fish imports from some African countries, including Kenya, removed a major obstacle towards stepping up Kenyan exports of fish such as Nile Perch to Germany. Kenya's exports to Germany in 2000 dropped to DM 213.43 million from DM 227.26 million registered in 1999, according to the statistics of the embassy of Kenya in Berlin. Coffee continued to dominate the Kenya exports averaging over 50 per cent of the export earnings. Fresh fruits and vegetables, which became an important export item in the 1990s years, gained further growth in the German market when their exports went up to around DM 30.0 million in 2000. Kenyan tea, processed fruits and vegetables, fish and handicrafts were other important export items **(Mathew, 2001:1).** See the table below for trends in Germany trade with Kenya. It is clear that trade favours Germany.

Table 3: Kenyas Exports to and Imports from the Federal Republic of Germany, 1994-2001

Year	Exports in kshs	Imports in kshs.	Balance of trade
1994	7,536,905,867	7,630,074,317	-93,168,450
1995	7,991,492,669	9,892,084,792	-1,900,592,123
1996	8,819,737,111	10,245,166,176	-1,425,429,066
1997	7,650,553,221	12,727,903,618	-5,077,350,397
1998	5,546,974,348	11,136,582,907	-5,589,608,559
1999	5,273,750,992	9,165,925,443	-38,92,174,451
2000	5,567,870,570	8,560,683,675	-2,992,813,105
2001	5,128,550,970	12,426,689,791	-7,298,138,821
Average Values	**6,689,479,469**	**10,223,138,840**	**-3,533,659,371**

Source: **Kenya Ministry of Foreign Affairs**: Abrief on Germany Nairobi, Kenya Ministry of Foreign Affairs, 3rd September, 2003:5.

Although traditionally coffee dominated Kenya's exports to Germany, the potential for increasing the marketing of horticultural products, processed fruits and vegetables, tea and seafood had not been fully exploited, according to Kenya's participants in the Anuga world Food Market, '99, which was held in Cologne. Fresh fruits and vegetables like pineapple, passion fruit, mango, avocado, baby beans and chillies, which were at the centre of the promotion, fetched a number of export orders and inquiries. Germany showed interest in Kenya's groundnut cooking oil, fish, seafoods, cutflowers, dehydrated vegetables and Soya milk drink. Kenya's exports of fresh fruits and vegetables and cut flowers to Germany had been steadily growing over the last few years due to sustained marketing efforts and the availability of modern air freight techniques for fresh produce. Kenya's exports of fresh and processed fruits and vegetables to Germany went up by more than 46 per cent in 1998 to DM 38.3 million, making them the second largest export item after coffee. Kenya's exports of cut flowers like roses and carnations as well as ornamental plants grew by 12.6 per cent to DM 24.1 million **(Mathew, 2001: 1999:1-2).**

Kenya ranks as the third main supplier of coffee to the German market after Columbia and Brazil and around 40 per cent of the Kenyan coffee production was exported to this country. However, Kenya's coffee exports to Germany dropped by more than 30 per cent in 1998 to DM 152.4 million. Kenyan tea had achieved remarkable growth in the German market in the 1990s but this declined by 15 per cent to DM 3.4 million. The EU's ban on fish imports from Kenya severely affected the country's seafood exports to Europe, which is an important market. Kenya's seafood had the possibility to become another major export item to Germany and to expand sales in other European countries. The German government provided advisory services through GTZ specialists for product development and marketing and assisted in the training of specialists in export promotion and marketing **(Mathew, 1999:2-3).**

Exports of precious and semi-precious stones, jewellery, chemical products and minerals, which were the other major export items, also declined. Kenya's main German imports are chemical products, machinery, automobiles, iron and iron products, engineering goods, optical goods and fine mechanical instruments and food items. During the first six months of 1999, Kenya's exports to Germany went down by 6.5 per cent to

DM 98.5 million while its imports from Germany fell by 14.6 per cent to DM 100.6 million **(Mathew, 1999:4).**

Despite the growth of figures in the trade relations between Kenya and Germany in the post-Cold War era as shown in the above scenarios, it is worth pointing out that on the whole international trade remained unfair to Kenya like the rest of African societies. Whereas this trade fostered uneven development with its inherent features of uneven geographical development of the partners involved, it also fostered unequal exchange with its intrinsic forms of exploitation. Unequal exchange can simply be described as buying cheap and selling dear.Therefore, it would be sensible to argue that the German people would not see the value of trading with Kenya unless they could clearly see their gain from that trade.

4.5 The German Agricultural Team (GAT)

On 4th December 1964, Kenya government entered into a technical cooperation with the German Government to promote agriculture in Kenya. This technical cooperation was known as German Agricultural Team (GAT) and it involved deployment of German experts in Nairobi, Trans Nzoia, Kericho, Kisii, Thika, Kabete, Naivasha and Tigoni. By March 1975 German experts in Kenya included five advisors whom three were farm management officers. Other one was horticulturist while the other was a farm mechanization officer. (**KNA/BN/84/12**)

Although it was assumed that the technical cooperation agreement signed between GoK and the FRG on 4th December 1964 was to help Kenya in the establishment of technical training centers and model institutions by providing German teachers and technicians, looked at in terms of the money function in the donor aid arrangement, the mediatory function of money and power in these negotiations kind of institutionalized social and economic roles that exacerbated dependency relations. The technical agreement though posed as designed to provide mutual expectation and common obligation between the cooperating bilateral partners instead fostered technological dependency. Within this framework Kenya has not been able to acquire global competitiveness since such competitiveness is driven by accessing, adopting, adapting and deploying technological knowledge to gain such competitive advantage. In the period

upto 2003, Kenya did not emerge out of technological backwardness which its dependency status has generated despite bilateral donor support.

The whole German technical support intervention was bereft of an emancipatory agenda even though in the Habermasian sense, the notion of technical and practical cognitive interest by recipients of donor support can be understood as proffering moments of what Habermas conceives as dialectical social evolution in the struggle by man to emancipate himself through the power of reason **(cf Schroyer, 1973: 151).** The midwifery intervention to help birth the neo-colonial state through the monetary aid function fattened what Habermas calls the economic and administrative imperatives of the monetary-bureaucratic complex **(cf Habermas, 1987: 351).** In our view it was bringing to birth a monetary dimension of dependency and underdevelopment.

Nevertheless, within a rather developmentalist purview of donor support, Germany was to provide technical equipment, including spare parts and replacements during the agreed period of the life of any project. German experts, consultants for specific projects as well as Government advisers were to be provided. This was enhanced through the cooperation of both countries in the field of education and training. The Kenya Government obligation in the agreement was stated thus:

> In turn the GOK's obligation was at its expense to provide as necessary land and buildings appurtenances for the individual projects in the Republic of Kenya…provide at its expense local technical and auxiliary staff required for the individual projects as required (**KNA/KL/20/4).**

The experience between German and Kenya under the GAT was a success story. With a few exceptions the quality of the German staff was excellent, and the cooperation between GAT members and Kenyan Government officials was outstanding. The general overall objective of GAT was to help Kenya in its agricultural development and in promoting food security for the population. Over the years, GAT in line with its terms of reference, made what came to be viewed as a commendable contribution to setting up viable projects that had a favorable impact on the economic development of the country and helped achieve GAT's general objectives. Well-known examples in this respect were the results of GAT's efforts in farm management, horticulture, veterinary science and animal production. These efforts were particularly useful during the first two decades of Independence when the number of qualified Kenyans was insufficient to fill the jobs that

were left vacant by colonialists. Many of these jobs required an academic preparation; skills and experience that were in woefully short supply. The technical assistance from Germany helped to fill these gaps (**KNA/BV/20/16**).

Nevertheless, Kenya was not able to establish a viable technical transformation. Technical capability is built from the acquisition of technology from the outside, an intensity of effort to develop internal technology, institutions and systems that exist in the environment within which the productive entities operate and also from an existing knowledge of these production entities. German technical assistance has not helped remodel and improve these processes much.

By the 1990s the situation had changed. As a result of the priority that the Government gave to education, the supply of academically trained manpower was caught up with the demand. Gaps remained only in a few specialized subjects. In fact, in some areas, such as veterinary medicine and general agriculture at the Bachelor of Science level an oversupply developed. On the other hand a gap apparently remained in the field of project management, and German technical assistance adapted itself to these changing requirements. While technical qualifications remained an outstanding feature of German technical assistance, most Germans have needed to devote more time to managerial functions pulling together resources and combining them towards the objective of implementing a project.

Training was one of the core components of the GAT, and over the years a large number of Kenyans benefited from courses organized and financed through GAT. Despite this, several of the projects implemented in the 1970s lacked Kenyan team managers, and in some cases no Kenyan team manager was employed until the completion of project implementation. This delayed the time of the projects' handover to Kenyans to take full responsibility and reduced prospects for long-term sustainability. Both the GAT and Government rely upon and appreciate the logistical support in the form of vehicles and equipment that came with the technical assistances. In the long history of the GAT in Kenya, the issue of inadequate numbers or quality of Kenyan counterparts was one of continuous contention (**KNA/BV/20/16**).

The long stay of German experts in the country, compared to experts from other countries, on the whole was an advantage of German technical assistance in Kenya and should be maintained. On the other hand, this policy also involves disadvantages. In the

early days of GAT, German assistance focused on one or two priority areas in response to a particular Government need. Since then GAT activities were scattered among a wide range of sub sectors with multiple Kenyan partner institutions. It renders coordination and monitoring more difficult for the head of GAT and it is not now clear whether the program as a whole remains in line with Government priorities (**KNA/BV/20/16**).

The Muka Mukuu and the Mitungu Irrigation projects were completed and GAT involvement in Muka Mukuu ceased at the end of 1988. By 1988 the horticulture project had operated for 20 years guided by the objective of producing ecologically adapted, high quality fruit trees for sale to growers for the internal and external market. In addition, GAT was to provide effective support to the development of the horticultural sector, particularly in the fields of planning and marketing. Within the Prison Farms (44 in number), GAT sponsored and organized the establishment of nurseries for the propagation of marketable fruit. The most important species are mangoes, avocados, apples and citrus fruits. In the 1986/1987 period over 130,000 seedlings were sold to growers (**KNA/BV/20/16**).

In the horticultural project, since 1978 District Horticultural Crops Officers (DHCOs) and Technical Assistants (TAs)/Junior Technical Assistants (JTAs) working in horticultural areas were trained at Thika research station. The officers who went through the training in Thika then trained the TAs/JTAs on horticulture in their respective districts. This training took place at seven selected Farmers' Training Centres, namely Wambugu, Mtwapa, Taita, Machakos, Siaya, Baringo and Bungoma. The German Government established the Horticultural Production Centre in Taita Hills and the Wholesale Market in Mombasa. The West German Government provided financial and technical assistance for these projects through KFW and GTZ (**GAT/3.2/34**).

For the training of senior staff, a Horticultural Training Unit was established at the Horticultural Research Station in Thika. The Training Unit was completed in May 1984 and handed over to the Ministry of Agriculture and Livestock Development. Since the opening of the Training Unit in Thika in 1984, senior staff courses were regularly held and approximately 25 officers participated during each course. One important component of the course was field visits, which gave the trainees the opportunity to see actual horticultural production. During 1985 six training courses were conducted, thus the Training Unit could still increase the number of training courses per year.

The German Agricultural Team had a special position in German technical cooperation by virtue of its long history. A German group of advisers had been working in Kenya since 1963, either directly with the Kenyan Ministry of Agriculture and Livestock Development or under it. At the end of 1984 there were twenty-one technical cooperation experts working in line functions, advising their Kenyan counterparts and preparing projects, including those to be financed by German aid. Thus, the GAT is not a project in the narrower sense of the term, but rather a program. It even had some influence on macroeconomic decisions.

It is worth pointing out that donor support is not a bed of roses. It raises serious questions of dependency and underdevelopment.Most horticultural crops such as flowers, onions and tomatoes used pesticides from Germany. Some horticultural seeds also came from German. In an evaluation done in 1985, the GAT project was credited with significant effects on food production in Kenya. The project had concentrated primarily on small farms producing for the market and less on subsistence farmers. Staff of the horticulture project dealt with marketing issues and expedited the construction of the wholesale vegetable market in Mombasa. By 1992, the small irrigation subproject was being implemented in the Eastern Province by two projects supported by technical cooperation **(Heimpel and Schulz, 1992:497).**

Factors that positively influenced the success of the horticulture project included the fact that the experts of the GAT were generally employed on the project for long periods. Thus they were not only extremely familiar with the situation and policy environment, but also they were in a better position to exert influence. A problem area not only for German cooperation is the question of the political consequences of the Kenyan policy of replacing foreign experts in project cooperation with Kenyan administrators. Still, this policy approach did not tackle the historical roots of technological dependence embodied in the technical assistance programmes. There are several cases in which the institution-building component contributed a great deal to good project performance, as in the GAT program in Kenya **(Heimpel and Schulz, 1992:497-498).**

4.6 The German Investment and Industrialization Assistance: Track-Record in Kenya 1963-2003

At independence, African governments actively encouraged direct foreign investment. Private investment inflows were seen as indispensable for the provision of the capital, foreign exchange, technology, market access, employment, tax revenues, and management skills so essential for the growth of Africa's economies. All of these were scarce and in the 1960s were virtually only available from foreign companies. Foreign capital was critical and was desperaetely sought. Policies towards tax holidays, repatriation of profits, restrictions on competing imports and few limitations were placed on foreign investors. Multinational investment increased substantially in the early post-independence years, particularly in the larger African economies such as Kenya. Over 60 percent of foreign investments were in estate agriculture, mining and petroleum production, much of the rest being in manufacturing and services.

