## TALLINN UNIVERSITY OF TECHNOLOGY

School of Business and Governance

Department of Law

### Rosa Pesonen

# THE INFLUENCE OF THE DEVELOPMENT AID IN ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS IN AFRICA

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Supervisor: Holger Mölder, PhD

I declare that I have compiled the paper independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously been presented for grading. The document length is 15243 words from the introduction to the end of conclusion. Rosa Pesonen ..... (signature, date) Student code: TASB 156099 Student e-mail address: rosaa2@windowslive.com Supervisor: Holger Mölder, PhD The paper conforms to requirements in force (signature, date) Chairman of the Defence Committee: Permitted to the defence (name, signature, date)

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## **ABSTRACT**

The results of the Millennium Development Goals have shown that development in Africa has lagged behind. The results together with the increased amount of Official Development Assistance, have raised doubts about the effectiveness of the aid. The primary purpose of this paper is to find out whether the significant amount of development aid has contributed the overall development in Africa, regarding the Millennium Development Goals. Or, would the smaller financial assistance flows improve the economic growth, and thus the overall development in Africa. The research method used is the qualitative research method, as the research is based on mostly on analyzing literature reviews, but also the quantitative method is used, due to interpreting the results of the reports of the Millennium Development Goals. Although it is challenging to measure the effectiveness of the aid, it can be seen that even though it has promoted some achievements in Africa, the progress has not been sufficient enough, and especially this can be seen in Sub-Saharan Africa. Despite the enormous amount of development assistance to Africa, most of the African countries have not reached the financial prosperity on their own, but contrarily, they have become dependent on aid. The comparison of the final results of the Millennium Development Goals in two Sub-Saharan African countries, Eritrea and Ethiopia, showed that it is possible to develop with the smaller financial aid. Thus the overall amount of aid should be reduced so that African countries may start to secede from the aid dependency.

Keywords: Development Aid, The Millennium Development Goals, The Official Development Assistance, Africa, Sub-Saharan Africa

## INTRODUCTION

Discussion about the effectiveness of development aid has been present for many years. The criticism from the broad front has received a lot of attention as it has raised doubts about the effectiveness of development aid. As the effectiveness of development aid has become the defining factor, the question of whether the absence of the assistance has contributed the economy of the recipient country negatively or positively has risen (Mavrotas, McGillivary 2009, 2). However, many other factors also affect the country's economy besides the assistance, and therefore it is difficult to say what is the role of development aid regarding the economic development. Even though the question is hard to answer, it seems that the current system of development aid does not work with Africa. Especially the Millennium Development Goals (MDGs) from 2000 to 2015, have shown that Africa has lagged from others (United Nations 2015). Therefore, the results of the MDGs as well as the increase in the amount of Official Development Assistance over the last decade, have raised questions about the need of financial aid and whether there is a better way of providing assistance. The need for some assistance is self-evident because economic growth is necessary for the development, and if the emerging country does not have the requisite resources for the economic growth, the resources must come somewhere else (Mavrotas, McGillivary 2009). Today, giving development aid is seen as a duty of the wealthier countries, and it is expected from them. However, many writers have criticized the current system of the development aid. Perhaps the most distinguishable of the critics is Dambisa Moyo as her thoughts have emerged as controversial in the current debates. According to Moyo, the Official Development Assistance has not contributed the significant economic growth in Africa. Among the reasons she had raised are increased aid dependency of the recipient countries, political agendas behind the aid and corruption (Moyo, 2009). Other critics, such as Stephen Browne (2006) and Jonathan Glennie (2008) have criticized the influence of western countries regarding the policies of the aid as well as the overall amount of assistance. According to Jonathan Glennie, while western countries have been promoting for increasing the amount of Official Development Assistance, many African influencers have been promoting against it (Glennie 2008). Based on the criticism and to the results of the Millennium Development Goals, the question of why the overall progress in Africa has been the slowest despite the enormous amount of financial development aid flowing to the region has risen

The primary purpose of this thesis paper is to find out whether the excessive amount of development aid to Africa has contributed the overall development in Africa, regarding the MDGs. Or, would the smaller financial assistance flows be better to encourage and boost the economic growth, and thus the overall development. The paper aims to research the influence of financial Development Aid, as in the form of Official Development Assistance, in achieving the MDGs in Africa. Research is supported by the results of the MDGs of Eritrea and Ethiopia, and comparison of the results. Based on the research and findings, this paper strives to answer to the question of why the overall progress in Africa has been the slowest even though the amount of financial development aid flowing to the region is the highest. It also answers to the questions of how development aid and the MDGs have originated, what were the results of the MDGs in Africa, Eritrea and Ethiopia, and how financial development aid has influenced to the final results. Finally, it aims to find out whether there is a better way to assist the emerging countries. The main reason for choosing Eritrea and Ethiopia as supporting the results of the MDGs is that the both of them are located in Sub-Saharan Africa, the region where the development has been the slowest, and the amount of development aid, as Official Development Assistance, is considerably higher to Ethiopia than Eritrea. However, there are many differences between the countries that have influenced their development. First of all, the historical background of the countries differs a lot, since Ethiopia, as one of the oldest states in the world, was never permanently colonized (Tesfaye 2017, 39). Unlike Ethiopia, Eritrea was the colonized from the 16<sup>th</sup> century until the end of the First World War, and this period affected significantly to the development of Eritrea (Plaut 2016, 10). Also, the population sizes of the countries differ a lot, as well as the overall economic situation of the countries, which also have contributed to the development and the amount of assistance. Because of the significant differences between the countries, the results cannot be used to generalize the situation in all African countries. Nevertheless, the comparison of the results of the MDGs in the countries may give some insight of how financial development aid has contributed to the development of the countries.

This paper will achieve its objective through researching and analyzing literature reviews and reports relating to development aid and the Millennium Development Goals. The aim is that through examining the materials and by comparing the final results of the MDGs in Africa, as well as in Eritrea and Ethiopia the research questions will be answered. To achieve these objectives, books, and reports written about the history of development aid, and the current situation and views of the development

aid as well as of Official Development Assistance are researched. The case studies about the Millennium Development Goals and the results in Africa, Eritrea, and Ethiopia are studied and done by using the reports of the results of the Millennium Development Goals. The ultimate goal of this paper is to find the answer to the question of how much the financial development aid has eventually influenced the development of Africa. The research method used in this paper is the qualitative research method, as the research is based on mostly on analyzing literature reviews, but also the quantitative method is used, due to interpreting the results in reports.

The first chapter of this paper consists of a short overview of the methodology used, and a theoretical background relating to the development aid. The theoretical background covers brief historical background, the short overview of the role of the United Nations, and it defines the concept of the Official Development Assistance and the current situation relating to that. The second part covers the Millennium Development Goals, as it goes through the first steps taken toward it, the development of it and finally the results of it at the global level as well as in Sub-Saharan Africa. The results of the MDGs are based on the Millennium Development Report 2015. The third chapter consists of a brief background of the situation in both example countries, Eritrea and Ethiopia, and of the results of the MDGs in both countries. Both results are presented based on the reports of the Millennium Development Goals of both countries. The end of the chapter covers the comparison of the results of the MDGs in Eritrea and Ethiopia. All of the previous findings of this paper are put together in the fourth chapter. The chapter ponders the influence of financial development aid in achieving the Millennium Development Goals, as well as the overall influence of the aid in the region. Together all of the previous outcomes of the paper form the basis to the answer of the main research question of whether the major amount of financial development aid has contributed the overall development in Africa, or would the smaller amount of aid work better for the region. The final part consists of the conclusion based on the previous parts, and it also ponders the question whether the development aid in its current form is working, and if not, is there a better way to help the emerging countries.

## 1. THEORETICAL BACKGROUND

The world economy experienced considerable growth during the 20<sup>th</sup> century, and especially after the destructive World Wars, the growth has been enormous. (Maddison 2001) Despite the tremendous growth, wealth has not been evenly distributed between all the continents. Colonialism existed for many centuries left its mark on the development of the poorest countries. Wealthier countries, mainly European empires, hoarded poorer nations into being their colonies to exploit the natural resources of the colonial territories to boost their economies. (Ibid) After the end of the Second World War, the world faced changes when the colonialism came to its end, and the development aid as a concept began to develop to its current form. This chapter goes through a brief historical background of the development of the development aid from the beginning to the end of the 20<sup>th</sup> century. The chapter also covers the role of the United Nations regarding development aid, the definition of the Official Development Assistance, and the current situation of the Official Development Assistance flows going into developing countries as well as in Africa.