Some of the technical assistance that came from Germany in the 1960s was in the form of five mobile cinema vans for the Ministry of Information and Broadcasting. A number of factors determined German private investment in Kenya. The Germans wanted to know who their potential Kenyan business partners were as the government embarked on the Kenyanization programme. Other considerations were the priority areas in which Kenya encouraged investment. Investment climate as regards tax laws, state guarantees to a foreign investor, inside and outside utilization of profits, and appreciation of exchange control laws were also points of interest. Germans felt Kenya was tied to her traditional investors from Britain. In a pursuit of its enlightened self-interest, the former felt that there was need for Kenya to disabuse this notion in order for increase in Germany aid to Kenya to be realised **(KNA/AE/3/984)**

Industrial development, which took place in the 1970s, was as a result form of joint ventures between local and foreign capital. Within the above rational policy framework, the government had created mechanisms to control the conditions under which foreign firms invested in Kenya. Multinational firms were, however; able (through patent rights and technical agreements) to take advantage of their technological monopoly, to influence the conditions under which they operated. The strength of Kenya's control over foreign capital in the post-independence period was also weakened by corruption **(Swainson, 1980:17).**

These conditions perpetuated financial, technological and other forms of dependency, which caused underdevelopment. That is why the framework of policy and management of public affairs soon began to be criticized by radical scholars based at the University of Nairobi in what came to be called the Agrarian debate (**See separate articles of Gutto, Mulaa and Ng'ang'a in the Review of African Political Economy of 1981**). Foreign companies were condemned for smaller than expected impacts on employment, foreign exchange, balance of payments and technology transfer. Foreign investors were perceived as seekers of quick corporate profits, which were also quickly transferred abroad **(Tangri, 1999:109).**

Habermas notes that communication, especially when it continues over a longer period, defines its own structures and truth. In his discourse theory of truth is based on the observation that communication, unlike other forms of human action, is oriented toward consent rather than success. For him, consensus is only a contingent resolution to a problem, not the end of the discussion **(cf. Habermas, 1998: 367-373).** In a capitalist modernization sense, and somewhat in a Habermasian framework of rational communicative bilateralism, Kenya would be expected to follow the road that has been taken by donor countries like the FRG. However, this has not happened because of an incapacitating dependency syndrome and underdevelopment that we have described in the previous sections of the study.

Though the origins of Kenya's industrialization can be traced to the colonial period, it was in the period after independence that substantial progress in the field of industrial development was realized. Manufacturing firms of different types and sizes were set up within a neo-colonial environment that was held together by serious ligaments of dependency. At independence, Kenya had opted for an open capitalist economy, foreign investment was encouraged, especially in priority industries, which included basic steel, machinery, heavy chemicals and machine tools. Both the British and Americans were the major foreign investors in Kenya. However, in May 1986 President Moi's government directed that in the future for any foreign enterprise to be registered it needed to go into partnership with indigenous capital, which commanded 51 per cent or more of the investment **(Ogonda, 1992).**

The import substitution strategy, which had been popularized by dependency scholars along the Economic Commision for Latin America (ECLA) heterodoxical

approach to industrialization, was a form of import replacement strategy that had its roots in Kenya in the colonial policy during the Second World War. It was considered suitable because of the condition at that time. As a newly independent country, Kenya needed to industrialize to cater for the local population. At the same time, the industries needed some protection at the beginning to get started. Import substitution was a means through which the young state could attain Kenyanization of the economy. The government used mainly three mechanisms to achieve industrial protection. Firstly, licensing that limited or prohibited the importation of goods competing with domestic manufacturers. Secondly, high duty was placed on competing imports. Finally, relatively low duty was placed on industrial inputs than other imports **(Republic of Kenya, Sessional Paper No. 1, 1986, Mireri, 2000:61).**

Germany- Kenyan cooperation in the field of small-scale industry promotion was based on sharing of ideas and experiences. In 1965, the government of Kenya approached the government of the FRG with the request for promotion of small industries. The main problem that existed then was finding African entrepreneurs who were capable of seizing the chances offered by the economic policy of Kenya for the benefit of the industrial development of the country. Entrepreneurs are best nurtured not in schools or universities but through practical experience. To be an entrepreneur means mainly to develop initiative, to take risks, to recognise chances for the future and to organise. Due to these reasons, the main objective of the German-Kenyan co-operation in promoting Kenya-Industrial Estates (KIE) was to offer a chance to qualified Kenyans to gather these experiences without being exposed right from the beginning to the full pressure of the competition, by the more experienced and thus superior national and international big companies **(*The Weekly Review*, May 25, 1979:24-25).**

The FRG promoted the Industrial Estate Programme of the government of Kenya since 1966. Within the promotion scheme, the government of the FRG committed itself to the Kenya government to provide a total of DM 38.0 million (approximately Kshs. 13.3 billion) between 1966 and 1979. These funds were to develop the estates in Nairobi, Nakuru, Mombasa and the Rural Industrial Development Centre in Malindi. More than 100 sheds were established with a productive area of approximately 22,500 square metres. Approximately 100 people worked in these factories **(*The Weekly Review*, 25 May 25, 1979:25-26)**.

From 1966 to 2003, German experts assisted the Kenya Industrial Estates whose impact remained minimal because of unresolved dependency ties and conditions of support. German private investors in 1966 were mainly interested in selling machinery. The German Government argued that there were very few Africans in private life who would be able to raise a substantial amount of equity capital for joint participation in ventures with Germans. The Industrial and Commercial Development Corporation (ICDC) was established as an Investment Company for such joint ventures. In 1966, Germany provided Kenya with £900,000 aid to be used to promote industrialization, consolidate farms and promote tourism by improving roads between Tsavo and Amboseli national parks and Malindi that was at that time undertaken within the import-substitution industrialization policy approach of the country. The money was also to go to ICDC to begin the first industrial estate in Nairobi. Part of the money was invested in Chemelil Sugar Company and Intercontinental Hotel.

In January 1973, the government introduced stiff import controls to deal with worsening balance of trade. These measures slowed down manufacturing and repairs because they caused shortages of raw materials, capital and partly finished goods and spares as well as consumer supplies. In July 1973, the government relaxed these measures to allow for uninterrupted flow of goods from abroad. The new plan laid a lot of emphasis on industrialization. It sought to double industrial production. This was to be realized with the help of foreign partners. This was aimed at accelerating development, hence significantly improve the standard of living of the poor **(Ansprenger, 1974:210).** In the plan of 1974/78, the government reiterated its commitment to the programme of Kenyanizing commerce. It set up loan schemes to assist Africans to enter the manufacturing industry. By 1974, the public sector was almost fully Kenyanized at high and middle level – 83%, compared wish 68% for the private sector.

Caught up in a deep dependency relationship with Western economies, the Kenyan economy faced serious deterioration of foreign trade balance and rapid inflation by 1974 following an oil crisis. The strength of the economy continued to be, evident as foreign owners of capital in the country operated in away that sought to perpetuate the situation of the country's dependency. The emphasis of the 1974/75 development plan was on three priorities; rural development, restructuring of the manufacturing sector and population control **(Ansprenger, 1975:210).**

In dependency theoretical parlance, import-substitution industrialization was a model based on two pillars. These are a closed economy and a strong role for the state. It was an economic policy based on the premise that a developing country such as Kenya should attempt to substitute products that it imports with locally produced substitutes. This was to involve government subsidies and high tariff barriers to protect local industries **(Cf Ake, 1981).** The German Investment Development Bank (DEG) Company entered into a partnership with Kenya in projects and in particular, the industrial sector without addressing such heterodoxical imperatives of dependency thinking as reflected in the policy of import-substitution. Heterodoxy was concerned with structures such as historical forces, culture and institutional arrangements as well as imperfectly competitive markets while economic orthodoxy within which German support was conceived seemed to be based on neo-classical economic thinking that assumed the existence of a smoothly functioning market price system in a market setting bedecked by forces of supply and demand.

However, it may be stated that DEG, besides making a financial investment of its own, put its technical and managerial knowhow at the disposal of the joint venture with Kenya, in a way that failed to break the syndrome of technological dependency. Despite this, Kenya was expected to contribute local knowhow in the areas of the local market, local banks and administration capacity. As at January 1979, DM 90 million had been committed by DEG to nine projects in the industrial, finance and tourism sectors. Sixty eight per cent of DEGs capital investment has been committed to the development finance company of Kenya, the Industrial Development Bank and the ICDC **(*The Weekly Review*, 26 January 1979:23)**.

In constant interaction and co-operation with Kenyan authorities, DEG organized an investment workshop in Cologne in March 1980. From August 1980, Mr. Niessen, a senior project manager of the East Africa Department in DEG was on secondment to the Ministry of Industry as Industrial Promotion Adviser to tie up the links between German and Kenyan partners, to follow up the project proposals drawing from the investment workshop and to enlarge the scope of promotional activities. In 1980, 120 German entrepreneurs and about 40 Kenyans attended investment workshop in Cologne. The Kenyan companies that entered into industrial partnership with DEG and German

partners included CDC, Kenya Breweries and Plastics Products Kenya Ltd (**KNA/XZ/1/28**).

By December 1980 DEG had invested in Kenya about DM 46 million in the following project companies: -

- Achelis (Kenya) Ltd., Nairobi Service Station
- Development Finance Company of Kenya Ltd., (DFCK), Nairobi
- Industrial and Commercial Development Corporation (ICDC) – Nairobi
- Industrial Development Bank Ltd., (IDB) Nairobi.
- Infusion Kenya Ltd., (IKL) Nairobi Pharmaceuticals.
- Kenya Safari Lodges and Hostels Ltd., (KSLH), Nairobi Hotels.
- Mount Kenya Textile Ltd., (MOUNTEX), Nairobi Cotton Textiles.
- Rift Valley Textiles Ltd., (RIVATEX), Eldoret Textile fabrics.
- Robinson Hotels Mombasa Ltd., (RHM), Mombasa Hotels **(KNA/XZ/1/28)**

The above-mentioned entities and other projects made Kenya to be ranked second to Brazil in DEG investment worldwide in 1980. There was the introduction of Kenyans to German entrepreneurs in two short-term seminars in Frankfurt and Stuttgart on March 17 and March 19, 1981 respectively. As a result, some of the German entrepreneurs paid a visit to the Industrial Promotion Adviser later on in Kenya. In September 1981, seven German companies coordinated by DEG visited Kenya and organized a seminar with Kenya entrepreneurs. As a result, the following areas benefited: plastics, assembling agricultural equipment, servicing tractors, flower and sugar project **(KNA/XZ/1/28)**.

In the 1980s, DEG also established a special promotion program for Kenya under the Technical Co-operation between the FRG and The Republic of Kenya. This program started with the Investment Workshop in Cologne and was followed by other workshops from August 19980. Out of the range of project proposals, it was possible to establish two projects namely, Jojoba (Voi) and Plantana Kenya Ltd. A trip for entrepreneurs from Kenya to Germany was organized in cooperation between Germany government and Kenya's Ministry of Industry. Eight entrepreneurs from Kenya benefited from such an exchange (**KNA/XZ/1/28**).

Dr. Juergen Warnke, Federal Minister for Economic Cooperation, had fruitful discussions with the then President Moi and his Vice President Mwai Kibaki, after a

series of important visits to Kenya in 1983. A clear bluff is evident in Germany's confessed admiration of role played by President Moi for the common cause of Africa and supported Kenya in her so-called policy of non-alignment and in her efforts to achieve economic and social development. One may call it a bluff because of Germany's diplomatic calculation to befriend Moi in the heat of Cold War politics. As at 1984, more than one hundred German firms were represented in Kenya and many renowned German enterprises carried out investments in Kenya. The DEG, which financed German private investments in developing countries, was a major investor in Kenya. It also cooperated with the DFCK to finance small-and medium-sized projects in the private sector. Up to the end of 1983, German private investment in Kenya topped the Kshs. 500 million mark. This investment has been in the hotel, pharmaceutical, textile and packaging industries, horticulture and servicing equipment **(*The Weekly Review*, 5 May 1984:26**).

There can be no positive macroeconomic development without adequate infrastructure. An air cargo centre in Kenya co- financed by the DEG was set up to boost Kenya's important export business. Nairobi's Jomo Kenyatta international Airport (JKIA) is the second- largest air cargo hub in Africa. JKIA is the channel for East African exports particularly products such as flowers, vegetables and fish, and the point of entry for South African exports to east Africa. With assistance from local and foreign investors, African Cargo Handing Ltd (ACHL) set up the modern air cargo centre and this doubled the airports annual freight handling capacity **(Zawadzky, 2001:6).**

The new Nairobi Cargo centre was the first such to be operated by the private sector in Kenya. It secured the country's urgently needed import-export capacity and has also created 200 jobs in Nairobi .The DEG invested US $ 21.4 million in the project and provided a long-term US $ 6 Million Loan. The German airport operating company Flughafen Frankfurt main AG (FAG) also invested US $ 1million in the new air Cargo centre. The company's participation ensured highly efficient Cargo handling. Others with a stake in ACHL are African Cargo Services, BOC Cargo service and the Commonwealth Development Corporation.

The DEG'S Cooperation with the FAG was a good example of how it backs up German Companies in successfully implementing their internationalization strategies in developing and reform countries. The DEG enables long-term investment and contributes to transfer of technological know-how and management experience (**Zawadzky, 2001:6**).

By 1999, the DEG had an investment volume in Kenya worth DM 90 million, mainly in tourism, manufacturing and agricultural sectors. DEG has been able to maintain its leading position as German investors in the private sector. In Kenya, it has the largest portfolio in Africa including holding in 17 local private companies **(Embassy of the FRG, Nairobi 1998, Mathew, 12- 1999)**.

In the post Cold War era, there was a shift from import-substitution industrialization to export oriented industrialization under Structural Adjustment Programmes (SAPS). As such, there was a move away from heterodoxy of the dependency school of thought, which conceptually legitimized the heterodoxy of import substitution back to the orthodoxy of free marketism, and export oriented industrialization. Nevertheless, the development of explicit and coherent industrial strategies had received little attention in the design of SAPs. The programmes tended to focus mainly on the achievement of macro-economic balances, agricultural supply response, trade liberalization and privatization **(cf Ake, 1981).**

Manufacturing with its technological imperatives became a forgotten dimension in African development as this new policy onslaught merely mentioned industry in passing where it was expected to adjust to increased competition in liberalized markets. According to Habermas, need disposition can be interpreted only in terms of the existing values which actually justify unequal access to opportunities; in such a case power relations are institutionalized. The appropriation of surplus requires that those who restrict the freedom of others suffocate free exchange relations. Hence the fetishism of commodities is a deformation of symbolic communication characterizing these free exchange relations to the extent that neither the wage labourer nor the capitalist can communicate about the material conditions of society **(Schroyer, 1973: 164).**

4.7 The Various Sectors of the Kenyan Economy and German Aid, 1993-2003

4.7.1 The Road Sector

The Road sector benefited when in 1999 Germany raised concern at the slow progress in terms of axle loads control through the installation of additional mobile weighbridges and in other fields of sector reform. German felt that the functioning of Road Fund, Road Sector Strategic Plan, Roads 2000 programme and establishing a Roads Board was slow in the country. It was noted that finances from the fuel levy fund were

not being used for stipulated purpose and the roads board had not yet been established. This prescriptive position by a donor country demonstrated the vulnerable position in which Kenya was and how its reform agenda was largely externally driven. Commitment of donor funds from Germany followed along its prescriptive charters in the sectors concerned.

The future implementation of German commitments for new roads projects was pegged on a satisfactory solution being found to these problems. The Government of the FRG in 1999 provided the Government of Kenya with a new amount of DM. 15 million for this sector. Amala River-Narok Road was a financial co-operation and was given DM 41.8 million in 1999. To the great concern of the German Government, the contractor had entirely suspended his main work as of 1 October 1999. This was in response to the increase in the arrears of the Ministry of Roads and Public Works (MRPW) to the contractor, which had then reached Ksh. 82.679 million. This amount had increased to Ksh 112.5 million by 11 November 1999 **(FRG and GoK, 1999, Mathew, 12-1999).**

Road maintenance was a financial co-operation and was given DM 15.0 million. This project had been approved in 1994 but had not yet commenced by 1999. The Kenyan government was to provide financial contribution of about 43% of total project cost. Actual operation of the Kenya Roads Board was a prerequisite for the disbursement of funds for this project. The Garsen-Lamu Road repair Measures programme was a financial co-operation and was allocated DM 14.75 million. The loan agreement for this project was signed on 19 April 1999. Again the conditionality of establishment of Kenya Roads Board applied to the release of these funds. Mai Mahiu-Narok-Road was a financial co-operation and was given DM 15.0 million. This road is a section of the B3 road connecting the South-Western region of the country with Nairobi. Based on the feasibility study on June 1997 the total project costs were estimated for the project. GOK undertook to approach the EU and World Bank for co-financing this road and was to inform the German side not later than 1 June 2000. Again, the formation of the Roads Board was a condition to which aid was pegged **(FRG and GoK, 1999).**

4.7.2 The Water Sector

A good example of the unfortunate manifestation of dependency had to do with the new generation of water supply systems. In a first round in the 1980s German

financial aid had supplied a number of Kenyan towns with a well functioning water supply system. As time went on, however, these systems were not maintained and deteriorated considerably. This was publicly deplored but was in the interest of local 'big men' who were making money through private water sellers who illegally took water out of the public water system and sold it to people in areas which due to the malfunctioning water system were no longer served. This situation created a lot of local conflict during the period under review and communities tried to get foreign aid for repairing the water supply system without changing the patronage system **(Waller, 1999:11).** New conditions were dictated to Kenya when the Kenya Government asked Germany to repair and expand those water systems and was met with a retort loaded with project conditionality from the German aid agency KfW stating that no single water pipe would be installed unless there was an independent, well functioning and corruption free water agency which could guarantee that people paid for the water and that this money was used for the maintenance of the water system **(Waller, 1999:11).**

In the water sector Kenya received a total of Euro 170 million (Kshs. 13.6 million) from Germany to support water project in the 1963-2003 period (**Kenya Ministry of Foreign Affairs, 2003: 3-4**). In the Post-Cold War period, German aid was aimed at supporting the Kenya government reform agenda in the water sector. This was in line with the main criteria Germany development policy. The Urban Water and Sanitation Management Project (UWASAM) was a technical co-operation and were awarded DM 4.3 million in 2001. The project started in 1987 with the objective of strengthening the management of water and sanitation services within municipal councils in Kenya so as to make them self-sustaining in their operations and investments. Initially, the project provided assistance in the technical operation and maintenance of the systems and later also in the areas of financial management and public awareness. During Phase IV (January 1997 – December 1999), the emphasis of the project shifted to the commercialization of water services in selected towns. Eldoret, Kericho and Nyeri were chosen as pilot towns for the establishment of Water and Sanitation Companies (WSCs). Good results have been achieved in the establishment of Nyeri WSC **(FRG, 2002).**

The German co-operation aims at: the improvement of water supply and sanitation services and the application of an integrated water resource management approach which has economically, ecologically and socially viable and sustainable

solutions. The German co-operation intended to significantly contribute to the reformation of the water sector by supporting GoK in the areas of policy, legal and institutional framework. Germany also supported Kenya in active promotion of private sector participation, investment needs and support of stakeholders. The history of German development co-operation in the water sector in Kenya has a focus on Water Service Sector (WSS). This sub-sector has received substantial support at the macro and meso level through GTZ Technical Co-operation /TC Urban Water and Sanitary Management project (UWASAM: DM 6.2 million) and KfW financial co-operation/ FC KfW (DM 40 million). Whereas specific additional support in capacity building was given to the Kenya Water Institute (KEWI) through GTZ, in general, integrated experts strengthened the meso level (CIM) **(Waller, 1999, FRG, 2002:2, 8).**

In 1999, KfW was engaged in WSS projects in Nyeri, Eldoret, Sabaki and Malindi (PSP pilot project) in the amount of approx. $40 million. In addition, KfW actively contributed to the implementation of the sector reforms initiatives. The German government aimed to achieve the following in the water sector in Kenya: Improve access of the urban population to safe drinking water and sanitation; Sustainable operation of water supply and sanitation infrastructure and improvement of the water resources management systems. With the focus of the World Bank on big towns (Nairobi, Mombasa) and other donors like Sweden, Japan, Finland and Belgium on rural and peri-urban areas, the German support in WSS on medium and small towns complement perfectly the efforts of the other donors in the Water Reform and Management sub-sector. For many years, Germany had been the most important bilateral donor to the country's water sector.

In addition, GTZ and KfW actively contributed to the formulation and implementation of the reform concept for the WSS sub-sector. The outlined strategy for the priority area clearly targeted the core problems in the water sector: reforms of the frame conditions and promoting of innovative management schemes. The significance of the German contribution largely depended on the identification and exploitation of opportunities and the awareness of risks. With regard to opportunities, a maximum of impact was expected by strengthening the political reform process through TC in compliance with infrastructure investments on a reform-linked conditional basis (**FRG and GoK, 1999, KFW 1999, FRG, 2002:13-14).**

The German government was happy with the official launch of the Sessional Paper No. 1 of 1999 on "National Policy on Water Resources Management and Development" which was seen as an important step towards consistent water sector policy. This support was loaded with veiled conditionality for assistance since the Germans required further steps such as a review of the Water Act. This Act was seen to be deficient since it did not sufficiently focus on the commercialization of the water sector and delineation of responsibilities between the numerous institutions involved in the sector. Moreover, it was suggested that co-covering tariffs and adequate budgeting be introduced and, wherever feasible, relocation of decision-making be to the local/community levels.

Furthermore, the Government of Kenya was expected to continue supporting the process of commercialization of water supply and sanitation services. This was the precondition for further implementation of German commitments in the field of urban water supply and sanitation. The FRG undertook in 1999 to provide the government of Kenya with new amounts of DM 5 million for financial co-operation and DM 3 million for technical co-operation in the water sector. In 2002 Eldoret sewerage project was a financial co-operation and was awarded DM 26.0 million. Kericho Sanitation was a financial co-operation and was awarded DM 12.0 million. At this time, German side expressed serious concern about the fact that despite various assurances and commitments by the Kenyan side the Kericho Water and Sanitation Company Ltd., already established in 1997, had not commenced operations by 2002 **(FRG, 2002, FRG and GoK, 1999:15-20).**

Malindi Water Supply was a financial co-operation between Germany and Kenya and was given DM 30.8 million in 1996. It was agreed at the Kenya-German government negotiation in May 1997 that the residual grants funds of DM. 5.5 million could only be realized once the sustainable operation of the water supply facilities was ensured. In February 2002, pumps and spare parts to the value of DM 136, 339 were delivered and installed by a German supplier evidently showing the dependency ties which this aid promoted. It was mutually agreed to conduct a study on the possibilities of privatization of the Malindi Water Supply. Nyeri water supply is a financial co-operation that encompassed the awarding of DM 20.0 million. Training of Water and Sanitation Works Personnel at KEWI was a technical co-operation and was given DM 5.0 million. The

current phase was intended to effect a change to the semi-autonomous status of KEWI. By 2001, the Institute had proved itself capable of generating substantial amounts of revenue by offering services in the water sector. These services mainly concerned training, and also consultancy and repair work. However by 2001, KEWI did not have sufficient flexibility in management, decision-making and, above all, in financial matters. Revenue generated could not be retained, since an appropriate retention scheme was not yet in place **(FRG, 2002).**

4.8 Conclusion

In the foregoing discussion, I have examined a number of issues relating to German aid in the Cold War and Post-Cold War era. We have highlighted the significant characteristics of German development aid to Kenya in the period 1963-2003. I have posited arguments in relation to the German Agricultural Team (GAT), German trade, industry, health and infrastructure activities in Kenya. This chapter has looked at the critical assistance given to the different areas of Kenya's economy especially the road sector and the water sector. It is noted in this chapter that, although German aid transformed and supported the development of various sectors of the Kenyan economy, dependency and exploitative aspects were noticeable.

The sequel in this chapter is provided within the Habermasian benchmarks of communicative rationality with its philosophical tenets of pragmatism labeled as universal pragmatics whose approach, as we have seen pointed to the need to achieve a pragmatic consideration of language in its everyday use, its diversity of forms of reason and its claims to universal validity. Thus, the Habermasian theory of universal pragmatics seeks to free social action from false consciousness. As such we have emphasized that the Habermasian theory of universal pragmatics attempts to differentiate between false consciousness and social action. Literally, he attempts to do so by preventing the systematic distortion of communication through political ideology. We reiterate our earlier argument that Habermas emphasizes the importance of technocratic strategy with its inherent rationality as critical to the process of economic growth within a national economy as part of the effort to create a rationalized life world.

We apply the Habermasian pragmatism to understand the non-aligned movement that Kenya and other Third World countries embraced in the conception of foreign policy

behaviour and observe that it does not clearly depict the evident dependency relationship in Kenya's relations with the countries of the West such as Germany given that the Non-aligned movement did not define standards to be enforced and neither did it develop the muscle and punch to compel compliance.

Kenya's fastidious behaviour in its conduct of foreign policy rested on a continued reliance and dependence on the capitalist world system in enhancing its development goals. It also considers the question of technical assistance in view of the critical question of technological dependence, which this technical support did not address as well as the problematic of heterodoxy within which import-substitution thoughts and policy were nurtured. German aid to Kenya was not limited to the sectors mentioned above. In the next chapter, we look at the characteristics of other German development assistance to Kenya in the area of culture, tourism, education and political/economic reforms.

CHAPTER FIVE

5.0 GERMAN DEVELOPMENT ASSISTANCE TO KENYA SINCE 1963: CULTURE, TOURISM, POLITICAL/ECONOMIC REFORMS AND EDUCATION

5.1 Introduction

This chapter explains the characteristics and influence of German aid in Kenya's cultural, educational, tourism and political fields from 1963 to 2003. This is done by use of dependency theory perspectives and Habermas theory of communicative action. Furthermore, the chapter outlines Goethe institutes promotion of German language and culture in Kenya. Goethe institute promotes its activities at its library and in schools, universities and seminars. In this chapter we examine the activities of German volunteers, in transforming Kenya's rural areas in varied fields. Moreover, the chapter discusses the central role of DAAD as an intellectual bridge between Germany and Kenya through offering scholarships to Kenya's intelligentsia.

It is furthermore argued that tourism is a key component of German-Kenya bilateral relations to the extent that by mid 1980s, it became Kenya's leading foreign income earner. Germany contributed to Kenya's economy by being the leading single source of tourists to Kenya. This chapter discusses the political dimension of German-Kenya bilateral relations in terms of imposition of aid conditionalities on Kenya by Germany especially after the end of the Cold War. The German political foundations were the main vehicles used to achieve political and economic reforms in Kenya since the 1990s.

5.2 The Kenya – German Cultural Relations: The Goethe Institute

Kenya-German cultural relations also exist. Another instrument of cooperation between Kenya and Germany is the Goethe Institute. The German cultural institute, Goethe-Institute is registered in the FRG as a charitable trust and is based in Munich. The aim of the Goethe-institute is promotion of the study of the German language abroad and international cultural co-operation. It is named after the most famous German writer and poet, Johann Wolfgang von Goethe (1749-1842). The Goethe-Institute in Nairobi was founded in 1963. Therefore, it has been operating for more than 50 years. It encourages

courses in German as a foreign language. Goethe institute does liaison work with schools and colleges that teach German in order to provide professional help to teachers of German employed in Kenyan institutions. It arranges programmes of visits to the FRG for Kenyan partners of the Goethe-institute, including scholarship-programmes for students and teachers of German language. It provided professional information and consultation for teachers of German in Kenya **(Goethe Institute, Nairobi, 2000:1-2).**

It organized seminars, workshops and lectures on methodology and didactics of German as a foreign language. It offered practical training for teachers of German as a foreign language. It promoted new teaching methods and improved teaching materials. It also cooperated with educational authorities, institutions and schools in Kenya. Goethe institute organized lectures/seminars/workshops in cooperation with the university of Nairobi and Kenyatta university. These were held in the Goethe-Institute Nairobi on topics like "Regional and town planning; "Martin Luther", "Road safety", "Radio play", "the art of Etching", and children's Theatre" . With regard to trade fair in the period under the study there were art exhibitions, mainly of Kenyan or East African artists, as well as informative exhibitions on various aspects of life in Germany. German films with English subtitles are shown regularly on Wednesdays and Fridays at 6 p.m. The video-club, founded in June 1983 and active since October 1983 concentrated on international top ranking films and offered video equipment to its members so that they could become active in film production. With regard to music from German, people participated in the "Festival of Music" in March 1983 in Nairobi. Here a young German Trio gave exciting Jazz concerts at Goethe, a "little Baraque Seranade" was superbly played by the local collegium musicum, an overwhelming success was the litungu player – musical oral tradition in Western Kenya and fully booked were the folk songs and folk dances by the chair of the German speaking community. Goethe library that consists of well over some 9000 volumes was completely reorganized in summer 1982. The library can seat up to about 50 people **(Goethe Institute, Nairobi, 2000:3-4**).