## 1.1. The Origins of the Development Aid

The origins of the development aid, which concerned about social development alongside economic development, can be dated back to the end of the World War II, but even before that, there was some form of assistance given by the imperialist powers to their colonies. (Abbot 1971) After the World War I, the unemployment rate of the United Kingdom increased significantly. Under the 1929 Colonial Development Fund Act, Britain established systematic approach for the economic development of its colonies. Aid under the Fund was given for ten years to those colonies which had responsible governments, and the aid was to be used for approved projects to improve their economies. (Ireton 2013, 7) Even though there was no formal tie between using the funds and consuming British services and goods, it was clear that the primary goal was to improve British economy through reducing unemployment and by increasing British trade. (Ibid, 8) The foundation of the post-war development aid was formed as a consequence of the devastating World War II. The main events which created the foundation were the agreement made in a conference at Bretton Woods, the Marshall Plan, and the Truman Doctrine epoch. (Jakupec 2017) In 1944 at Bretton Woods, the most

important agenda of the agreement was to establish a working international framework for economic cooperation, and establishments of the International Monetary Fund (IMF) and the World Bank meant moving toward multilateral arrangements rather than bilateral agreements. (Ibid) The World Bank was designed to provide financial assistance and capital investments for post-war reconstruction, and the responsibility of the IMF was to manage and monitor the global financial system as well as to make it more stable. (Ibid) (Moyo 2009) At first, the primary purpose of these organizations was to help to rebuild Europe, and the United States became a significant contributor for both organizations. (Jakupec 2017, 21)

Under the creation of the Marshall Plan in 1947, the United States provided a financial rescue package for European countries to speed up the recovery of Europe (Moyo 2009, 12). However, besides the financial reconstruction, the Marshall Plan also included a political agenda to prevent the spread of communism in western Europe. Eventually, the five-year Marshall Plan contributed the economic growth in most of Europe successfully (Jakupec 2017), and because of the economic growth, the countries were able to stand again on their own. Before the Marshall Plan, the money had flown to Europe through the World Bank and IMF, but after the Marshall Plan was established, money from the World Bank and IMF was freed up, and it could be directed towards the developing world. (Moyo 2009, 13) Under the Truman Doctrine, formed in 1947, the United States expanded the assistance to include other countries, mainly Asian countries, who were endangered and opposed communism, as well. (Jakupec 2017, 23) In 1949 formed the Truman Point Four Programme focused more on developing countries by giving them more resources and financial aid. Both, the Doctrine and the Programme also had a political aim to control the spread of the Soviet influence. Besides the political agenda, the United States expected that through increasing production and reducing poverty in developing countries, the Programme would help to open new markets for the United States and thus improve its economy as well. (Jakupec 2017, 24) Due to the success of the Marshall Plan in Europe, it was widely seen that investment capital was crucial for economic growth and since the developing countries lacked resources, the development aid was regarded as the best way for them to gain the growth. (Moyo 2009 13) During the 1950s and 1960s, the imperialist powers loosened the grip on their former colonies, and consequently, many African countries gained their independence. However, regardless of the newly gained independence, developing countries, ravaged by poverty, were highly dependent of the assistance they received, and with the Cold War running, the development aid

became a political tool which was used to get allies. (Moyo 2009, 14) (Michalopoulos 2017, 2) Due to that, the third world became pieces of the Cold War puzzle.

## 1.2. Changes at the end of the 20th century

In the 1960s, the development aid, both bilateral and multilateral, expanded further, and from the beginning of the 1960s, focus moved more toward funding larger scale infrastructure projects. (Moyo 2009) As the amount of the development aid grew as well as the number of countries receiving it, there was a need to start to share and exchange information of aid activities in developing countries. The Development Assistance Group of the Organization for European Economic Co-operation and Development (OECD) and its Development Assistance Committee were established for this purpose. (Michalopoulos 2017, 9) During the 1970s the attention shifted to poverty and social sector instead of only concentrating on increasing the total national income, and the World Bank became the largest aid donor, surpassing the United States. (Moyo 2009, 16-17) While the development aid expanded, the economic growth in Africa also accelerated, and at the time it seemed that Africa's economy would grow faster than other economies in developing countries. (Sundaram 2011, 1)

The oil shocks in 1973 and 1979 and the debt crisis of the Latin America at the beginning of the 1980s affected greatly to the policies regarding of the development aid during the 1980s. (Michalopoulos 2017) In addition to Latin American countries, other emerging countries were unable to meet their debt obligations, and the expanded debt crisis together with the oil shocks shocked the stability of the global economy. Consequently, policy-makers took a step backward from the ideas of the 1970s, where the social sector and reducing poverty had emerged as the goal of the development aid. It began to seem unlikely that developing countries, with massive debts, would be able to pay their debts for years. A propose about debt relief or complete cancellation of debts was proposed as the solution. However, because the goal was to balance the global economy, the proposal was soon left behind. (Ibid) Conversely, the solution was seen to be to reconstruct the debt by lending money to countries in debt to help them repay what they owed in the first place. (Moyo 2009, 19) According to Dambisa Moyo (2009), this solution only deepened poverty and increased debt further in emerging countries.

Upon arriving in the 1990s, the atmosphere around the world changed dramatically when the Soviet Union collapsed. The long-standing division between the world seemed to come to its end, which also meant changes to the policies regarding the development aid. Throughout the Cold War, the Soviet Union and the United States with their allies had used the development aid as a political tool to spread their influence and ideologies around the third world (Jakupec 2017, 32). While doing so, they had not been particularly interested in the political climate of the recipient country (Moyo 2009, 23). During the Cold War, corruption had flourished in many developing countries, and after the war ended, policy-makers begin to ponder whether the corruption was the reason why Africa was left behind. The idea of good governance arose, which meant economy free from corruption, credible and robust institutions and the transparent rule of law. Consequently, a question about the lack of democracy arose. Managing and improving the governance was seen as the one half, and adding democracy to the region was seen as the other half of the solution. (Ibid) The expectation was that democracy could be transplanted in developing countries, especially to Africa, and that it would create a positive spill-over effect and could thus improve the economies and overall situation as well. (Moyo 2009, 24)

During the 1990s, the focus moved again toward poverty reduction rather than only improving financial state of the recipient country. (Michalopoulos 2017, 103) However, as the Soviet Union collapsed, new countries that needed support to develop emerged from the ruins of the Soviet Union. The increased amount of failed states resulted in quite a significant drop in the aid flows at the mid-1990s, a period called aid fatigue, and its effects were strongly felt in Africa were poverty kept increasing. (Kharas 2007, 7) The situation in Latin America, which had taken the biggest strikes in the 1980s debt crisis, was different mainly because aid flows had been widely replaced by private capital inflows. For most parts of Africa, the aid flows still were the primary source of financial resources. (Moyo 2009, 25) Also, East Asia experienced considerable economic growth during the 1980s and the first half of 1990s. (Michalopoulos 2017, 168) Because Africa continued to be highly aid dependent without constant economic growth to reach financial prosperity on its own, the situation in Africa seemed to have reached a dead end, and as a consequence, the idea of debt relief came back to the discussions. (Moyo 2009, 26) In 1996, the World Bank together with the IMF launched debt relief program for heavily indebted emerging countries. The aim was to assure that impoverished country should not carry a debt that it is not able to pay, and when certain conditions are fulfilled, the country is being granted the debt relief. (IMF 2017) The debt relief helped the situation in some countries, but overall there were no significant improvements in Africa and the final push to boost the economies kept missing.

### 1.3. The Role of the United Nations

The main idea of the predecessor of the United Nations, the League of Nations was, "to promote international cooperation and to achieve peace and security". (United Nations 2018) The United Nations (UN) was formed during the Second World War, and as the circumstances were quite similar during the creation of its predecessor, the primary goal of the UN resemble the goal of the League of Nations. After the end of the Second World War, the organization came to existence when 50 countries signed the UN Charter in 1945. (Ibid) Because the UN participated to rebuild Europe after the war, it had to create agencies that focused on giving financial and humanitarian assistance, As a result, agencies with humanitarian mandates, such as, the World Health Organization, the United Nations Children's Fund and the United Nations High Commissioner for Refugees were created. The latest two were formed after the war, along with the fading colonialism and the resulting newly independent Third World countries. (Peters 2015, 81, 83) As the amount of the countries in need for assistance, as well as the amount of the aid, grew, the need for effective information platforms increased. The UN formed the International Development Association in 1960 as a part of the World Bank, to make the burden sharing and coordinating simpler for donor countries. (Kharas 2007, 3) Increasing need to address the special needs of the Third World countries expanded the responsibilities of the UN, which eventually led to the formation of the United Nations Development Program in 1965. (Peters 2015, 83) According to Laurence Peters (2015, 81), at the moment, the humanitarian aid budget is over 30% of the total UN budget, and health, water, sanitation and education cover over 20%, so together these make total of 50%. This together with the formation of the Millennium Development Goals show that the UN today is very committed to the development assistance.