The flourishing Kenya-German society, the interest shown by Kenyans in the activities of the Goethe-Institute and the increasing number of Kenyans learning the German language are other tangible signs of numerous links on the cultural, social and sporting field. Many of the Kenyans who learn German at the Goethe-Institute come from the tourism and the commercial sector. German language courses are organised by the

Kenya German Society in Mombasa and the language is also taught at different levels among other places at Kenya High School and Starehe Boys Centre as well as some private schools. German is furthermore part of the syllabus at Utalii College and since 1981; it is studied at the University of Nairobi (***The Weekly Review*, May 21, 1982:32-33**). More recently, since 1987 German language is taught at Kenyatta University for Bachelor of Education degree students whose number was about fifteen every year and this number is on the increase.

An example of Kenya-German cultural exchange was demonstrated in Berlin (West). There at the first Festival of World cultures, Horizons 1979", which took place from June 22 to July 15, 1979, emphasis was on Africa-South of the Sahara. The Nairobi University players represented Kenya at this festival. They performed a Swahili adaption of *The good woman of Sezuan* by the famous German author Bert Brecht. In addition they presented John Ruganda's play The Floods. The famous Kenyan writers Ngugi was Thiongo and Meja Mwangi works were displayed and popularised in Germany. Kenyan artists showed their works in several art exhibitions at 'Horizons 1979**(The Weekly Review, May 25, 1979:27-29).**

The German Cultural Institute (Goethe –Institute) in Nairobi promoted cultural dialogue between Kenya and Germany by organising exhibitions, concerts and plays, film shows, workshops, seminars and lectures. Recent exhibitions include "Children of this World' "Spinners, Weavers and Dyers of Kenya" and 'Makonde Spirits'. All these were extremely popular. The institute also sponsored Kenya artists and scientist by integrating them into its programmes. In the field of mass communication, close cooperation existed between German institutions and the Voice of Kenya (VoK) now Kenya Broadcasting Corporation (KBC), Kenya News Agency, the Kenya Institute of Mass Communications and the school of Journalism at the University of Nairobi. The radio and television stations of Voice of Kenya make use of film and broadcasting material supplied by Deutsche Welle and Transtel.

In 1984, VoK and Transtel were paving the way for co-production of films. Radio, television, newspaper and news agency journalists and technicians received advanced training in Germany, thanks to a programme of the Carl Duisberg Gesellschaft (CDG), a development agency of the ministry for economic cooperation. In Sports also, Kenya and Germany were partners for successful activities in various fields. In 1984, a German

athletics expert, attached to the ministry of culture and social services, recruited and promoted Kenyan coaches (**The Weekly Review, May 25, 1984:27**).

5.3 The Tourism Sector

The GoK and the FRG reached an agreement on 20 August 1971 to provide Kenya Tourism Development Cooperation (KTDC) with a financial adviser. Later in April 1974 another arrangement was made for the government of the FRG to provide for a period of 3 years two experts as advisers on tourism. At the expiry of three years in April 1977, an evaluation team was sent from Germany to evaluate the project, which recommended an extension of the project for approval to be extended to the year 1980. Due to new problems and tasks arising, the project was extended to 30 April 1983. In 1976 the East African Literature Bureau and the East African publishing House participated in a book fair in Frankfurt. This event turned out to be a touristic fair, not a book fair. During this fair, inquires were made about Kenya's attractions. In 1976 we had Ludwigshafen and Wiesbaden trade fairs. Through these fairs, which opened possibilities for future dialogue and communicative rationality, the general public got literature on Kenya's tourist potential. The 1977 Berlin International Tourism fair was low keyed because of collapse of East African Airways and the issue of closure of Kenya/Tanzania border as well as insecurity. These were issues of concern to tour operators. Kenya tourism was promoted in Germany at Munich Fair in 1977, by the Bomas of Kenya/African Heritage group performances and Kenya evenings show in Munich (**KNA/KL/20/10**).

In 1977, out of 24 million German tourists who traveled, only 51,000 visited Kenya. Fears of German tourists to Kenya in 1978 on political Transition from Kenyatta to Moi were dispelled. The ability of Germans to visit other countries was enhanced by a stable and strong economy at home. Germans have more leisure time to travel and traveling is no longer a preserve of the rich. Kenya has continued to attract more German tourists due to the following reasons: direct flights to Kenya coast from Europe, political stability, the beaches, wildlife, coral reefs, high mountains and Kenya's hospitality. Its offices in Frankfurt, Dusseldorf and Munich enhance Kenya Airways effectiveness. The Tour operators mentioned below have marketed Kenya as a good tourist destination. These includes, Touristik union International, Neckermann und Reisen, Air tours

international, African Safari Club, Transeuropa, Kühne und Nagel Hapag Lloyd, ADAC, Nova Reisen, African Tours and Safaris (Berlin), City Reise Center, Geisler Tours and Afrikan Tours Individuel (**KNA/KL/16/6**).

In 1978 the number of German tourists visiting Kenya rose by 9 per cent to an overall of 55.5 per cent. No other country's send more tourists to the sunny beaches and game parks of Kenya than Germany. Kenya is favoured due to its economic policy that encourages private initiative and guarantees foreign investments. Kenya has become one of the economically and socially most advanced countries in Africa.

In February 1978, Kenya Tourists officer held promotion meetings in Hamburg. The groups used in this promotion were Hapag Lloyd and Kühne und nagel. During this meeting, people in Hamburg and the surroundings were given information on Kenya's attractions and available facilities. There was a tourist fair in Berlin in March 1978 where Kenya Tour operators established useful contacts. In 1977 adverse reports in Kenya about, malaria and Cholera outbreaks dropped tourist visits. Tourist officer from Kenya, through films and circulation of information material, countered this. Films that were shown included "safari to Kenya" and "Escape to Samburu". The Promotion of tourism by Kenya in Germany is done along with that of Austria and Holland (**KNA/KL/20/10**).

Through a series of bilateral discussions, the Kenya Tourist officers improved tourist relations and enhanced information by visiting tour agents in Munich, Stuttgart, Hamburg, Hanover, Bremen, Dortmund, Dusseldorf, Essen, Bochum and Köln. In 1978, a group of 25 doctors and dentists visited the Mayor of Nairobi and University of Nairobi faculty of Medicine. A group of high spending members of the prestigious cordon Bleu du saint Espirit organization were facilitated to visit Kenya in November 1978. Prof Dr. Schiff the leader of German dentists Association group tour to Kenya donated equipment worth DM 60,000 to faculty of medicine, university of Nairobi. This group visit gave Kenya publicity in Germany (**KNA/KL/20/10**).

In 1980, two Kenyans trained in the institute of Tourism at the University of Munich for two years. In addition, 3 Kenyans participated in tourism professional seminar in Germany for 3 months. Furthermore, international Tourism Management Seminar for 10 Kenyans was held at Utalii College in 1980 (**KNA/KL/20/10**). Habermas theory of communicative action is not explicit about gendered obligations and identities

as would be related to the socialization processes. Habermas merely understood social evolution as part of a learning process that is linked to moral practical insight as well as interactive competences. Regardless of the fact that he conceived the socialization processes as being centred in social institutions, his views on obligations and socialization roles have been deemed as very important for modernity (**Habermas, 1987: 140-41**). This is the sense in which cultural exchanges and the promotion of tourism that the German government supported in its donor assistance programme towards Kenya can be viewed.

In 1981, Kenya participated in Tourism fairs in Germany, namely International Reisemarkt (Munich) and International Tourism Borse (Berlin). In Munich fair, which went on for 9 days, information was given about Kenya and her tourist spots/attractions, facilities and prices. African safari club, touristic union international, African tours, Nova Reisen, among others, offered Kenya holidays. In 1981, Kenya registered 5% less bookings due to rising airfares, high inflation and a general sense of insecurity **(KNA/KL/20/10).** The tourism sector flourished in 1980's with an increase in the number of tourists being received from West Germany, Britain, Canada and Italy. There were regular flights by charter companies carrying tourists direct to Mombasa from West Germany and Switzerland almost all the year round **(Cervanka: 1981:230).**

By 1987, tourism had taken over from coffee as Kenya's leading foreign exchange earner. Between 1985 and 1987 there was an increase of more than 120,000 tourists to Kenya, and this increase has been gradual over the years. Kenya has a tourist officer based at its Frankfurt office that gives impetus to a continuing interactive bilateralism. This office has undertaken promotional activities, which include: Active participation in travel fairs and exhibitions, such as, International Tourism Borse (ITB), held every year in March, Seminars, congresses, conventions shows, Educational familiarization tours and Advertising in major consumer and travel magazines.

The statistics of visitors to Kenya by country of residence shows that FRG ranks first as a major tourist generating country to Kenya. Since 1983, the number of West Germans tourists has continued to increase steadily as shown by the figures below. West German tourists make a big percentage out of the total number of world tourists to Kenya (**KNA/KL/16/6**)

Table 4: West German tourists' arrivals in Kenya, 1984-1987

	Global Tourist Arrival	West German Tourist Arrival
1984	333,000	62,000
1984	453,000	76,000
1984	541,000	100,000
1986	604,000	112,000
1987	662,000	118,000

Source: **(KNA/KL/16/6)**

This steady increase of West German tourists to Kenya is worthy looking at critically in Germany's donor relationship with Kenya. It is evident that even though the relationship between donor aid may be linked to increased German tourism in Kenya, this did not translate into German building of Kenyan roads, hotels and schools by German donor agencies. The relations of dependency somewhat bridled genuine quests in sectoral development that undermine the Habermasian communicative motif of social emancipation.

In 1989, there was negative publicity in Germany regarding Kenya's Wildlife conservation. The state visit by president Moi in 1989 was a booster in this regard in the sense that it pushed bilateral consensualism a notch higher. Moi appealed to German businessmen to invest in Kenya and wooed German tourists while on a visit to West Germany. West Germany supported Kenyan tourism by developing the necessary tourism infrastructure, for instance setting up trade schools for local tourism specialists, providing experts for the Ministry of tourism and availed DM 37 million for the development of scenic tourist routes (**KNA/KL/16/6**).

5.4 The German Academic Exchange Service - DAAD

The German Academic Exchange Service also known as DAAD established a regional office in Nairobi in 1973 to serve African countries south of the Sahara excluding South Africa. DAAD offered upto 2003 in-country scholarships for postgraduate students at African universities with a view to assisting the universities with staff development. DAAD sponsored Kenyan students in German universities through the Kenya government and or through Kenyan public universities. Other DAAD programmes organised in German include short-term research fellowships and study visits for African university teachers. Also cost sharing with local universities provided group study tours, practicals and exchange arrangements for advanced students. In addition, DAAD

operated a placement programme for German academic teaching staff and researchers under long or short-term contracts with requesting African universities, thus helping the latter to bridge the gap until qualified nationals could take over. Under this scheme, educational materials and equipment were also made available (**The Weekly Review, May 21, 1982:33**). Training in Germany was a key component of the DAAD programmes. This is critical in theorizing donor assistance since Western education was seen as vital to modernization of the periphery.

Seven lecturers sent by DAAD and the German Agency for Technical Cooperation (GTZ) for their overseas engagement in 1984 came to work in Kenya. DAAD and the Alexander von Humboldt Foundation offered scholarships to Kenyan scientists for research work in Germany, while the German Foundation for International Development (DSE) financed the participation of Kenyans in international science congresses and seminars (**The Weekly Review, May 25, 1984:27**).

The dialogic process and its rational communication imperative has taken many dimension including the intellectual dimension. Kenya's academics played a prominent role in the efforts of the German academic exchange service (DAAD) to promote the tempo of the universities in Africa with respect to network in definitive disciplines towards co-operation in teaching and research. DAAD acted as an "intellectual bridge" among nations. It operated mainly on the basis of public funding, which was chiefly provided by the federal ministries of foreign affairs, education and science, and economic co-operation. Apart from Kenya's own increasing interest in DAAD's exchange programmes, as evidenced by the number of academics and scientists benefiting from DAAD, (The author of this thesis is a beneficiary), DAAD's efforts to build a new generation of university teachers through the grant of "third country scholarships" met with keen appreciation not only from the Kenyan government but also from other African countries in the region, notably Ethiopia, Ivory Coast, Zambia, Senegal, Sudan, Tanzania and Uganda **(Grigutsch, 1998:1).**

The DAAD programme sought to concentrate on post-graduate education at Kenyan universities. DAAD's objective was to promote a qualified cadre or faculty in the framework of staff development, also ensuring a subsequent and steady supply of lecturers for higher levels of education. Regional co-operation in Africa was seen as worthwhile objective whereby DAAD selected candidates were also facilitated to serve in

other countries of Africa under its third country scholarships programme. This also served the laudable task of supporting a range of regional institutions of scientific co-operation, especially ones such as the "Natural Product Research Network for Eastern and Central Africa, or NAPRECA for short which is based in Addis Ababa. Mobility within Africa for scientists was enhanced in the process. The African experience with DAAD exchanged programme in 1997 was not unimpressive. South Africa registered a total number of 530 scholarships, followed by Ethiopia with 342, with Kenya ranking third (318), the others were Tanzania (186), Sudan (164), Uganda (143), Senegal (50 and Zambia (15)**(Grigutsh, 1998:2).**

DAAD organized conferences such as one of enhancing African capacity in biochemistry that was held in Mombasa. Another conference in 1997 was held at the Goethe Institute in Nairobi whose theme was German-Kenyan cooperation. Interaction between DAAD readers and Lecturers from Kenya and Uganda was promoted. The German government, both at the federal and state levels, had taken a decision to relax the administrative procedures relating to entry of DAAD scholars under the "foreigners law', thus making the prospect of studies in Germany more attractive. DAAD also targeted a 10 per cent growth rate annually in the component of foreign students and scientists at German universities, thus doubling it by the year 2008 **(Grigutsch, 1998:2-3).**

5.5 German volunteer activities in Kenya: The role of German Development Service (DED)

Similar issues of technological dependency can be said to be obtained from the activities of the German Development Service (DED). The work of this organization in Kenya focused on integrated rural development; support of local authorities in planning, management and administration; professional training; support of Non-Governmental organizations (NGOs) and self-help groups. DED lays special emphasis on the incorporation of gender issues in project (**DED, 1999, Embassy of the FRG, Nairobi, 1998**).