# 1.4. Official Development Assistance

From the beginning of the 1960s, the need and the amount of development aid begin to increase, and therefore the need to ensure that the aid will be effective emerged. To ensure the effectiveness of aid,

the OECD countries and DAC members wanted to improve the conditions, terms, and structure of the aid. (Hynes, Scott 2013) While pondering the new terms, DAC members saw that softer terms of aid are necessary to avoid severe debt crises in the future. (Ibid) Eventually, the Official Development Assistance (ODA) as a concept was introduced at the end of the 1960s (Kharas 2007, 3). The definition of ODA goes as follows: "ODA is defined as government aid designed to promote the economic development and welfare of developing countries. Aid may be provided bilaterally, from donor to recipient, or channeled through a multilateral development agency such as the United Nations to the World Bank." (OECD3 2018). DAC members decided of 25% minimum grant element of the soft loans and technical assistance. (Hynes, Scott 2013) In addition, only aid to the developing countries which can be found from the list by OECD counts as ODA. (OECD3 2018) The ODA consists of following sectors: social, economic, production, multi-sector, general programme aid, debt, humanitarian and others. (OECD1 2018) The level of ODA has increased steadily during the 2000s, from 69 billion dollars in 2003 to approximately 170 billion dollars in 2015. (Mavrotas, McGillivary 2009, 1)

## 1.4.1. Official Development Assistance to Developing Countries

The latest OECD's statistics of ODA show that the total amount of ODA to developing countries in 2016 was approximately 157 billion dollars. Crisis and conflicts have a considerable influence on the amount of ODA. Among the top ten countries are many countries that have suffered destructive conflicts during the past few years, which have increased the number of refugees, which in turn has also influenced to the ODA flows to those countries. Over 43 billion dollars went to least developed countries (Ibid), a majority of least developed countries can be found from Sub-Saharan Africa (United Nations 2015). The biggest share of the total ODA to developing countries goes to the social sector. (OECD1 2018, 2) The social sector consists mainly of the basics of human needs such as water supply and sanitation, health and education, government and social services and infrastructure (Ibid, 11). The second largest part, 21%, goes to the economic sector The remaining sectors are distributed relatively evenly to each other. (Ibid, 2) As a region, Africa gets the biggest share from the ODA flows, approximately 50 billion dollars, and the United States has remained as the most significant bilateral donor since 1940s. From multilateral donors, EU institutions are the most generous donor. (Ibid) From recipients, after Africa comes Asia, America, Europe, and Oceania. (Ibid, 3) The share of Asia has decreased due to the overall economic growth of the whole region, but mainly due to the growth of

China and India. The growth of Asia has allowed a higher amount of development aid available to Africa. Nevertheless, growth in Africa has been slower, and it has raised doubts about the effectiveness of financial development aid in Africa.

### 1.4.2. Official Development Assistance to Africa

According to the latest OECD's statistics of ODA to Africa, from the top ten recipient countries, nine countries are located in Sub-Saharan Africa. (OECD2 2018) The country that gets the largest amount of the ODA is Ethiopia, which received approximately 4 billion dollars in 2016. Top ten recipients received a total of 50% of the total ODA to Africa, which was 50 billion dollars in 2016. Least developed countries received 29 billion dollars, and 44% of the total ODA was channeled into the social sector. (Ibid, 2) From DAC countries, The United States gives the biggest amount of ODA to Africa, 9,8 billion dollars (Ibid, 4). EU Institutions was the most generous multilateral donor in 2016, by giving 6,3 billion dollars to Africa. (Ibid) Relating to the social sector ODA, the amount of aid going into education has steadily declined since 2002, while the amount of aid going into health has slightly increased since 2013 (Ibid, 13). Egypt has been the largest recipient since 1970, and only in 2014, Ethiopia got past it and became the largest recipient in Africa. (Ibid, 7-9) When comparing the total ODA of Eritrea and Ethiopia, the difference is considerable, while Ethiopia is the largest recipient country, and Eritrea is one of the smallest recipient countries. The amount of ODA to Eritrea, as annual averages, was 260 million dollars in 2000-2009 while ODA to Ethiopia was 2,1 billion dollars. The difference has just increased, and the latest amount in 2010-2016 to Eritrea was only 99 million, while it was 3,4 billion dollars to Ethiopia. (Ibid, 8) However, there are differences between the countries that explain the different amount of aid. Overall, it is difficult for financial development aid to fulfill its purpose in the region where the conditions for development are very weak in the first place. Issues with social sector objectives remain the basis of the overall lack of progress especially in Sub-Saharan Africa. Before the social sector areas have achieved even somewhat better condition, development in other areas cannot be expected.

## 2. THE MILLENNIUM DEVELOPMENT GOALS

The mindset regarding the development aid began to turn more and more towards poverty reduction rather than only focusing to the economic state of the emerging county at the turn of the new millennium. Because some developing countries were lagging behind in development, it was widely seen that there was a need to increase the amount of Official Development Assistance, so that the situation could be improved. The United Nations has increasingly taken part in addressing the humanitarian issues globally after its creation, and the Millennium Development Goals is a great example of its major responsibility regarding development aid today. As a consequence to the adoption of the MDGs and the decision to increase the amount of development aid, the expectations toward the aid and the outcomes it could provide increased among international community (Mavrotas, McGillivary 2009). This chapter consists of the concerns and goals regarding the new millennium and the development aid. The chapter goes through the development process of the Millennium Development Goals, in the global level as well as in Sub-Saharan Africa, are presented at the end of the chapter.

## 2.1. Challenges of the New Millennium

At the turn of the new millennium, concerns about how globalization would affect the developing world increased to a greater extent. The lack of development in Africa had become a key topic concerning development aid, and it was much debated around the world. The foundation for now known as the Millennium Development Goals was built on the basis of a report "We the Peoples" by former UN Secretary-General Kofi Annan in 2000. In the report, Annan calls the leaders of the world to gather together to address the role of the United Nations and to identify the challenges and goals which need to be solved and achieved upon entering the new millennium (Annan 2000). According to him, the UN has to put people and their well-being at the center of all solutions and to make sure that the globalization is not only beneficial for the most privileged, but it becomes a positive force for everyone. (Ibid, 7) The main concerns are poverty, health and education, conflicts and sustainable environment, and Annan underlines the extreme poverty as the primary basis of the other problems. (Ibid, 19) The amount of young people has grown enormously and because of that the first step to

take, according to Annan, is improving education, and after that creating work opportunities (Ibid, 24-25). In addition, there have to be major improvements in the health sector. Annan highlights the situation in Africa, and as Dambisa Moyo (2009, 25), he also points out the lack of private capital flows, and the outstanding the debt burden of African countries. (Annan 2000, 30) As one of the solutions for this, Annan presents that the aid donors would either relief or wipe off debts of the emerging countries which are heavily indebted, so that poverty can begin to decline. (Ibid, 38, 78)

## 2.2. Setting Targets for the Millennium Development Goals

In the summer of 2000, the IMF, UN, World Bank and OECD launched a document called "A Better World for All", which introduced common targets for the new millennium and international development. (Michalopoulos 2017, 208) The document was based on the suggestions made in the report "We the Peoples" and to the resolutions made at the UN's conferences in the 1990s. (IMF 2000, 4) The document also emphasizes reducing poverty as the most significant challenge and as the bridge to improving other global issues. The targets are presented in numbers so that the results are measurable. (Ibid, 2) In the early autumn of 2000, in the Millennium Summit held by the UN, the Millennium Declaration was signed by 189 countries. (Michalopoulos 2017, 208) By signing the declaration, countries committed to adopt and follow eight goals. Those consisted of values and principles, peace, security and disarmament, development and poverty eradication, protecting the common environment, human rights, democracy and good governance, protecting the vulnerable, meeting the special needs of Africa and strengthening the United Nations. (United Nations 2000) The declaration signing was perhaps the most significant step regarding the development aid, and it set the course for the development of the development aid in the 21st century.

"We the Peoples", "A Better World for All" and the Millennium Declaration and the suggestions and targets in them, served as a basis for the actual Millennium Development Goals (MDGs). "The road map towards the implementation of the United Nations Millennium Declaration", done by the General Assembly of the United Nations (2001), addresses and deepens the commitments made in the Millennium Declaration and suggests a path how to achieve these goals. The report presents eight final goals, their targets, and indicators. The goals highlight the importance of cooperation between

developed and developing countries, and different organizations in creating a better environment for people around the world. (United Nations 2001, 55) The first goal is to reduce extreme poverty and hunger, and it consists of two targets with the goals of halving the number of people who suffer from hunger and who earn less than one dollar a day between 1990 and 2015. The second goal is to achieve primary education globally, with the target of assuring that all the children can complete primary school. The third goal is to reduce gender disparities and empower women with targets relating to improving gender equality at all levels of education. Next goals are to "reduce child mortality" and "improve maternal health". Target in the first is to reduce the mortality rate of under five-year by two thirds and in the latter to reduce the mortality ratio of mothers by three quarters between 1990 and 2015. (Ibid, 56) The sixth goal relates to fighting against HIV/AIDS, malaria and other diseases, with targets to halt the spread of those diseases and make the direction reversed by 2015. The seventh goal is "ensure environmental sustainability", with targets of halving the number of people without safe drinking water by 2015, reduce the proportion of people living in slums and to add sustainable development as one of the policies of the countries. (Ibid, 57) The last goal is to improve a global partnership regarding development. Its targets include improving the current system, taking into account the need of developing countries, small islands, and landlocked countries, finding a solution to debt issues, and improving access to essential drugs and the benefits of new technologies and increasing youth employment rate in developing countries. (Ibid, 58) These goals together formed the global guidelines of the new millennium regarding the development aid.