Since DED began its work in Kenya in 1967, it facilitated German assistants designated as development workers to be assigned as advisers to projects designed to improve the social situation and living conditions of the population involved. Initiatives aimed at strengthening the self-help potential and the initiative of individuals and groups

are especially promoted. In October 1994, 26 DED cooperation assistants were working in Kenya in the fields of training of technicians/craftsmen, small-scale enterprises, community development and agricultural services **(Embassy of the FRG, Nairobi, 1995:31).**

By 1995 more than 200 Kenyan specialists were involved in the implementation of German-sponsored projects in Kenya. Examples of Germany funded projects are Samburu agricultural and rural development projects, Lamu Settlement Scheme, Taita Hills Horticultural Project, Farm Management, Muguga seed centre, Kisumu and Kilifi water projects. Others were: social infrastructure, energy, communication and transport, Mathare Valley slum projects, and small-scale enterprises. The German Foreign Ministry in 1995 allocated a budget of almost DM 200 million for immediate assistance, disaster relief, and assistance to refugees **(Embassy of the FRG Nairobi, 1995:13-28, Embassy of the FRG Nairobi, 1998:11-27)**.

Beneficiaries in Kenya of German humanitarian assistance were, among others the inhabitants of drought stricken areas in Eastern and North Eastern Provinces, the victims of the fire disaster in Mathare and persons displaced by "tribal clashes" in Rift Valley Province. The victims of a police raid in Korogocho, Nairobi, were beneficiaries of German Humanitarian Aid, in May 1995 as well. The German government disbursed DM 13,250 (Ksh 425,000) to assist them with food medicine, blankets, and cooking utensils. The Nairobi-based GTZ project administration service provides logistical and administrative help to about 45 German-funded technical cooperation projects in Kenya. This included procurement, finance and accounting, administration of field staff, general administration and the organization of seminars (**Embassy of the FRG, Nairobi, 1995:28-29).**

Apart from technical and financial cooperation projects, the German Government allocated DM 20 million to non-governmental organizations for operations in Kenya in 1995. In chapter three we saw the importance attached to experts in the German political economy. The so-called experts feature prominently in its foreign government assistance programmes. We perceive this expert phenomenon as an important tool of perpetuating dependency condition given the knowledge and technological divide between Germany and Kenya. Within its framework of technical support, about 130 German experts from the Government owned *Deutche Gesellschaft fur Technische Zusammenarbeit* (GTZ),

were in Kenya in 1998 implementing technical cooperation in 40 projects on behalf of the Germany Government.

By 1998, 25 development workers were assigned to various projects run by the German Development Service (DED). This agency's activities provided a linkage between local partners and foreign donor agencies. The agency provided professional expertise through limited funding to projects involving local self help groups, as well as projects that were and ongoing projects. Up to the end of 1998, more than 340 development workers were assigned to various programmes in Kenya for a maximum period of five years **(DED, 1999:1-2, Embassy of the FRG, 1998:9).**

5.6 German Conditionalities: Political and Economic reforms in Kenya

The roots of Kenya's political crisis in the 1990s lie in the character of the postcolonial state as presided over by Jomo Kenyatta and subsequently by Daniel Arap Moi. This is because the government became the driver of the accumulation process and the most important dispenser of patronage and resources, control of the state became the central preoccupation of politics. The Kenyan economy started deteriorating by the mid 1970s when corruption and mismanagement reached a peak after there was an interference with government policies in an era by the Kiambu power political brokers when Kenyatta's health declined sharply. When Moi took over, he too created new Rift Valley based corrupt cartel by appointing people who had inadequate qualifications to run critical government dockets. A series of blunders created despair, which culminated in the 1982 coup attempt. The overall performance of Kenya's economy was distressing as the country still experienced large increases in the price of crude petroleum which led to worsening terms of trade. As a result, Kenya faced severe foreign exchange and balance of payments constraints, which forced it to devalue her currency, and this led to increased local costs for the German supported projects.

Following the end of the Cold War in the early 1990s, aid conditions changed to embrace accountability, democratic governance and human rights. This makes it necessary to look at the evolution of these issues in terms of the advent of political pluralism in Kenya in the 1990s. Some intellectuals such as **Edgren, (2002), Thompson, (2005) and Moyo, (2009**) suspect donors of pursuing an agenda which they perceive to be contrary to Africa's interests and therefore argue against conditioned aid. Proponents

of this view argue that political conditionalities were part of a Western scheme to create a new economic and military order which emerged in the 1990s under the guise of pluralism and multi-party democracy to suit the interests of finance capital. A liberal writer on African affairs, Samuel Decalo has also questioned the motives behind the new conditionality. Commenting on the possible effects of political conditionality on the democratization process in Africa, he states that 'this "second independence" may well be a virtual recolonization by agents, very much in the saddle of an unpopular world with only one source of capital, greatly in demand. It has been argued further that:

> There is no doubt therefore that the project of the new political conditionalities is none other than an attempt by the big Western capitalist powers to create a new legitimacy in new post Cold War order whereby discredited dictatorial authoritarian regimes in Africa or elsewhere in the Third World regimes are replaced by new leaders under the ideology of pluralism, democracy and free enterprise… while maintaining hegemony over countries which are economically and politically useful to those western powers **(Quoted in Robinson, 1993:91).**

The question that concerns us here is: Since the demise of the Cold War what has been the contribution of conditioned aid to the political reform process and has it complemented internal pressures for political reform in Africa? Scholars are divided on this. However, it is clear that the impact of the end of the Cold War on political reform in Africa, and Kenya in particular was immense. On one side are those who argue that political conditionalities have provided the major impetus for political reform in Africa. While on the other end of the spectrum there are those who argue that political conditionalities played a relatively minor role in the transition process **(Robinson, 1993: 92).**

After 1990 Germany's criticism of Kenya's Governance performance grew and as a result Germany together with other donors supported political conditionalities against the Moi government. The role of the then German Ambassador in Nairobi Bernd Mutzelberg was critical in the improvement of Kenya's governance record. He was vocal about the malpractices of the Moi regime and mobilized the European Union ambassadors to do the same. Germany looked to Kenya's development progress and stability as a bedrock for strengthening her cultural relations and investment in the tourist

sector **(Schmidt, Email Interview, 17, June, 2003, Sunday Standard, 19, March, 1995:2)**.

Germany has been one of the leading donors of aid to Kenya. From 1990 onwards, German policy of economic aid was closely tied to good governance and political tolerance. Germany was amongst the European countries that called on the Kenya government to account for her actions to the people and deliver promises of economic prosperity.

The country's entanglement with condition of dependency was deepened in the 1990s as the donors were to state that they were worried about corruption in Kenya and the government's intransigence in the call for democracy. The USA became the first Western country to tie its aid to Kenya explicitly to political economic and legal reforms, suspending further disbursements until the Kenya government restored the independence of the judges of the Judiciary. This independence had been whittled away in a precipitous amendment to the Kenya constitution undertaken in 1988. Its purpose was minimizing judicial autonomy following outcries by Kenyan opposition politicians, pressure groups and international community about the treatment of dissidents by the police (government). In 1991, Denmark followed the US example and matters got worse when in the same year the consultative group for Kenya suspended balance-of-payment support to Kenya amounting to 360 million dollars, awaiting progress on a select number of governance issues.

Soon after a group of donor countries that had forced the Kenyan government to accept reforms collapsed. Official donor thinking splintered into varied dimensions. There were those donors who were no longer interested in political reforms. These included the French, the Italians, Swiss and the Japanese who totally delinked their aid from political reform. There were those who styled themselves the positive conditionality donors. They used aid as a carrot; supporting projects that they felt would advance positive reforms. Germany belonged to the latter group **(Maina, 1989:154-155, Weiss, 1995:147-149, Brown, 2001:732-36, Grosh and Orris, 1997:48).**

Between 1991 and 1993, the German Embassy in Nairobi expressed disapproval of the attitude of Moi's autocratic regime, and, particularly the question of its blatant violation of human rights in the country. It is worth noting that Moi had been the darling of Western donors before 1990. It then emerges that in the 1990s these donors began to

give him pre-conditions, in essence, showing great hypocrisy in donor funding. The new conditions were neither discussed by Moi and the West nor negotiated. There was apparently no consensus.

Clearly, in co-operation with other Western countries, the German government also used development aid as an instrument for sanctioning the political practice in Kenya. The German government stopped its fast disbursement, which was mainly in the form of project funding. Negotiations about new projects were postponed to the post-election time in 1992. In addition to these sanctions, the FRG supported by means of the foundations of German political parties, helped to build-up parliamentary structures in Kenya by organizing seminars for members of parliament on governance issues **(Bass, 1994:17, Embassy of the FRG, Nairobi, 2000).** President Moi reacted swiftly so that before the end of 1991 the one-party-state article in the Kenyan constitution was revoked. Political parties were legalized, multi-party free elections were held one year later and political prisoners were released **(Weiss, 1995:147-148, Waller, 1999:4, Embassy of the FRG, 2000).**

In the October 1993 bilateral discussion, the German government agreed to resume funding and to provide additional financial and technical assistance. This was after some reforms had been implemented. This funding continued upto 2003. In December 1999 for instance, DM 25 million (Kshs. 1.02 billion) in the form of IDA soft loans and technical co-operation worth DM 27.2 million (Kshs. 1.11 billion) was given. The technical cooperation was a grant for the implementation of technical co-operation projects (**Kenya Ministry of Foreign Affairs, 2003:3-4**). By 1999 German investment in Kenya was worth about US $100 million. The main German firms operating in Kenya were Henkel, Bayer, BASF and Pollman. The Kenya/German Treaty on the encouragement and reciprocal protection of investments was initiated by President Daniel T. Arap Moi when he visited Germany in 1995. Thereafter this treaty was signed in Nairobi on 3 May 1996.

The instruments of ratification were duly signed by 2003 by officials of the two governments. The treaty aimed at intensifying economic co-operation between Kenya and Germany by creating favorable conditions for investments by nationals and companies of either state, in the territory of the other, serving to stimulate private business initiatives. The treaty called for the equal treatment of investors in each

respective country identical to that of its own citizens as granted by the laws of each country **(Kenya Ministry of Foreign Affairs, 2003:6)**. For Habermas, treaties are in the realm of international law. They provide a framework for decision-making and Habermas identifies this as a central approach in communicative rationality. Habermas argues that argumentation, analysis and collective reasoning, can help towards the generation of a single view of reality, leading to group solidarity, coordinated action and social integration (**Habermas, 1984**). In this sense, observance of treaties as artifacts of international law is not simply a case of enlightened self-interest. It is fundamental to the continued mutual recognition of states as members of an international society **(Reus-Smit, 2004).**

Development assistance to Kenya dropped by 21 per cent between 1991 and 1995. This was attributable to corruption and lack of government accountability (**Daily Nation, 17 October 1997:48**). The Germany Government argued that corruption had given Kenya a bad international reputation besides insecurity. This was a deterrent to investment, to tourists and to the Germany taxpayers' backing for the commitment of more donor funds. The establishment of an independent Kenya Anti-corruption Authority (KACA) in 1999 was a Kenyan idea and was widely commended by Germany as a step in the right direction. But Germany recommended that the Kenyan government should show serious determination to fight corruption and to put in place appropriate and perhaps alternative institutional structures to stop the then prevailing impunity of corruption and economic crimes **(FRG and GoK, 2001).**

The total volume of technical co-operation commitments for Kenya from the end of the Cold War up to 2002 in the new structural adjustment and regulatory policy framework amounted to approximately DM 24 million. In the year 2002, the Government of the FRG undertook to provide the Government of Kenya DM 9.2 million as assistance to fight corruption, which was a technical co-operation form of aid. Kenyan government requested Germany for assistance mainly with respect to capacity building of KACA. The German Government allocated Kenya DM 1.7 million for the envisaged first project phase. Mathare 4A Slum Upgrading Program was a financial co-operation type of aid. It was awarded DM 13.0 million in 2002. In spite of interference from outside, all stakeholders have kept up their support to the project. Meanwhile project activities have

resumed and even accelerated. It was anticipated that the project work was to be completed by early 2001**(Mathew, 12-1999).**

Germany appreciated efforts by the Kenya government to implement economic reforms and encouraged the government to continue its democratization process, including constitutional reforms. Germany contributed to the democratization process by supporting projects in the areas of building up local governments and providing advisory services to the government. Despite this support a culture of genuine democratic behavior was yet to emerge in Kenya. Germany aid to Kenya in 1999/2000 period was pegged on the conditionality that Kenya was to meet IMF's demands on resuming the Enhanced Structural Adjustment Facility (ESAF) negotiations. The Germany Government pointed out that settlement of the dispute with the IMF was to clear the way for fresh allocations and release of committed funds which the World Bank and other bilateral donors were holding back following the suspension of the IMF aid program in 1991. Also Germany considered it important that Kenya enhanced the pace of privatization or reforming the parastatals as part of its capitalist modernization to minimize inefficiency and wastefulness so as to foster improvement of the framework for private and foreign investments and intensify the fight against corruption. The country made essential finance sector reforms and increased the efficiency of the public administration as part of this modernization effort since these steps were regarded as crucial for restoring economic growth and sustaining macro-economic stability **(Mathew, 1999).**

The German Government displayed deep concern towards the legalized excision of huge parts of the scarce remaining forests in Kenya that took place in early 2000. This was in view of the fact that the German public could not understand why forests were being destroyed and yet the protection of the remaining forests could enhance the development strategies in the fields of water management, agriculture and food security. The destruction of forests was enormously detrimental to Kenya's image in the world and it had negative consequence for Kenya's development strategy. Until 2003 Germany commended the capacity Kenya had built in economy, civil society, media and political management, which was far ahead of most other African countries. Germany also counted on Kenya's role as a stabilizing factor within the East African community and in the horn of Africa. Again Germany recognized Kenya's commendable participation in UN peace missions and in the worldwide anti-terror alliance. In this respect the German

government appreciated Kenya's efforts to pursue its "poverty reduction strategy" (PRSP) and to introduce an implementation matrix in order to translate political goals into concrete action. Germany also acknowledged that the government of Kenya had made real progress in strengthening procurement procedures as well as budget planning and implementation through the Medium Term Expenditure Framework (MTEF) **(FRG and GoK, 2001).**

There is a tendency with many project staff to try to keep the political dimension out of development co-operation, an idea which is almost absurd in a country like Kenya, that had been permeated at all levels by a culture of political clientelism. Kenya is an example where political conditionality on disbursement of aid definitely supported the democratization process and therefore there seems to be good reasons to apply conditionality for crisis prevention wherever it works **(Waller, 1999: 7).** The country's monolithic rule of KANU, repression of the rights of assembly, association, freedom of expression that had been whittled down through draconian laws were brought down with the reforms introduced within the framework of negotiations undertaken under Inter-Parliamentary Parties Group (IPPG) in 1997 which fostered a new lease and increased freedom. Unfortunately the gains made under IPPG were not entrenched in the constitution opening room for abuse of this rights and freedoms in Moi's reversion to authoritarianism and Kibaki's isolated incidents of state terror. Kibaki's state was rattled as one of the ministers named John Michuki was to say when state agents invaded one of the Kenyan media houses under Kibaki's NARC government. As Schroyer points out in a Habermasian point of view, every communicative situation in which a consensus is established under coercion or under distorted conditions we are confronted instances of illusory discourse (**Schroyer, 1973: 163**). Despite IPPG and other democratic gains it looks like there was an illusory discourse of democracy in Kenya after the removal of Moi's regime yet some dark days still lay ahead which unfolded in the unparalleled rigging of the 2007 general elections creating a serious crisis of trust and confidence that culminated in the eruption of post-election violence.

Evidently, donor conditionalities did not reduce or transform the clientelistic Kenyan political system. World Bank and IMF conditions merely hurt the Kenyan economy considerably contributing to the dramatic fall in the country's exchange rate and the slowing down of economic growth (**Waller, 1999:8**). The liberalization of the

economy and the abolition of licenses as a consequence of Structural Adjustment Programmes (SAP) dried up a basic source for 'rents' to feed the patron client system that had been built over the years. Also financial scams like the Goldenberg scandal appear no longer possible under the IMF conditionality. Corruption thrived on a national scale within this patron client system with its inherent malfeasance shifting to the provincial level where patrons of the system continued to obtain rents in questionable sale of government lands, sometimes even forests. The local elite were allocating plots to their friends who very often did not even work the lands themselves and were contributing money to the local, 'big men'. It seems that regulating the distribution of settlement plots in a society wracked by such corruption and political clientelism is almost impossible **(cf Waller, 1999:10-11; Klingebiel, 1999:31).**

5.7 German Political Foundations in Kenya (Stiftungens)

The German political foundations represented in Kenya are, Kourad Adenauer, Friedriech Ebert, Heinrich Boll, Friedrich Naumann and Hanns Seidel Foundations. In 1964, the first resident representative of Friedrich Ebert Stiftung (FES) was sent to Nairobi to open an office from which all further activities were to be coordinated. This was the first FES office in Africa and the first cooperation by FES in Africa. A general Agreement was concluded between the Government of Kenya and the Friedrich-Ebert-Stiftung (Foundation) on 26th March 1968, covering technical assistance by the Foundation for development projects in Kenya. Since then the Friedrich Ebert foundation has been one of the most active German Stiftungen in Kenya.

As a consequence, Friedrich Ebert foundation set up a cooperative development center at Chemelil in Nyanza and German personnel were attached to the department of cooperatives to advice on consumer cooperatives. In May 1972, the official agreement between the government of Kenya and Friedrich-Ebert-Stiftung was signed. Friedrich-Ebert Foundation undertook to fund the Kenyatta Education Institute at Njoro, rural water and cooperative development projects. For one month: 21 November to 21 December 1972, six Kenyans were among twenty Africans and Asians who attended Friedrich Ebert Stiftung course in Cooperatives developments in Siegburg Germany. The course touched on cooperative education, auditing, public relations, cooperative law, marketing, credit and farmers problems (**KNA/TR/25/12**).

The cooperative development policy for Kenya reflected in Sessional Paper No.8 of 1970 emphasized cooperatives in rural areas. This was adjusted to include cooperatives in urban areas, i.e. consumer cooperatives, which the government felt in a long way, could contribute to Africanization of retail trade and stabilize prices of consumer goods. Consequent to the establishment of the policy on consumer shops, Kenya Government and the Friedrich-Ebert-Stiftung signed Technical Assistance agreement on 15 April, 1971. The agreement led to three German experts, to be assigned to the Department of Co-operative Development by the Friedrich-Ebert-Stiftung to advise on the organization and management of consumer stores, accounting and financing, purchasing, selling, marketing and planning **(KNA/TR/25/12).** In January 1972, Kenya received a gift of a 7 ton Mercedes lorry and the one-ton Volkswagen delivery van all valued at Kshs 110,000 from the Friedrich-Ebert-Stiftung of the Federal Republic of Germany. This went along way in solving the various transport problems, which had faced the consumer cooperative Union for a long time **(KNA/TR/25/12).**

Initially as from 1960s, FES had positive relations with the government of Kenya although later on in 1980s problems arose over FES concerns with bad governance in Kenya. On the whole, FES is funded by Germany Ministry of economic cooperation. FES uses its Nairobi office to coordinate regional seminars with the aim to strengthen East African cooperation. FES had stronger relations with Kenyatta regime more than Moi's regime. In the 1960s, this was partly because using the modernization paradigm FES was committed to support the development of the newly independent state of Kenya. The geo-political location of Kenya during the Cold War rivalry gave it an advantage **(Gräfe, Interview, Bonn, 8th April, 2003).**

By the end of 1980s, West Germany realized that political parties which brought independence to Africa could not modernize their countries. With the wind of change blowing across the world, FES shifted from a national approach to project attention. Different partners were integrated into projects. There were seminars between 1999 and 2002 where both KANU and opposition politicians were invited although KANU leadership turned down such invitation. FES organizes joint seminars for people from different countries to share experiences. FES interest in Kenya is dictated by the fact that Kenya is a major player in the East African region. In Kenya Friedrich Ebert foundation partners with such organizations as parliament, constitutional reform committees, civil

society, the Association of Local Government Authorities in Kenya (Algak), Local authorities, Several ministries, Trade Unions, Journalists (Media Sector) and business community **(Grafe,O.I, 8, April 2003)**.

With the opening of political space in Kenya after the 1992 general elections, FES concentrated on activities aimed at strengthening democracy and improving political, social and economic conditions for development. The foundation did this through capacity building, policy development, promotion of dialogue on contemporary issues among diverse groups, Supporting parliamentary committee's work and women's political participation in development. Kenya has over the years been a beacon of political stability in east Africa. However, the numbers of violent local conflicts and ethnic clashes have been on the increase since the early 1990s. This has been of concern to FES **(Friedrich Ebert Stiftung, 2000).**

The FES media project promoted initiatives that aim at increasing quality of media reporting and exchange of information on a regional level. It also facilitates dialogue between the media and the government to promote legislation that encourages the development of pluralistic media. FES endeavored to give marginalized sectors of society a stronger voice by strengthening community-based media groups and giving women in the media opportunities for development. In economics, FES has for many years supported the Jua Kali sector (Informal Sector) through various programmes **(Friedrich Ebert Stiftung, 2000; Waller, 1995:123).**

FES operates an East African programme against child labour. It includes among others a series of radio programmes aimed at creating awareness on the issue of child labour at the rural community level. FES offers within the regional project, ongoing support to the east African Trade Union Council (EATUC) to enable them play a constructive role in the development of East African Cooperation. To achieve its aims FES organizes, National and Regional conferences, Workshops and Seminars, Radio Programmes, Information Programmes and Study tours, Advsiroy services for partner organizations and Policy-oriented research and publications **(Friedrich Ebert Stiftung, 2000).**

The Hanns Seidel stiftung foundation, (HSS) began its cooperation with Kenya in 1987 through agricultural projects. In 1988, a programme for political education was added to its activities. In 1990s, the activities of the foundation focused on promotion

political dialogue and education. This involved civic education with the ecumenical center for justice and peace (ECJP), the Democratic Foundation, Social Democratic Party and KANU. There was also focus on Agricultural market organizations such as Kenya Agricultural Commodity Exchange (KACE). The ecumenical center for justice and peace conducted workshops for leading personalities from political parties and churches. This was followed at district level by seminars. In 1999 and 2000, Hanns Seidel foundation activities emphasis lay on the constitutional reform. As a result of this, a brochure was published entitled "thinking about the constitution". Other topics covered were democracy, human rights, peace, conflict and gender in development. In 2001, the topic shifted to voter education, and a multi-party democracy. In 1998 and 2000 some workshops were conducted for District Executive officers of the ruling party KANU, as well as for their district women and youth leaders. The concern was with "political awareness", reflecting on violence, the multiparty system, nationalism versus tribalism, human rights and the constitution **(Hanns-Siedel-Stiftung, Nairobi, 2001).**

The Hanns-siedel-stiftung, together with the Kenya Agricultural Commodity exchange, conducted workshops for farmers and other stakeholders on "agricultural marketing in a liberalized economy". The idea of those workshops was to convey the message that liberalization challenges the private entrepreneurship and raises the need of market information as well as the cooperation of (Small-scale) farmers in forming marketing associations. Representatives of farmers association were trained in issues like "farming as a business" or "small-holder association's development and management". To promote economic activity and competitiveness, HSS sponsors a series of activities related to the promotion of Kenyan exports. Participants are drawn from exports companies, private and public sector institutions and specialized German institutions which provide in-depth know-how on markets and marketing. Furthermore, HSS supports the Kenyan institute of Economic Affairs, a NGO which promotes dialogue on current political and economic issues **(FRG, Nairobi, 1998:30).**

Another German stifftung the Konrad Adenauer Foundation (KAS) started its work in Kenya in July 1973 and has assisted the growth of the Kenya Union of Savings and Credit Co-operative Organizations. The Konrad Adenauer Foundations in February 1975, made available KShs.428,100 for the promotion of savings and Credit societies in Kenya. This sum was spent on running seminars for members of these societies, as well

as on the purchase of equipment, motor vehicles and audio visual aids for the educational programme of the Union. For the continuation of this programme, the Foundations approved a further sum of Kshs.1,250,400 for the period that ended 1977. In addition, it financed the production of a special film entitled "The Development of Co-operative Movement in Kenya", which assisted Kenya in promoting Co-operative education and training throughout the country (**KNA/TR/25/44**).

The Konrad Adenauer Foundation works with local Kenyan NGOs, like the Democratic Foundation or the catholic Commission of justice and peace. Workshops are held on various political topics. Participants include women's groups, church communities or teachers who disseminate the results to their respective groups. KAS also aims to strengthen the political system at grass-root-level. In two region of Western Kenya, the foundation has started to assist farmers and fisheries associations. KAS also supports the Don Bosco Boys in Karen near Nairobi, where orphans and street children are trained in various crafts **(Embassy of the FRG, Nairobi, 1998:31).**

In Kenya the German foundations civic education and political dialogue work was regarded with considerable suspicion by the Moi regime and constantly they were obstructed. The head of the Friedrich Naumann Foundation for instance was expelled from the country on several occasions, and the foundation was forced to close its office. On the whole the political foundations' educational measures in the political field have made a major contribution to the Kenya's democratization. The most important impacts were improvement of the quality of political debate, an increase in society's conflict awareness and the removal of tendencies for society to polarize **(Klingebiel, 1999:29).**

A reconciliation project of the Heinrich Boll Foundation in Kenya greatly increased the political awareness of simple peasants and fostered a desire for peaceful co-existence among the victims of violence. In some cases German Foundations operate with conflict-specific measures in an area where official German development cooperation is not represented or cannot operate. A regional development programme in Kenya (Transmara) was confronted directly with conflicts over land use and land ownership. It helped to teach the local people about land rights and limited the options open to the local clientele system. This enabled an important step to be taken in reducing the potential for conflict at local level **(Klingebiel, 1999:30-31).**

5.8 Conclusion

In this chapter we examined the characteristics of German-Kenya ralations in the areas of culture, tourism, education and political aid conditionalities. This chapter analysis depended on Habermas paradigm of communicative action and purposive dialogue. This chapter analyzed the activities of DED and DAAD in advancing German culture in Kenya. German culture and knowledge was introduced in Kenya through German experts and teaching of German language at Goethe institute and in Kenya's various institutions. German expert phenomenon is a tool of perpetuating dependency syndrome. It is argued that, DAAD scholarships to Kenya, is a case of Germany using education to modernize a peripheral country such as Kenya.

We have shown that factors such as touristic fairs, strong Germany economy, tourism marketers, scenic view and Kenya's political stability attracted German tourists to Kenya. The net result was that tourism became the main foreign income earner for Kenya. This chapter tackled the issue of German political and economic aid conditionalities to Kenya. Although this begun earlier, there was a radical shift since the end of he Cold War to include German demand for accountability, democratic governance and human rights. It is argued in the chapter that although to an extent German aid conditionalities increased democratic space in Kenya, it hurt Kenya's economy and failed to stop Kenya's clientalist politics. Some scholars are against conditioned aid for it promotes domination of Kenya by Germany. In sum, it is argued that German donor conditions were neither discussed nor negotiated between Germany and Kenya and hence this goes against Habermas notion of consensus building. In the next chapter we undertake to deal with useful overall conclusions and recommendations.

CHAPTER SIX

SUMMARY AND CONCLUSIONS

In the preceding chapters we have undertaken an account and analysis of Kenya-German relations within the Habermasian conceptual framework as well as the dependency and underdevelopment theory notions of unequal exchange and uneven development. Critical to the Habermasian approach are the notions of purposive dialogue and communicative action. These Habermasian conceptual tools presuppose the absence of coercion and presence of the force of better argument in the building of bilateral relations. The study assumes that there can be constructive dialogue in handling issues of mutual concern in bilateral relations based on pragmatics of communicative action. This is the basis of our applying Habermasian perspective in highlighting the origins of economic crisis in Kenya that necessitated bilateral discussion and assistance from Germany.