# 2.3. The Final Results of the Millennium Development Goals

According to "The Millennium Development Goals Report 2015", "the global mobilization behind the Millennium Development Goals has produced the most successful anti-poverty movement in history" (United Nations 2015, 3). However, the report points out that despite the significant achievements, the progress has been uneven and because of that major improvement are still needed. (Ibid) The first goal of reducing poverty was achieved in global level when the extreme poverty declined more than half between 1990 and 2015, from 1,9 million to 836 million. In developing countries, the extreme poverty rate had dropped from 47% in 1990 to 14% in 2015. (Ibid, 4) Also, the amount of undernourished people in developing regions has almost halved. The second goal of

increasing the school enrollment rate was nearly reached when the enrollment rate in developing countries increased to 91% in 2015 from previous 83%. The best record of improving this goal was made in Sub-Saharan Africa when it reached 80% in 2015, comparing to 60% in 2000. (Ibid) The third goal of increasing gender equality in schools was achieved in developing countries as a whole, but this was largely due to Asia's success in this target. The next goal of reducing under-five deaths also lagged slightly from its global goal but declined half from 12,7 million in 1990 to 6 million in 2015. One of the reasons why the ultimate goal was not achieved was high population growth in the developing regions. (Ibid, 5) The following goal of improving maternal health also missed its targets slightly. Significant improvements were achieved relating to the sixth goal of preventing HIV/AIDS and malaria and other diseases. When only 0,8 million people received antiretroviral therapy treatment in 2003, the number had risen to 13 million in 2014. Also, the amount of new HIV infections fell 40%. By providing 900 million mosquito nets to Sub-Saharan Africa, the number of malaria infections and deaths has decreased. (Ibid, 6) The goal seven related to ensuring the sustainable environment. Most of the global population was using improved drinking water in 2015, and 1,9 billion people had access to piped drinking water. The sanitation conditions have also improved at the global scale. Relating to the last goal the amount of Official Development Assistance from developed countries to developing countries increased from 81 billion dollars in 2000 to 135 billion dollars in 2014. (Ibid, 7)

Despite these significant achievements, there is still much to do to make progress include everyone in the world. Achievements have not spread evenly among all, and the poorest and most vulnerable remain far behind. According to the report, "about 800 million people still live in extreme poverty and suffer from hunger" (United Nations 2015, 8). Even though the number of people receiving antiretroviral therapy treatment has increased a lot, only 36% of over 30 million people living in developing countries are receiving it. (Ibid, 9) Gaps between the richest and the poorest households, and living in urban and rural areas remain abundant in developing countries, and whether a child is from rich or poor household will greatly influence to the life of the child. Children are more likely to be out of school if they come from more impoverished home and mortality rate of under five-year-old is almost twice as big among poorer children compared to children from wealthier households. Overall, over 10 000 children die before their fifth birthday every day. (Ibid, 8-9) Possibilities for having improved drinking water and proper sanitation facilities are much worse in rural areas than in urban areas. Overall, the sanitation conditions are still improper for 2,4 billion people (Ibid, 9). Inequality

between men and women persists, and discrimination against women continues. It leads to the fact that women are more likely to live in poverty compared to men. Women also face the lack of opportunities to influence the decision-making. Increased number of people who were forced to leave their homes due to conflicts hampers the development around the world, especially in the developing regions. Almost 60 million people had abandoned their homes by the end of 2014. (Ibid, 8)

### 2.4. The Results in Sub-Saharan Africa

The final report of the Millennium Development Goals shows that the overall development has been either the lowest or the slowest almost in every target in Sub-Saharan Africa. The slow progress can be most clearly seen from the results of the first and sixth goal. Results of the first goal show that the proportion of people who have less than 1,25 dollars a day for a living has decreased only 28% from 1990. At the same time the average decrease among developing countries has been 69% when China is included, and according to the report, "more than 40% of the population in Sub-Saharan Africa still lives in extreme poverty in 2015" (United Nations 2015, 14-15). The result of the same indicator, but with employed people shows that the proportion among them is 36% in Sub-Saharan Africa, and together with Southern Asia, they are living areas for 80% of all the working poor people in the world (Ibid, 18). The proportion of malnourished people has decreased 10% from the beginning of the 1990s, now being 23% of the Sub-Saharan African population. But because of the rapid population growth, while the rate has fallen, the number of malnourished people has risen by 44 million during the same period. (Ibid, 21) Even though the estimated number of new HIV infections has decreased in Sub-Saharan Africa, approximately 73% of the new infections among developing countries are found in Sub-Saharan Africa, and HIV remains the most likely cause of death among adolescents in the region (Ibid, 44-45). Importing over 900 million mosquito nets has helped in fighting against malaria, but still, the proportion of the population who gets proper healthcare is too small in the region (Ibid,48). Also, tuberculosis and Ebola have plagued people in Sub-Saharan Africa.

The percentage of children getting into primary school has increased the most in Sub-Saharan Africa when it rose from 52% in 1990 to 80% by 2015, and the total amount of children doubled, from 62 million to 149 million. However, more than half, 33 million, of all primary school age children who

are expected to be left out of the education system, live in Sub-Saharan Africa. (United Nations 2015, 25) Gender disparities can be found in all levels of education, but the gap has narrowed in secondary and primary school levels (Ibid, 28-29). The number of under five-year-old children dying has decreased in absolute numbers the most in Sub-Saharan Africa, but the number is still the highest in the world, being 86 of 1000, and overall in 2015 the amount of those deaths was 3 million in the region alone (Ibid, 32-33). Measles deaths have also declined since 2000, but over the past few years, their number has turned to a small increase (Ibid, 36). The maternal mortality ratio has decreased almost 50% from 1990 to 2015 in Sub-Saharan Africa. Still, most of the maternal deaths, 510 deaths per 100 000 live births, occur in the area. (Ibid, 36) The number of adolescents giving births has fallen the slowest in the region, now being 116 adolescents' births per 1000 women, and the drop since 2000 has been only five girls (Ibid, 42). Even though Sub-Saharan Africa reached one of the largest growth rates regarding the usage of improved water sources, nearly half of all people who still do not have access to that live in the region (Ibid, 58). Also, the lack of proper sanitation conditions is the biggest burden for Sub-Saharan Africa from all of the regions, and only 30% of the population in there are using improved sanitation facilities (Ibid, 59). In addition, the proportion of people living in slums in urban areas is highest in Sub-Saharan Africa, being 55% in 2014, and the absolute number of people living in slums is increasing continually with the overall number of over 880 million worldwide (Ibid, 60). Conflicts and increasing number of refugees have forced a large part of people to live in even more miserable conditions.

The development in Sub-Saharan Africa has lagged behind from others with the overall slowest progress of all regions. The starting point of the MDGs in the region was already weak back in 2000. Population growth in Africa has accelerated over the past few decades, and especially the younger population grows at a rapid rate, which creates problems for the region, and at the same time, the economic growth has faded. Extreme poverty and rapid population growth alone create a cycle, that is very difficult to break. When adding the other problems to the pattern, the development of the region is extremely challenging. Among the many challenges that Sub-Saharan Africa faces today, is the continuous fight against diseases, such as HIV/AIDS and malaria, lack of educational opportunities and the subsequent lack of knowledge, inadequate healthcare-system as well as inadequate water and sanitation conditions, violent conflicts and corruption. The lack of information relating to family planning and pregnancy prevention is a significant factor relating to the fast population growth. The

proportion of women using any method of contraception in Sub-Saharan Africa was only 28% in 2015 (United Nations 2015, 41). To improve this number, women have to be provided proper services and knowledge about contraceptive methods. In addition to high birth rates, the short lifespan of the people in the region influences the fast growth of the younger population. The lack of knowledge is one of the main reasons behind new HIV infections, and it helps to explain the situation, particularly in Sub-Saharan Africa, where only about 30% of young people know enough about HIV (United Nations 2015, 45). Another huge reason is the lack of access to the treatment and drugs. Even though the access to receiving antiretroviral therapy treatment has improved and the number of people using appropriate medicines has increased, Sub-Saharan Africa remains home to 78% of people who are living with HIV without access to treatment in developing countries (Ibid, 47). Extreme poverty and the lack of education and healthcare seem to be the foundation for all the other problems in the region.

# 3. THE RESULT OF THE MILLENNIUM DEVELOPMENT GOALS IN ERITREA AND ETHIOPIA

As the previous chapter concluded, Sub-Saharan Africa has lagged behind with the overall slowest progress of all the regions concerning the final results of the Millennium Development Goals. The extreme poverty, rapid population growth, the lack of resources to boost economic growth, the continuous fighting against different diseases among many other problems, have made the development process extremely difficult for the whole region. Eritrea and Ethiopia are neighboring countries, and both of them are located in Sub-Saharan Africa, in the Horn of Africa. Despite the same location, the historical background and the current economic state of the countries differs a lot which have influenced to the development of the countries. However, the results of the MDGs may give some insight of the overall development of the countries. The MDGs report of Eritrea and its results focus on the health-related goals and achievements. Health-related goals cover goals of reducing child and maternal mortalities and fight against diseases such as HIV/AIDS, malaria, and tuberculosis. So, to compare the final results and how the amount of development aid has eventually influenced to the achievements in Eritrea and Ethiopia, the focus is on the results of these three goals. The chapter consists of a brief background of the countries and their relationship, and the health-related results of the Millennium Development Goals in both countries.

# 3.1. A Brief Background

The historical background of the countries differs quite a lot. Ethiopia, as one of the oldest countries in the world, has long-standing historical and cultural roots, and the fact that Ethiopia was never colonized, expect the Italian occupation in 1936-1941, make it unique in Africa (Tesfaye 2017, 39). The beginning of the modernization in Ethiopia can be dated back to 19<sup>th</sup> century. However, like in many African states, the military rule has led the country, and socio-economic problems has plagued the development. (Ibid, 42) Unlike Ethiopia, Eritrea was colonized, such as the most of the African countries, and that has affected the history and development of Eritrea greatly. Under the Italian rule, from 1886 until the First World War, the development of infrastructure in Eritrea took huge steps forward. (Plaut 2016, 10) During the World War II in 1941, British forces expelled Italians from the

area, restored the sovereignty of Ethiopia, and took over the administration of Eritrea. After the war, the federation between Ethiopia and Eritrea was formed. However, the federation was not a long-lasting, and after Ethiopia dissolved it in 1961, the thirty-year war between the countries began. (Ibid, 11) Ethiopia entered into an alliance with the Soviet Union in the 1970s, and with the military assistance from the Soviet Union, Ethiopia was able to continue the war until the 1990s. As the Soviet Union collapsed, the assistance stopped which led to the collapse of the Ethiopian military. (Tesfaye 2017) Eritrea gained its independence in 1993 (Plaut 2016).

The relationship between Eritrea and Ethiopia has been a difficult one. The thirty-year war bothered the relationship, as well as did the war that happened in the corner of the new millennium, from 1998 to 2000. Since then, tensions and disagreements, and even the threat of war have affected both countries and the whole African horn. (Plaut 2016) The situation escalated in 2009 when Eritrea refused to withdraw its troops from Somalia following the conflict with Djibouti in 2008. When the United Nations found out about the tense situation, it set sanctions against Eritrea. (Ibid, 56-57) Sanctions are a way to enforce the decisions of the UN Security Council, including, for instance, the imposition of trade and financial restrictions. (Annan 2000, 49). Sanctions influence the economy of the country negatively, and it affects the whole society. The development aid as an ODA has flowed in a different amount to Ethiopia and Eritrea throughout the 2000s. Also, the population size differs significantly between the countries when the population of Eritrea is approximately 5 million, and in Ethiopia, it is over 100 million. The border dispute between countries has also influenced to the socioeconomic development of countries, and according to the Millennium Development Goals Report of Eritrea (State of Eritrea 2014), many of the possible resources that could be used to promote the development, are tied due to the border stalemate. And the fact that the border stalemate has stayed unresolved has, for its part, slowed down the socio-economic status of Eritrea and Ethiopia, as well as the other countries located in African horn. In addition to the border dispute and economic disparities between the countries, there has also been political turmoil over the past years, which have been mainly inspired by the Arab Spring. All these, among other factors, have contributed and continue to affect the development of the countries.

## 3.2. The Millennium Development Goals in Eritrea

Health Millennium Development Goals, Innovations Driving Health MDGs in Eritrea (State of Eritrea 2014), reveals that the most significant achievements in Eritrea have been achieved in three health-related goals. The report emphasizes that although the report only summarizes the results of three health-related goals, they are intrinsically linked to all the other goals, and they support the achievements of other goals. (Ibid, 13) The government of Eritrea has been paying attention to improving Eritrea's socio-economic status since the independence. The national focus has been toward the aims such as health, education and food security, agriculture, and access to water, and human resources and infrastructure development (Ibid, 16-17). The geographical location of Eritrea brings its challenges, and because of that, the economy is highly dependent on the subsistence of agriculture. However, the economic situation has slowly improved, although Eritrea has not been integrated into the global economy during the last ten years, mainly due to the sanctions and the resulting relative isolation. (Ibid, 17) The fact that Eritrea has been left out of the international economic system has also hampered the achievement of the MDGs.

The under-five mortality rate has decreased by two thirds, from 150 in 1990 to 50 per 1000 live births in 2013, and during the same period, the mortality rate of infants have dropped from 92 per 1000 live births to 37. The proportion of children aged one, who are immunized against measles have increased from 51% in the 1990s to 99% in 2013. (State of Eritrea 2014, 20) Factor that has contributed these results has been the high involvement of communities in rural areas. These communities have participated in improving adequate and affordable healthcare, bringing health services closer and raising awareness. (Ibid) In addition to this, by providing packages and interventions, the government of Eritrea has reached over 95% of children and improved their health conditions. Especially interventions relating to immunization have been very successful, and due to this success, Eritrea was awarded by Global Alliance for Vaccine Initiative in 2009. (Ibid, 21-23) The fifth goal was also achieved in Eritrea. Mortality of mothers has reduced more than half, from 998 per 100 000 live births in 1994 to 486 already in 2010. Mortality ratio of mothers has declined over three quarters, from 985 in 1990 to 209 per 100 000 live births in 2013. (Ibid, 26) The proportion of deliveries which are attended by skilled health personnel has increased from 20% to 55% in 2013, but the number is still quite far from the target. (Ibid) However, the antenatal care attendance has improved notably, and the

percentage of at least one visit during the pregnancy has increased from 19% to 93%. Building maternity waiting homes has affected in achieving these results. (Ibid, 26-27)

The sixth goal is also under control in Eritrea. The prevalence of HIV among young adults aged 15 to 24 have declined from 2,4% to 0,93% in 2010, and according to the report the risk rises with age, the prevalence is highest among aged 35-39, both women, and men. (State of Eritrea 2014, 28) The prevalence is higher among women. The incidence of HIV/AIDS has decreased from 45 in 2001 to 8 per 100 000 population in 2012 and the prevalence in absolute numbers from 738 to 290 per 100 000 population. (Ibid, 31) The proportion of people receiving anti-retroviral treatment is 79%, and the proportion of health facilities which provide HIV testing and counseling is 58%. The number of female condoms distributed annually is over 35 000 and the percentage of HIV negative children born to HIV positive mothers is 95%. Also, the knowledge about HIV/AIDS is at a high level, and schools are also offering information and teaching relating to HIV education. (Ibid, 29) Fighting against malaria has been challenging for Eritrea during the past decades, but now it seems that Eritrea is winning the fight. The incidence of malaria was 4,78 per 1000 people in 2012 and reduction of malaria-related deaths has been from 0,198 to 0,0076 deaths per 1000 people between 1998 and 2012. (Ibid, 33). Also, malaria mortality had decreased by 85% by 2006. (Ibid, 34) However, the incidence of malaria seemed to increase in 2011 and 2012 compared to earlier. Even though the mortality because of malaria has decreased 90% since 1998, it still can pose a threat in the future (Ibid, 36) The incidence of tuberculosis has decreased 60%, from 243 in 1990 to 97 per 100 000 in 2011. At the same time, the prevalence of tuberculosis has declined 68% and also mortality because of tuberculosis has decreased by 60%, from 12 to 4,7 per 100 000. (Ibid, 37) Partly due to the successful reduction in child mortality and adult mortality due to diseases, the life expectancy at birth has increased considerably from 48 in 1990 to 63 in 2012, being 61 years for male and 66 for female. (Ibid, 38)

Despite the great achievements in the health-related goals, Eritrea is facing challenges relating to other goals. Also, sustainment and further improvement of health-related achievements are going to be challenging if the lack of resources, both financial and technical, continues. If the government wants to keep the health services at least at the same level as they are now, it needs more money (State of Eritrea 2014, 49). The number of hospitals in Eritrea has increased from 16 to 28, health centers from 5 to 56 and health stations from 72 to 256 since independence. (Ibid, 10) At the moment, the healthcare

is almost free, and while that is good for the poorest people, the government has to invent how to finance the healthcare sector in the future. Another challenge relates to already available resources and to the risk that those resources are used inefficiently. (Ibid, 50) Even though there have been significant improvements in the fight against HIV/AIDS, malaria and tuberculosis, other diseases are a rising threat in Eritrea. Other challenges, such as promoting education and reducing poverty, malnutrition, and violence against women should not be forgotten. The increase of non-communicable diseases brings its challenges, which must also be answered in the future. (Ibid, 53) While facing these challenges, the need for some assistance from international community increases. And even though Eritrea has achieved health-related goals, there is still room for improvements in that area, as well as with other MDGs, which Eritrea did not meet.

# 3.3. The Millennium Development Goals in Ethiopia

During the past decade, Ethiopia has been one of the most heavily assisted countries in the world. The development in Ethiopia has been quite successful relating to MDGs, and according to the MDG Report 2014 Ethiopia (State of Ethiopia 2014), six of the eight goals were on track to be achieved, if not already achieved in 2012. The two goals which lacked behind in Ethiopia were the third and fifth goal. (Ibid, 1) The economy in Ethiopia grew steadily during the last decade, averaging about 11% growth annually. However, the economic crisis in 2008 influenced to the country's economy, which in turn affected the well-being of people. Another challenge has been unemployment, even though the situation seems to be improving slowly. (Ibid, 5-6) The results of the first goal show that even though Ethiopia was on track to meet the targets, there are still over 22 million poor people living below the poverty line. The second goal seemed to be also on track to be achieved in 2015. (Ibid, xiii-xiv) The third goal has lacked behind, but there has been some progress, and the gap has narrowed especially in primary and secondary school levels. (Ibid, xiv) The seventh goal was also on track and relating to access to safe drinking water Ethiopia was ahead of schedule. Also, the last goal was on track to be achieved. Net ODA had increased from 1,1 billion in 2000 to 3,8 billion dollars in 2013, and almost 60% of total ODA has been allocated for basic social services. (Ibid, xvi-xvii)