We have attempted to highlight the socio-economic realities following Kenya's attainment of independence in December 1963 after many years of struggle against colonial rule. In this sense, we have seen how Kenya was immediately confronted with the task of nation building to remove inequality, poverty, ignorance and disease in a quest to create an equal society. Although the drive towards this end was to be made partly through the *Harambee* spirit, the leaders of the new nation embraced capitalist ideology which further entrenched social differentiation and inequality. The adoption of this ideology entailed acceptance of private property, private investment and foreign aid which entrenched conditions of dependency. The land question had been at the center stage of the struggle for independence. Therefore at that time the government embarked on a programme of land resettlement that was insufficient to bring about the anticipated economic transformation even though economic growth was the main preoccupation of the government. We have shown how from a developmetalist standpoint, Kenya registered what was claimed to be a remarkable growth in the first decades after independence. However, dependency scholars do not agree with this view as they locate in Kenya, economic exploitation, unequal exchange, uneven development, marginalization and foreign aid dependency amidst these developmentalist claims.

It has been demonstrated that at independence Kenya lacked domestic capital, trained and experienced manpower and foreign exchange. That is why a policy of borrowing from developed countries such as Germany was initiated. The newly independent nation was able to achieve this by adopting, in theory, the principle of non-alignment in international affairs. We say so because most of Kenya's economic aid came from the capitalist bloc. At the continental level, the country claimed to pursue the principle of positive independence which was opposed to all forms of imperialism. At the regional level it pursued good neighbourliness. Nevertheless, at the core of these approaches were specific foreign policy goals and interests. These interests were on sovereignty, security, economy, culture, commerce, diplomacy and politics. Non-alignment was therefore, used by Kenya as a strategy to find space in the bipolar structure of the Cold War. Kenya hoped to use it as a moral force to pursue her security and economic interests.

In response to problems highlighted in development plans and requests of the new independent state, the German government right at independence embarked on giving priority to Kenya's rural development paying specific attention to agriculture (irrigation, horticulture and animal husbandry). From the 1960s Germany aimed at improving Kenya's transport and communication infrastructure with a view to benefiting the tourism sector. Technical education was also emphasized with the hope that it would contribute to containing unemployment. Morover, family planning and training medical staff in hospitals was stressed. In urban areas, efforts were made to come up with low cost housing, urban water supply and better sewerage systems. Dependency conditions began to be created from the beginning since aid conditions prohibited procurement of equipment or spare parts for German projects from the Sino-Soviet world. Supplies and services of the projects were to come from only Germany.

On the basis of the technical agreement signed on 4 December 1964 between Kenya and Germany, many more memoranda based on the same were to be signed. This led to German experts being assigned in tourism, wildlife and model technical institutes. Technical materials were donated. Although the German government provided experts, the Kenya government was expected to provide conducive environment for projects to succeed. This involved providing staff to learn from the Germans, bearing costs of maintenance, accommodation for experts, medical upkeep, land and buildings. For

instance, Kenyans were send to train in tourism in Germany in an attempt to boost tourism. Since Germany begun giving aid to Kenya in 1963, the heterogeneity of this aid has impacted in diverse ways on Kenya. Indeed Germany has disbursed different forms of aid to Kenya which have produced varied impacts. The impact of Germany aid to Kenya can be found in the economic, political, cultural and technological fields.

It has been argued in the thesis that the German economy was shattered by the Second World War. We attempt to explain that one of the instruments used for the recovery of Germany from the effects of the war was the financial aid from the USA, namely Marshall Aid. A clear picture has been painted of how the Marshall Plan aid to West Germany which ran from 1948 to 1952 was crucial to Germany's recovery. We have shown how German entrepreneurs used loans made available by this plan. As such, the Marshall aid was averitable blood transfusion. It should be noted that Marshall Aid for Germany included a strict conditionality. We have intimated that Germany success was precisely due to the fact that the German government had no problem with the economic liberalization and democracy conditionalities. The success of the Marshall Plan is mainly connected with Germany although it was receiving less money than other European countries. Germany made better use of the financial assistance recieved and established her own technological base. As such, she did not suffer from technological dependency as the Marshall Plan aid did not create dependency relations with the USA. However, Kenya became technologically dependent to Germany. German aid to Africa in general and Kenya in particular could not lead to realisation of an economic miracle instead it created strong dependency features in trade, technology, financial assistance terms and conditionalities of aid disbursed.

The study has demonstrated how the German spirit after the war played a role in that country's economic miracle. For us, this background is so crucial in understanding the German micro-politics of the policy processes and practices informing its bilateral positions in relation to supporting Kenya. Its foreign policy emerging against this background was a purposively rationalized instrument. Therefore, we can reiterate that German aid policy is rooted in the very circumstances of the birth of the FRG. The USA pumped a lot of money (Marshall Aid) with aim of making the new state a show case of capitalism in Europe. This was an endeavour to fight communism. In the Cold War era, West Germany paraded herself as the only true representative of German history and

culture in the framework of Atlantic Alliance. From the start the issue of German reunification, faith in free market and war against communism determined West Germany's foreign aid policy.

The end of the Cold War marginalized Africa in the global economic order because Europe, which is her main source of aid, has changed foreign policy which focuses on revitalizing economies of Eastern Europe. In a sense this research has established that due to financial constraints brought about by German unification, the need to reconstruct the eastern part of Germany, and financial assistance to Eastern Europe (Visegrad countries), German aid to developing countries such as Kenya was affected. This is an expression of the German deployment of instrumental rationality. The purposive dialogue displayed in bilateralism is therefore indicative of the fact that purposive dialogue is part of instrumental rationality. In this competitive scenario, African countries such as Kenya are advised to begin to look at its internal resources than focusing on the world system. But development cooperation remains the main instrument of German Africa policy. However, it should be noted that foreign aid undermines initiative, indigenous knowledge and induces laziness. Like other donors, in mid 1990s German faced aid fatigue due to realization that many years of donor assistance to Africa had not produced positive results. Questions were raised about legitimacy of aid enterprise. Donors were pre-occupied with their own domestic priorities and were skeptical of aid performance (**Akokpari, 2001, Bhagwati and Eckhams, 1970, Karikari, 2002, Prah 2002**).

European Union leaders including Germans' interpreted the collapse of the Berlin wall to mean victory of capitalism and its attendant values of democracy. Flow of aid since then depends on the new ideological current (capitalism and democracy) and not the old one which was characterized by the rivalry between communism and capitalism. The countries of Africa lost heavily in aid flow due to this change in international politics. Due to the end of Cold War, aid tying was increased. The German ministry of economic cooperation introduced a five criteria in economic cooperation. In the 1990's this led to aid cut or stoppage to a number of countries. The criteria are: human rights, popular political participation in decision making, rule of law, introduction of market-economy and good governance. Excessive military spending is also disliked by Germany since it is seen as lack of commitment to development.

Accordingly, Germany aid to Kenya has been tied to good governance and political tolerance. This produced political transformation in Kenya. In the period between 1990 and 2002, German aid relations with Kenya were low keyed since Germany was on frontline pushing for democratic changes in Kenya. German belonged to positive conditionality donors. As **Burnside and Dollar (2000)** have argued aid conditionality is necessary because countries with good institutional, political and economic policies produce growth when they receive aid. Germany's experience with Marshall Aid conditionalities from USA shows that positive conditionalities works if accepted by internal forces and if a country is too dependent on aid. Although no consensus or discussions were held between Kenya and Germany before implementing conditionalities, the end result was positive. Human rights abuses and corruption have been controlled.

Habermas frowned upon strengthening of authoritarian government forms and system of enforcement. He attributed a progressive role to social movements arguing that disagreements in contemporary society move away from the production relations sphere to the domain of culture and politics **(Mitrovic, 1999: 9).** German aid targeted political and economic reforms. German aid has been directed to fight corruption through capacity building assistance to Kenya Anti Corruption Authority (KACA) and support for Kenya's introduction of Market-Oriented economic reforms through IMF frame work. Thus German aid to Kenya was based on Kenya's fulfillment of IMF conditionalities. Among this there was the reform of parastatals.

We have noted that to solve problems of diplomacy and national interest, West Germany embarked on Friedenpolitik where she renounced use of war and physical violence as a means to achieve her national interests internationally. Economics became a key factor this peace policy. Aid was provided in order to defend Western interests as determined by the USA. Germany had least concern for economic interest of African countries' such as Kenya. Carrot and stick approach was used since 1955 in granting economic aid to African countries that supported West Germany as the only country to speak for German people. This is what was called the Hallstein doctrine that went on until 1972 when it was allowed to end after the normalization of relations with East Germany. Aid was tied to German trade and investment opportunities for her multinationals abroad. German aid insured flow back of orders from Germany industries.

Thus, aid guaranteed Germany markets for her products, raw materials for the industry and employment for her people.

It may be observed that development of German aid policy reflects global change on aid the concept of aid. That is why initially there was no policy worthy talking about. Germany begun to reshape its aid programmes as the aid industry expanded. Until 2003 German private business played key role in aid policy. This is because most of the aid returns as profit to the German economy. In view of this, we have found underdevelopment theoretical notions of unequal exchange and uneven development to be germane.

We have observed that German aid trends in relation to GNP were on decline. Nevertheless, German aid policy has tended to prefer development bilateralism, hence it has tended to concentrate on fewer countries. This has enabled Germany to tie aid to political and economic interests. The net result was that, Germany has contributed to the problem of indebtness of African countries since German aid was motivated by internal concerns (reconstruction and reunification), continental interests (European Union) and global issues such as environmental conservation, human rights and democracy. Evidently, German rationalization of action has been mediated through dynamics of social movements in the form of integration in a Habermasian sense.

This study has demonstrated that one of the characteristic of German aid policy was the key role of political foundations (stiftungens) which are connected to major political parties in Germany. They include Friedriech Ebert, Friedrich Naumann, Heinrich Boll, Konrad Adenauer and Hanns-Seidel Stiftungen. They are part of the political machinery for purposive dialogue and instrumental rationality as they undertake projects and spread general values and attitudes of their political affiliation. They create network of contacts between the German government and useful people in Africa whom normal diplomatic channels cannot achieve.

Political foundations in Kenya from German were engaged to bring a culture of democracy and to promote human rights in Kenya. The head of Friedrich Naumann foundation was expelled from Kenya and the office closed due to his push for democracy. Previously political foundations dwelt mainly with economic issues. The German churches supported education, training, social work agriculture and peace process. Although German pressure groups produced some gains in government accountability,

this did not eradicate all together corruption which stemed from clientelist politics in Kenya. Kenyan politicians in 1990s shifted base of collection of rents from the centre to regions where forest land begun to be sold to get revenue for the system. As we have seen, political conditionalities hurt the Kenyan economy with the fall in exchange rate and economic growth. It appears that political conditionality succeeded in Kenya since the government was highly dependent on foreign aid and Kenya had lost her strategic position with the demise of the cold war.

Despite the positive bilateralism portrayed in the previous chapter, it is important to point out that German aid staff have at times found themselves bogged down in Kenya's clientelist system. In one aid project where they insisted on land allocation on criteria of landlessness and knowledge of farming, they were threatened with violent action by local elite who preferred to give land to their friends even if they never worked the land. The same happened to water projects in towns where elite groups created artificial shortage to enable their friends sell water to unsuspecting clients. The German agency KFW handled such case by insisting that the government of Kenya come up with a functioning, independent and corruption free water agency.

It has been made evident that cultural relations and dialogue between the two countries were largely promoted by Goethe Institute in Nairobi which teaches German language and promoted culture through theatre activities. Seminars, workshops, lectures and exhibitions were conducted at Goethe institute in Nairobi. German music and films were also promoted. Goethe library provided opportunity for people to learn about Germany. Many Kenyans from educational, tourism and commercial sector learn German language. German language was studied in many Kenyan schools, at Kenyatta University and University of Nairobi. The study has established that, since German language is not spoken in many African countries, it is a major hiccup to development cooperation efforts.

Positive dimension of this bilateralism is evidenced in the work of the German Academic Exchange Services (DAAD) which established its regional office in Nairobi in 1973. DAAD provided scholarships for Kenyan scholars (academicians) in universities for training in Germany, Kenya or suitable places. German scholars were also stationed in Kenyan institutions of learning to support man power training and research. Exchange

programmes were enhanced. Scholarships are short term, research fellowships, study visits, third country and long term.

This study brings out the dynamism of the various facets in the aid relations between Kenya and Germany in agriculture, trade, culture, tourism, politics and technology transfer. The challenges, opportunities and imports of these interactions are explored. Historical ties compelled Germany to relate with Kenya. Kenya's strategic centrality in Eastern African, her political stability coupled with a costal strip for maritime surveillance has motivated these relations **(Nakitare, Interview, 10 September, 2003).** Germany has benefited from these relations in the following ways: - exchange of educational programmes benefited both countries. Kenya on many occasions supported Germany on various international issues. An active cultural exchange programmes boasted Germany tourist visits to Kenya. Trade between Kenya and Germany was skewed to the advantage of the latter in the end boasted Germany economy.

On the whole trade relations between the two countries benefited Germany more than Kenya even though Germany was Kenya's second largest trading partner. This is because more aid from Germany has intensified importation of made in Germany products hence exacerbating unequal exchange. Germany should be part of international trade restructuring by encouraging more imports from Kenya to emancipate the country from aid dependency (see **Kemp and Kojima, 1985, Prakash, 2007**). Moreover aid conditionality from Germany is not emancipatory for Kenya cannot buy goods from another country. Because Kenya lacks certain minerals required in Germany she has low profile trade relations with Germany compared to a resource rich country such as South Africa.

The GATwhich started in 1963 had successfully impacted on Kenya's agricultural development by providing food security. Through GAT arrangement many Kenyans have benefited from technical courses both in Kenya and Germany. Vehicles spare parts and other equipments have been supplied. Technical support was necessary in the first decade of independence as British experts left and yet many Kenyans did not have academic preparations, skills and experience to take over. Indeed past colonial links and political alliances are major determinants of foreign aid (**McGillivray, 2003**). Besides technical support, GAT programmes have influenced Macroeconomic decisions in Kenya's

ministry of agriculture. Dependency features are evident though, in GAT projects, since horticultural crops used pesticides from Germany. Horticultural seeds also came from Germany.