From the health-related goals, the fourth and sixth goals were on track, but the fifth goal has lacked behind. One factor that has contributed to achieving the health-related goals has been the increasing number of health services. The number of hospitals has increased from 116 in 2009 to 127 in 2012, health centers from 2142 to 3100, and due to these improvements, the primary health services reached 94% of the population in 2013. (State of Ethiopia 2014, 45) The under-five mortality had decreased from 167 per 1000 live births in 1990 to 88 in 2011, an estimated decrease of 2015 was 60. During the same period, the infant mortality has decreased from 123 to 59. However, there are still differences in the results between people who are living in an urban or rural area. (Ibid, 41-42) Immunization is also an essential factor in reducing child mortality, and the immunization coverage against measles has increased from 36% in 2000 to over 86% in 2014. Even though the immunization service situation has improved notably, some challenges are remaining, such as weak access to health services and lack of vaccination services which leads to a high number of unvaccinated children. (Ibid, 46) From all the achievements relating to the MDGs, the progress has been slowest in improving maternal health. The maternal mortality had decreased from 1400 in 1990 to 420 per 100 000 live births in 2013. The use of contraceptive among married women has increased from 8% in 2000 to be over 40% in 2014, but there are vast differences between regions. (Ibid, 47-48) The proportion of births attended by skilled health personnel increased from about 5% in 2000 to almost 15% in 2014. The proportion of at least one visit from skilled health personnel during pregnancy among aged 15-49 women increased from 27% in 2000 to 40% in 2014. (Ibid, 50-51)

The sixth goal was also generally on track to be achieved in 2014. The prevalence of HIV/AIDS has decreased from 4,5% in 2000 to 1,5% in 2011 and was expected to be 1,1% in 2015. The prevalence is higher among women than men, and it tends to peak among aged 30-34 women and aged 35-39 men. (State of Ethiopia 2014, 52-53) The difference between rural and urban area exists in HIV prevalence as well, but in Ethiopia, HIV epidemic is concentrated more in urban areas. (Ibid, 53) The prevalence among young adults, aged 15-24, has been successfully decreasing from 12% in 2001 to 2% in 2012. (Ibid, 55) The number of people who are living with HIV/AIDS and receiving antiretroviral therapy has increased from 1% in 2004 to 54% in 2014, and the number of HIV positive pregnant women receiving prevention transmission service has increased notably from 32% in 2011 to 73% in 2014. (Ibid, 56) Despite these achievements, it seemed unlikely that targets will be met in 2015 relating to fighting against HIV/AIDS. According to the report, the proportion of people sleeping

under insecticide-treated bed nets has increased from 22% in 2010 to 46% in 2014. The mortality rate of tuberculosis has also improved by decreasing from 89 deaths in 1990 to 32 deaths per 100 000 in 2013. The prevalence rate fell from 426 per 100 000 in 1990 to 211 in 2013, and during the same period, the incidence rate decreased from 421 to 224 per 100 000. (Ibid, 57) Also, the detection rate and the treatment success rate have improved, treatment rate more notably by achieving 92% in 2013. (Ibid, 58)

All in all, Ethiopia's achievements in reaching the targets in reducing child mortality as well contributing access to safe driving water, achieving access to primary school and reducing hunger are very promising. According to the report, some of the reasons behind the success are the secure and peaceful environment and the right kind of strategies and policies for development. Also, concentrating the focus on the poorest people, and people who are living in rural areas, and making the needed budget allocations to improve the conditions of the poorest ones have boosted the success. (State of Ethiopia 2014, 91) Despite that, there is still much to do, and relatively large regional, gender and rural-urban disparities are challenges for Ethiopia in the future. Inequality between men and women can still be seen in education as well as in working life. Improving conditions of women and girls is an essential task over the coming years. To maintain already achieved results, it is crucial for Ethiopia that it continues getting assistance from global partners, at least until its economy has grown enough and is stable enough. Ethiopia is trying to achieve middle-income status by 2025, and if Ethiopia reaches the status, the ODA flows are going to decrease. (Ibid, 91-92) As the economy grows and when the country becomes more self-contained, the dependency toward developing aid decreases.

# **3.4.** The Comparison of the Results

Even though the number of hospitals and health centers is enormously higher in Ethiopia than in Eritrea, and the number of them has increased faster in Ethiopia, Eritrea seems to have achieved better results from most of the health-related targets. The difference in the population sizes should not be forgotten, and it also affects the number of health facilities. Also, in some results, the difference appears better when comparing the absolute numbers instead of the proportion of the whole population. The under-five mortality rate is lower in Eritrea being 50 per 1000 live births in 2014 while the

estimation in Ethiopia is 60 in 2015. Also, the infant mortality rate is lower in Eritrea being 37 in 2014, compared to 59 in Ethiopia in 2011. The proportion of children who are immunized against measles is higher in percentage in Eritrea, but in absolute numbers, it is higher in Ethiopia because of the larger population. Eritrea has been more successful relating to the improvements in maternal health. The maternal mortality decreased to 486 per 100 000 live births in Eritrea in 2010, while in Ethiopia it reduced to 420 in 2013. The proportion of births attended by skilled health personnel in percentage increased more in Eritrea, being 55%, but the absolute number is again higher in Ethiopia, even though the proportion is only 15%. Also, the proportion mothers who received at least one visit from skilled health personnel during pregnancy is higher in Eritrea, 93%, but once again the amount in absolute numbers is higher in Ethiopia.

The prevalence of HIV/AIDS was lower in percentages in Eritrea than in Ethiopia. In both countries, women have the higher risk of getting infected, and the risk increases with age. The prevalence tends to be at highest after age 30. The proportion of people living with HIV/AIDS and who are receiving antiretroviral therapy is again higher in Eritrea in percentage, but the absolute amount is higher in Ethiopia. Both countries have still work to do with the fight against malaria, even though both of them have made quite significant improvements. The mortality rate of tuberculosis is lower in Eritrea being 4,7 deaths per 100 000 in 2011 while in Ethiopia it was 32 deaths in 2013. Also, the incidence rate, as well as the prevalence of tuberculosis, are lower in Eritrea, the first being 97 per 100 000, while it was 224 in Ethiopia. These results do not tell the whole story, because the main focus is only on three goals instead of all eight. But due to all of these three goals related to the health sector, results can give a foundation for some conclusion of the health sectors of the countries and how the amount of development aid has influenced in their development. When it comes to the final results, Eritrea has been more successful in achieving most of the health-related targets. Overall, due to the relative isolation of Eritrea and the different economic situations, and a considerable difference in the amount of ODA, Eritrea seems to have better and more effective improvements in developing its healthcare system.

# 4. INFLUENCE OF THE DEVELOPMENT AID IN THE RESULTS OF THE MILLENNIUM DEVELOPMENT GOALS

The effectiveness of development aid is a difficult question because it is complicated to measure the straight influence of the development aid to the development of the country. The effectiveness is generally measured by comparing the effects of aid to promoting the economic growth of the country (Ibid). One of the aims of the MDGs was to measure how effective development aid can be in promoting other outcomes such as reducing poverty and improving healthcare (Ibid). The final results of the MDGs at the global level are promising, and even though all of the goals were not achieved, results give the impression that goals can be reached. Despite that, the poorest countries have remained far behind while others have developed forward. It is clear that development aid has contributed to improved results in some emerging countries. But, the effectiveness of aid tends to have the opposite effects in some countries, and it may have influenced negatively on the economic growth and hence to the overall development (Ibid). This chapter brings together the previous findings and results as it researches the influence of the Official Development Assistance in the final results of the Millennium Development Goals. The second part of the chapter goes through the overall influence of the development aid in Africa. It goes through some of the main problems relating to the lack of progress in Africa. The last part of the chapter concludes the finding. Based on the findings it ponders some possible solutions to improve the current development aid system.

# 4.1. Influence of the Official Development Assistance in MDGs in Africa

According to Dambisa Moyo (2009), Africa has received approximately 1 trillion dollars of aid since the 1940s, and now the amount has grown even further. The Official Development Assistance to developing countries has increased steadily, from 81 billion dollars in 2000 to 135 billion dollars in 2014. (United Nations 2015, 7) While the overall level of ODA in 2015 was between 160 billion and 170 billion dollars (Mavrotas, McGillivary 2009), the amount of ODA to the developing countries was 157 billion, and one third from that, 50 billion dollars, went to Africa. (OECD1 2018) Despite the enormous overall amount of assistance that has gone to Africa, as the Millennium Development Goals report shows, development has been the slowest in Africa and especially in Sub-Saharan Africa,

and it has lagged far behind from others, and it continues to lag behind. When comparing the amount of ODA, for example to Asia, Africa has received the total of 35% of the total ODA in 2010-2016, while Asia has received 28%. (Ibid, 7) However, the whole population of Asia is considerably larger than in Africa, and the amount of ODA to Asia has declined because of the region's significant economic growth. Despite that, Asia succeeded better in the MDGs as a region than Africa. (United Nations 2015)

The starting point of the MDGs was different for Sub-Saharan African countries than it was for many other developing countries. Africa's promising economic growth in the 1960s and early 1970s has not remained at the same rate as population growth since the late 1970s (Sundaram 2011). As economic growth has faded and the growth of the young population accelerated, Africa as a region has experienced many of the disadvantages of the global trade system. For example, many Asian countries have already experienced quite significant economic growth in the 1990s (Michalopoulos 2017, 168). Because the economic growth is one of the most crucial factors contributing the overall development, this has been perhaps the most remarkable distinction between the development of Asia and Africa as regions. There are many other reasons as well which have affected to the slower development in Africa, such as cultural, historical, geographical and institutional reasons, but they alone are not enough to explain the current situation (Moyo 2012, 29). These were factors also among many Asian countries, and when comparing the development of the regions, the difference is quite considerable. However, the financial assistance to both regions has been overall quite the same. Because of the economic success of many Asian countries, mainly because of China, financial development aid flows to the region have declined, and at the same time, the amount of financial assistance flowing to Africa has grown. However, the growing amount of aid flows has not boosted the economic growth and overall development in Africa the way that was expected.