DEG has cooperated with Development Finance Company of Kenya (DFCK) to finance small to medium size projects in hotel, pharmaceutical, textile, packaging, horticulture and servicing equipment. By 2000 DEG impacted on Kenya export business by setting up Jomo Kenyatta International Airport modern air cargo centre. However, the work was done by German airport company, Flughafen Frankfurt main AG (FAG) a case of how these relations benefit German companies by enhancing technological dependency.

Exchange of visits also enhances aid relations. Since many Germans visited Kenya, security of tourists was of concern. Due to conditionality of Germany aid, Kenya was motivated to set up a tourist police unit. German Development Service (DED) provided professional experts who served in local self help groups. The prominence of experts as a component of foreign aid is a tool of perpetuating dependency given the knowledge and technology divide between Germany and Kenya. However, it appears by training Kenyan's in project management, Germany follows in the tradition of donors who emphasize business managerialism for aid to be effective (**Gulrajani, 2011**). That is why Germany is keen on Kenya reforming certain sectors including roads, water and security before aid is granted.

The completion of Mai-Mahiu-Narok road improved touristic earnings for Kenya. Germany is therefore interested in foreign aid targeting. Germany checks on the routes and transmission mechanism of aid. This is to insure aid is not diverted to non-designated and unproductive activities. Foreign aid targeting, improves efficiency and deals with specific needs. It is not enough to raise aid. Aid fungibility should be considered (**Sobhee and Nath, 2010, Nunnenkama and Mavrota, 2007**).

This study provides lessons at governmental level for policy planners. It agrees with studies which reveal dependency features in relations between the centre and the periphery. However it goes further to suggest that this can be addressed in the context of Habermasian notions of communicative action and dialogue. On the whole, German aid to Africa in general and Kenya in particular violated Habermas notion of communicative action and rationality since no serious consensus was generated in aid disbursement

process which was fraught with condionalities. No sufficient negotiations were undertaken between Germany and Kenya. Kenya was in dire need of financial support from Germany, conditionalities not withstanding. The aid relationship between Germany and Kenya was exploitative and has led to dependency syndrome. German aid has failed to emancipate people of Africa in general and Kenya in particular from poverty. This thesis finally demonstrates that Kenya - Germany relations though asymmetrical, are for the mutual benefit of the two countries.

Recommendations

In view of the foregoing discussions and conclusions, this study recommends the following:

- Institutionalization of a more structured negotiation between Kenya and Germany in handling the dynamics of bilateralism between the two countries
- Strategic importance of infusing an element of reciprocity in bilateralism and trade relations in order to reflect both a desire to limit the scope of free-riding that may arise between the two countries thereby entrenching a dependency relationship.
- Increasing of the conceptual and political input in the cultural relations between Germany and Kenya so as to focus on academic and scientific cooperation, scholarships and the promotion of sport that require clear articulation as a means of fostering an atmosphere of sustainable development that is necessary for the maintenance of peace and stability both in the world and within the Kenyan nation-state.
- The inception of a systematic understudy by public officials in Kenya of the historical mechanisms and processes used by the German public sector to effectively and efficiently use foreign loans in order to minimize corruption, malpractices and all manners of malfeasance as a basis for fostering a sustainable culture of development.
- Enhancement of bilateral relations between Kenya and Germany since it is for the mutual interdependence of the two countries. However, drawing from the Marshall Aid experience, Germany should deliberately condition her aid to Kenya within the Vision 2030 time frame. Germany should be part of a communicative action to enable Kenya attain newly industrializing status by the year 2030.

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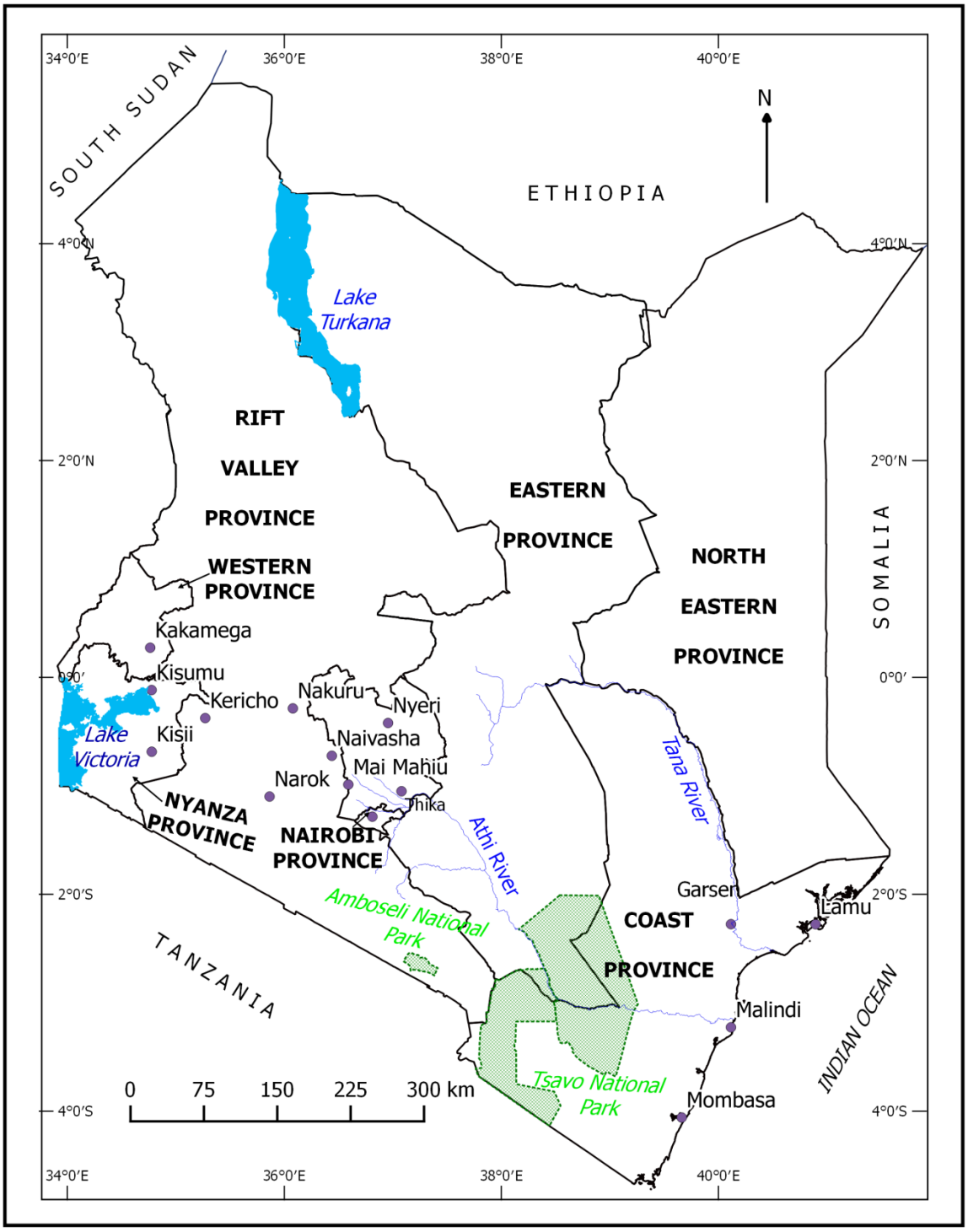
APPENDIX I: MAP OF THE FEDERAL REPUBLIC OF GERMANY AFTER UNIFICATION IN 1990

Source: **Federal Republic of Germany** Facts About Germany: The Federal Republic of Germany 50 years on: Societats – Verlag: Frankfurt/Main: 1998: 18

APPENDIX II: MAP OF KENYA



Source: National Atlas of Kenya. Nairobi: Survey of Kenya, 1970:7

APPENDIX III: INTERVIEW GUIDE

A) RESPONDENT'S INFORMATION

Name: ……. Sex……

Nationality: ……. Place of work……

Occupation……

B) GERMANY ECONOMY AND FOREIGN AID POLICY DEVELOPMENT

1. In your view, what factors have led to the emergence of Germany as an economic giant?
2. Could this progress be attributed to activities of any individuals or leaders?
3. Give an account of the activities of these individuals.
4. Mention ways in which German culture, politics and economy have affected her foreign aid policy over the years.
5. Who formulates German Foreign aid policy?
6. How is German Foreign aid policy implemented?
7. Identify names of individuals you consider to have played important roles in the definition and propagation of German Foreign aid policy?
8. What do you consider to have been their achievements and failures?
9. Identify the various stages in which German Foreign aid policy has gone through since its inception.
10. What are the milestones/turning points in German Foreign aid policy?
11. Explain why you think so?
12. In what year did Germany become a development creditor nation?
13. What factors led to the emergency of Germany as a donor of development assistance?
14. When and why did Germany get interested in Africa?
15. How did Germany actualize this interest?
16. What are the major characteristics of Germany relation with Africa?
17. Mention the results that have accrued out of these relations?

18. Explain the cultural, economic, social and political lessons that Kenya can learn from recent German unification.
19. How has this unification affected German Aid relations with Africa in general and Kenya in particular?
20. Over the years how has Germany viewed Africa?
21. How have these perspectives affected economic and political relations between Germany and African Nations?
22. Is it possible to specify the particular African countries in which Germany has a clear national interest? What is this interest?
23. How has German culture been a hindrance or force facilitating development in Germany?
24. How has German culture contributed to the restructuring of the politics of development assistance?
25. What are the German cultural values which have brought about a unique capitalist German order?
26. What are notable moments of crisis in the history of German development in the pre-cold war, cold war and post cold war year?
27. How have they affected development assistance prospects?
28. What are the changing patterns in development assistance before and after the unification period?

C) ASPECTS OF GERMANY- KENYA DIPLOMATIC RELATIONS

1. How did Germany relate with Kenya before her independence in 1963?
2. When did Germany open her diplomatic mission in Nairobi?
3. What would have prompted the establishment of these relations?
4. Identify the factors which you think have continued to motivate these relations.
5. What are the other various ways in which Germany relates with Kenya?
6. At what point in history did Germany begin disbursing economic aid to Kenya?
7. What is the total value of aid Kenya has got from Germany upto 2003?
8. What is your estimate of the total amount of Kenya's debt to Germany?
9. In what ways do you think Germany is alleviating Kenya's indebtness to her?

10. Explain the contribution of Germany to economic development in Kenya under the following topics: (a) Educational ties (b) Political and administrative needs (c) Industrial growth (d) Commercial (Trade) links (e) Cultural
11. How does the relation between Kenya and Germany, contribute to Germany's progress? (a) Educational ties (b) International relations (c) Cultural Exchange (d) industrial links (e) Commercial (Trade) links
12. Which epochs do you think are significant in the history of Kenya-Germany relations?
13. Why do you think these epochs are so important?
14. Give names of German ambassadors who have been to this country since independence.
15. What do you consider to have been their contributions and challenges in enhancing relations between the two countries?
16. Who have been Kenyan ambassadors to Germany and how have they contributed or failed in enhancing relations between the two nations?
17. Explain the involvement of Federal Republic of Germany in Kenya under the following sub-themes:
    a. Pre-cold war era
    b. Cold war era
    c. Post-cold war era

D) CHARACTERISTICS OF GERMANY AID, TRADE AND PROJECT IMPLEMENTATION IN KENYA.

1. What is the German concept of development? How has this influenced her development assistance programme?
2. Explain the different types of aid given to Kenya by Germany.
3. What is the interest rate of German Loans to Kenya?
4. How is this interest rate arrived at?
5. What is the grace period of German loans?
6. How is the grace period of a loan repayment arrived at?
7. State the factors put into consideration in Kenya and Germany before a project is chosen as deserving assistance from Germany?

8. Explain the process followed before a German project is implemented in Kenya.
9. Does Germany often come in to aid projects in Kenya that have been started by other donor countries but later abandoned?
10. What is the German approach to multilateral aid to Kenya?
11. What factors inhibit the performance of German economic, political, social and cultural relations with Kenya?
12. How best do you think they can be tackled?
13. What organizations handle German economic (aid), political, social, and cultural relations in Kenya?
14. Explain how each one of them handles the German activities in Kenya?
15. What is the relationship between German trade and economic activities in Kenya?
16. Mention the commodities sold to Kenya by Germany and vice-versa.
17. What is the strength and weakness of these trade relations?
18. How do German multinationals assist Germany activities in Kenya?
19. Explain the differences between German grant, loan and technical aid.
20. Explain how Kenyans are prepared by the Germans to manage the German constructed projects after their departure.
21. What results and challenges have accrued from Kenya-German interaction?
22. How can the weakness of these relations be strengthened?

E) GERMANY SPONSORED INSTITUTIONS /ORGANIZATIONS / AGENCIES BACKGROUND

1. When were the various German sponsored institutions, organizations and agencies in Kenya set up?
2. Why was the site of each one of them chosen (in case of a project)?
3. Who conducted the feasibility study (in case of a project)?
4. What were the contents of the feasibility study? (in case of a project).
5. Why did Germany undertake to have a particular project /organization/Agency?
6. Explain if any other donor country was approached other than Germany in the putting up of this project?

Process of Project Implementation

1. Explain how the negotiation for this project was conducted between Kenya and Germany.
2. Which company or companies put up the facilities at the project?
3. Where do the facilities/equipments for the project come from?
4. Name any other assistance this project gets from Germany?
5. What goes on in the project/Organization/agency?
6. Mention the different types of work Kenyans and Germans have undertaken in the project/organization/agency?
7. List contributions of this project/organisation/agency to the Kenyan society in general?
8. What do you think are problems and challenges facing this proiect /organisation /agency?
9. How can some or all of the problems and challenges be solved?
10. Under what category of the German aid are the respective projects, organizations or agencies support programmes?
11. How much is the individual project or organisational or agency support programme going to cost on completion?
12. Which phases has the project or support programme gone through?
13. When is the project or support programme expected to be complete?