### 4.1.1. Influence in Eritrea and Ethiopia

The total amount of ODA given to Eritrea and Ethiopia differs a lot from each other. In 2015 Eritrea received 94 million dollars and Ethiopia 3,2 billion dollars (OECD2 2018, 8), and the difference increased in the following year. In 2016 Eritrea received only 67 million while Ethiopia received 4,1 billion dollars (Ibid), so, the difference is considerable. The reasons behind the vast difference can be found several. One reason is the fact that the size of the population is considerably higher in Ethiopia

than in Eritrea. However, if the whole ODA amount of the country is distributed among the population, the amount will be significantly smaller. Nevertheless, the sum will be still higher toward one Ethiopian citizen than toward one Eritrean citizen. Also, the sanctions against Eritrea has influenced to the aid amount flowing to Eritrea (Plaut 2016). The economic growth in Ethiopia has been ascending in the 2000s, and it is also expected to continue on that path (Tesfaye 2017). The fact that Ethiopia is more closely linked to the international financial and trade system has contributed to the economic growth of Ethiopia comparing to Eritrea, which has been relatively isolated from the global economy and trade, and the economic growth has therefore been slower. (Ibid) (Plaut 2016) Eritrea would need more resources to achieve the missing goals, and therefore it would be crucial to get the economy to grow. Getting access to the international markets would help to boost the economic growth, as well as some assistance from outside. Even though Ethiopia was more successful when it comes to the overall results of the MDGs, Eritrea succeeded better in achieving most of the health-related goals, despite the smaller amount of ODA, and the weaker economic situation and relative isolation.

According to the MDGs report of Eritrea (State of Eritrea 2014), the main reason for the success of Eritrea in health MDGs has been investing resources in the healthcare sector, which has contributed to affordable, equitable and accessible health services, which cover most of the needs of the citizens. Control over communicable diseases has affected to these positive results as well as knowledge about family planning and nutrition, and improvement of adequate healthcare. (Ibid, 8) Even though the report does not present the results of the other goals, the improvements in other goals have helped to achieve the results in health-related goals. Without improvements in education and water and sanitation conditions, the results covered in the report would not have been possible. (Ibid, 9) In addition to developing health facilities and infrastructure, the government of Eritrea has been delivering low-cost packages and offering interventions. These effective interventions to improve the health of children include, for instance, promotion of breastfeeding, sanitation, and hygiene, immunization, mosquito bed nets, supplementation of different kind of medicines and improvements relating to maternal health. (Ibid, 10) As most of the aid is allocated to the public sector, how the sector uses the aid will affect to the overall outcomes greatly, and based on the final results, it seems that Eritrea has succeeded better in investing the resources available effectively to achieve the healthrelated goals.

## 4.2. Overall Influence of the Development Aid in Africa

As one can see from the results of the MDGs in Sub-Saharan Africa, and the comparison between Eritrea and Ethiopia, the developments in the region do not always correspond to the amount of development aid. Even though the aid has flown to Africa at a relatively steady pace and in enormous sums, the development itself has not been at the same pace. The comparison and results of Eritrea and Ethiopia show that the country can also develop with the smaller financial assistance, though the development may be slower. With fewer resources, it is harder to focus on improving many sectors at once, and that can be noted in the case of Eritrea. However, the results from the comparison cannot be generalized, as there are major differences between Eritrea and Ethiopia, and the situation is not necessarily the same in all African countries. Nevertheless, Sub-Saharan Africa as a region is left far behind from others, and many factors are similar among Sub-Saharan African countries, which can explain the overall lack of development.

As the World Bank and IMF were established, the influence of the West became dominant regarding the policies of international finance, and thus the development aid as well. According to Stephen Browne (2006), the current model of financial regulation continuously disadvantages the emerging countries, as the policies are usually more beneficial to the developed countries as they tend to walk over the needs and capacities of the developing countries. Also, the international trade system tends to be more beneficial to the developed countries than emerging countries, and that has hampered the economic development and growth in developing countries (Browne 2006). Together most of the developed countries spend hundreds of billions of dollars in subsidizing their agriculture, which is depressing the global prices. While agriculture is the main industry in many emerging countries, and as the agricultural products are the main export products, the policies of developed countries are forcing African farmers out of business. Also, the higher tariffs toward products from emerging countries are a problem. (Glennie 2008) The intellectual property rights agreements are also problematic from the point of view of developing countries, which do not usually support the interests of emerging countries The patent laws relating to medicines, for example to HIV/AIDS medicines, make it harder, if not impossible, for poorer emerging countries to buy drugs they can afford. Even though some countries are producing the same and cheaper replacement drug, if the drug has been patented, and if the country has signed the intellectual property agreement, they are practically forced to buy the more expensive version of the drug. And if they cannot afford that, the result is that a huge number of people are being left out of getting the already existing life-saving medicine. (Glennie 2008, 140) Particularly concerning the HIV/AIDS drugs, the effects can be seen especially in Sub-Saharan Africa, where 78% of people are living with HIV without access to treatment (United Natios 2015, 47). Violence and increasing amount of conflicts have aggravated the development further. Also, several other issues which have hampered the development in Africa and especially in Sub-Saharan Africa.

As the economic growth is vital to development, the weak economic state in large part of Sub-Saharan Africa does not ease the circumstances. There is a vicious cycle, in where the economies of the most countries are growing too slowly to attract the private capital flows, which are needed to accelerate the growth, and without the private capital flows, the economies continue to grow too slowly. For instance, in Latin America, the increased private capital flows contributed the economic growth and thus improved the development, and thus helped the region to recover from the debt crisis in the 1980s (Moyo 2009, 25). The amount of development aid to Africa has increased precisely because of the lack of private capital flows, but despite that, countries have not reached the necessary economic growth to stand on their own. Contrarily, it led to the new problems, such as debt burden and aid dependency. In addition, as the donor countries bear their weight in assisting, the economic situation of the donor country has also reflected the impact of the burden. So, besides the political agendas, most of the donor countries also want to benefit financially as much as possible, and these agendas influence to the policies of development aid and thus to the development of the recipient country.

#### 4.2.1. The Lack of Resources

The lack of variety of resources is a serious problem in Africa and has affected greatly to the overall development of the region. The lack of basic human necessities forms challenging environment for the development. Extreme poverty, inadequate healthcare, and hunger are particularly affecting the lives of Sub-Saharan African people. Also, the lack of clean drinking water and sanitation facilities, and miserable living conditions afflict the lives of excessive part of people in the region. When adding the lack of inadequate education system to the equation, the situation is very difficult. These together lead to the situation where the diseases spread more easily and faster, and the continuous fight against HIV/AIDS and malaria among other diseases does not give a foothold to the development. And as the

younger population is growing extremely fast in the region, the challenges will become more difficult in the future if the lack of resources continues. Relating to the spread of diseases and the rapid growth of the younger population, the general lack of knowledge is a huge problem. And because many countries lack functioning basic institutions, the improvements in all areas are challenging. When it comes to evaluating the effects of the development aid and monitor that the assistance is used correctly in the region, the lack of functioning monitoring system in the many recipient countries is also a problem.

The lack of democracy has also been seen to be one of the reasons for the lack of the development in Africa. The role of the government is crucial, and maybe even more critical in developing countries, and the fact is that government needs money to govern the country. However, because the governments of several African countries still are corrupted, development aid as a financial transfer to the government is unlikely to be used to where it was initially meant to be used, at least not entirely. The policies which were used during the Cold War also took away the ground of democratization of the region. Democracy has largely worked in the western world and has contributed the development, but it does not necessarily work similarly in Africa, and for example, in many Asian countries, the state of democracy is rather weak, but despite that, they have succeeded in developing forward. According to Dambisa Moyo (2009, 42), instead of democracy, autocracy might work even better for African countries, at least at first. It may be easier for a dictator, who has to be benevolent in this situation, to push through the necessary reforms to get the economy growing. The amount of democratic countries in Africa has increased, but the difference in the development between democratic countries, and countries with a weak democracy or no democracy at all is not that large that democracy can be considered to be the cause of the problems (Moyo 2009). Despite of the link between development aid and good governance, many donor countries assist the corrupt and dictatorial countries, if it suits for their political agenda. (Glennie 2008) As there still can be found political agendas behind the development aid and as the donor countries keep assisting corrupted countries, many African countries may not see a reason for democracy.

### 4.2.2. The Aid Dependency

While the economic growth in Africa has not been sufficient enough to develop, it has been widely seen that some assistance is a necessity for Africa to reach the economic growth it needs. But, the

question of has the absence of development aid, as in form of ODA, boosted the growth or regressed it, is a different story (Mavrotas, McGillivary 2009) The massive debt burden, originally as a result from the debt crisis in the 1980s, has affected significantly to the development of Africa. (Moyo 2009). Eventually, the debts were even forgiven for those countries that were not able to repay their debts, but despite that, the final push to boost the economies in Africa kept missing. On the contrary, African countries have become more dependent on aid over the decades, and since much of it comes as grants, there may not have been enough incentive to develop the country to survive on its own. According to Jonathan Glennie (2008), because of the aid dependency, the development of basic institutions needed to govern has been undermined. Also, the accountability between citizens and state is either weak or missing completely in many African countries, and together with the weak institutions, these have held back the development in the region (Glennie 2009). According to Browne (2006, 10), only after emerging countries have succeeded to reduce their aid dependency, it is more likely that they became better managed, and thus improve the overall development.

### 4.3. A Possible Solution

The relationship between development aid and poverty reduction is quite complicated to measure, but over the last few decades studies, and especially the results of the Millennium Development Goals, have been able to produce tangible results in this area. (Mavrotas, McGillivary 2009) Results have shown that in general development aid has been more helpful than harmful, but its effects depend on the target country. It seems that with every step taken forward, there are couple steps backward regarding development, especially in the countries which are lagging behind. (Browne 2006) Primarily, the aid should be more dynamic so that it can meet and adopt the specific needs and challenges of a particular country and each new generation (Ramalingam 2013). Browne also highlights that aid needs to be better matched to the need of the recipient country. Also, with the better matched financial and technical assistance, the access to the markets for trade would contribute the development further. (Ibid, 149) According to Glennie (2008, 123), it is unlikely that the increasing amount of aid will have major positive influences on the longer term development and poverty reduction in Africa. Contrarily, the effects may be the opposite, which could lead to the even worse situation. The amount of aid should be reduced so that African countries may start to secede from the

aid dependency. However, the sudden reduction is not an option, because so many poor people are relying on the aid at the moment to survive. So, instead of increasing the amount of aid, the outflows, such as debts, from the developing country should be reduced and the domestic resources should be maximized. (Ibid, 125) As a result, African governments should use the resources more productively, and they should focus on developing better system for savings and investment mechanism. (Ibid, 130) So, rather than focusing on the amount of aid, policy-makers should focus on improving the impacts of aid. Also, the fact that there can be hundreds of donor missions in the one recipient country at the same time makes it more complicated to make improvements to several aspects at once (Ramalingam 2013). So, to make the development aid work more effectively, both, the donor countries and recipient countries, must bear the responsibility.

The economic success of the Marshall Plan has raised the question whether the similar kind of plan would be the solution to the situation in emerging countries. However, because it was widely seen that investment capital was crucial for economic growth and the developing countries lacked resources, the development aid was concerned as the best way for them to gain the growth. (Moyo 2009, 13) So, the assisting method became different. The plan lasted five years, and after that, the money flows from the plan stopped, and it has been considered whether this could work in Africa. There are many differences between developing Europe back then and developing Africa at the moment. In Europe, there had been functioning basic institutions before the Second World War, and basic human necessities were available to the vast majority of the population. So, after the war, there was a need to rebuild already existing institutions, not build them from scratch, which is a whole different case (Ibid, 17). Also, the amount of aid of the plan was smaller, and because the idea was to rebuild countries on the existing foundations, and thus improve the economic growth, countries did not have time to become dependent on the aid before their economies began to grow. Also, the monitoring system worked better in Europe as the countries signed the terms and money flowed in as long as the program lasted. (Ibid, 16) A somehow similar concept could also work for Africa, at least it might encourage the countries to break away from the aid dependency. However, there is a risk that the reformed similar kind of plan would also have political agendas, and those agendas might undermine the development of the recipient country.

## **CONCLUSION**

Although it is challenging to measure the effectiveness of the aid, it can be seen that the current system of development aid has not worked in Africa, and especially this can be seen within Sub-Saharan African countries. The main purpose of this paper was to find out answers to whether the excessive amount of development aid to Africa has contributed the overall development in Africa, or, would the smaller financial assistance flows be better to encourage and boost the economic growth, and thus the overall development. Generally regarding MDGs, development aid has contributed to the overall development in Africa to some extent, but not enough, and actually, the smaller financial assistance would be more beneficial for African countries in the long-run. The enormous amounts of aid have not produced the desired outcome. The final results of the MDGs in Sub-Saharan Africa show that the amount of the aid does not correspond to the developments in the region. Contrarily, the comparison and results of Eritrea and Ethiopia show that country can also develop with the smaller amount of Official Development Assistance. The development is slower with a smaller budget and fewer resources, but when country focuses on developing one area at a time, great results can be achieved, as noted in Eritrea. Consequently, the already achieved health-related goals will contribute the development of other goals as well. Even though the results from the comparison cannot be generalized, as there are major differences between Eritrea, Ethiopia, and other Sub-Saharan African countries, there are several similarities among the countries which can explain the overall lack of development. Some of the reasons for the lack of the development are the lack of resources and knowledge, extreme poverty, inadequate healthcare system, corruption and the overall weak economic state.

The development aid has been seen as the solution to reducing poverty and thus improving the economic growth of the recipient country. The aid has improved the development of the countries which had better conditions and foundation upon to with develop. However, the foundation in most of the African countries has not been strong enough so that the development aid as such would have helped them to develop enough. As the development in Africa began to fall behind, and as there was a lack of private capital flows to the region, policy-makers decided that more aid would be necessary for Africa to get its economy to grow. However, this decision led to major debt burdens, and as the debt kept increasing, many African countries became dependent on the aid because their economic

growth was not sufficient. Even though the debts were eventually canceled from most of the heavily indebted countries, the damage was already done, and the countries had fallen to the cycle of aid dependency. While the amount of aid has been increased, many African countries have become even more dependent on aid as they have not reached sufficient economic growth and thus prosperity on their own. The development aid has helped to achieve some improvements, but the overall development has been too slow and insufficient.

The actions of the richer countries also affect the development of the poorer countries. The influence of the more affluent countries in deciding the policies regarding development aid is considerable, and even though they have to take into account the needs of the emerging countries, this area needs improvements. Also, the international trade system tends to be more beneficial to the richer countries than to emerging countries. As the possibilities are already fewer for developing countries, the unfair financial system and challenging accessing the trade markets make the situation even more difficult. Because the overall development is impossible without economic growth, and because the emerging countries need to secede from the aid dependency, richer countries need to be more willing to improve the current systems so that emerging countries can achieve sufficient economic growth. When the developing countries are better included in the trade markets, their economies can get the necessary boost, which probably leads to private capital investments inflows, which will improve the economic growth further. Also, the fact that, there can be hundreds of aid missions inside the emerging country at the same time is very complex.

So, instead of giving massive amounts of financial aid, and maintaining many development missions inside the country simultaneously, the amounts should be smaller, and projects should be reduced to a few. The aid should also be better matched with the needs of the recipient country. When the aid decreases, the responsibility of governments in developing countries increases. African countries need to be ready to reform themselves so that they can get out of the cycle of the aid dependency as the aid decreases. At the same time, the outflows of the country should be minimized, and the domestic resources should be maximized. Money inside the country should be used more productively so that the main problems inside the society are better addressed and tackled. The monitoring system inside the country should be improved so that the evaluation of the progress is more reliable. The policy-makers behind the development aid policies should focus on improving the effects rather than focus

on increasing the amount of aid. Instead of assisting countries mostly financially, more technical assisting would be needed. Part of the aid is being channeled for the construction institutions and infrastructure, but the progress in those projects may be slow as there are many simultaneous and overlapping aid missions. The focus should be centralized to a few projects at a time. Because the lack of knowledge among developing countries is a huge problem, the functioning educational framework should be provided. So, for instance regarding education, in practice, there have to be more aid missions or funding opportunities for developing platforms and institutions for education. Resources that are provided may include educating the local teachers and improve their knowledge, building schools and bringing learning materials for children. Even though the similar kind of assistance is already done, the focus should be moved more toward this kind of assistance in the future. After all, the most crucial thing to import to developing countries is knowledge, so that eventually, people, who are living in developing countries, can become self-contained.

When concluding all the findings, one possible substitutive alternative to the existing development aid system could be setting deadlines for the smaller grant flows. In this situation, cooperation among donor and recipient countries should be enhanced, and the simultaneous aid missions in recipient countries should be reduced. The aid system should become more dynamic so that aid can be adjusted better for the specific needs of the particular recipient country. Donor countries could agree on the specific development targets together with the recipient country, and they could also decide on who donates to whom. When the deadline, which the donor country has set for the recipient country, comes, the aid flows, as grants, stops. During the aid missions, there should be a better monitoring system in the recipient country, to ensure that the aid is going to the right place. All of the assistance should not be financial, but there should be more technical assistance for projects and practical help on the spot. The most crucial development targets are basic human necessities, healthcare, and education, and these areas have to be improved initially. Without these, the further development is challenging. After the deadline, donor and the recipient country should evaluate the progress and decide how to continue in the future. Even though this solution is not an entirely new suggestion, it is a proposal to improve the current system. However, the primary purpose of this solution is to help the developing countries, especially African countries, to make the necessary development to get their economy independent of the development aid.

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