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19-9-2017

The Implementation of the Paris Declaration on Aid Effectiveness in Ethiopia

What are the effects of the implementation of
the Paris Declaration on Aid Effectiveness by
the World Bank and the European Union in
Ethiopia?

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Executive Summary

Along with one part of the world becoming richer and another part of the world staying behind in their growth, development aid has become more important than ever. The main purpose of this report was to examine the effects of the implementation of the Paris Declaration in Ethiopia. This main question was divided into five sub questions in order to produce results on which the conclusion is based.

Questions were researched using both primary and secondary data. The primary data included interviews with three organisations involved in the Paris Declaration, whereas secondary data consisted of analysing the Paris Declaration on Aid. In addition, qualitative research was done through interviewing, which provided the information needed to apply a case study on how the implementation of the Declaration worked out in Ethiopia. Altogether, this clarified the situation on to what the principles of the Paris Declaration are and how they promote advancement. Furthermore, the relevance of the Paris Declaration on Aid, its criticisms and challenges and how development assistance has worked out since 2005 were questions that were clarified.

The Paris Declaration was implemented because of the idea that solely increasing aid was not seen as a solution any longer by many. As a result of the implementation of the Declaration, the donor community can provide their services more effectively, whereas recipient countries can manage the help provided in a more efficient way. In general, there are positive results coming from the Paris Declaration on Aid. The Paris Declaration has made the donor community more results-focused instead of counting the amount of money going to a recipient country. Additionally, the Declaration has changed the behaviour of both donor and recipient countries. This has led to positive development effects, such as the possibility of the donor community to think about long-term development goals and the focus on capacity-building. This has led to an improved coordination of the aid flow between the donor community and recipient countries. However, problems such as reducing poverty and maintaining the improvements made in previous years remain a challenge in the future. Moreover, it was found that most positive changes were found in the field of cooperation rather than that the Declaration has led to positive changes for citizens.

Based on the research, it can be concluded that to some extent, the Paris Declaration has positive effects on the development aid administered in Ethiopia. However, in order to continue for the country to develop, more attention should be paid to helping the most vulnerable. Now the cooperation and the governments systems have somewhat improved, it is necessary to deepen the development assistance and principles of the Paris Declaration to a more personal level.

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1 – Introduction

1.1 The necessity of studying this topic

The implementation of the Paris Declaration attempts to solve the different matters that are faced in the field of development assistance to recipient countries (Deepayan & Harmer, 2009, p. 1). This study is focused on Ethiopia, for it is one of the most dependant countries in the area of foreign aid (Flores, 2013, p. 1). Ethiopia, located in the horn of Africa, is one of the largest and most important countries in Africa, as it hosts the headquarters of the African Union (Alemu, 2009, p. 1). In addition, as mentioned by Dr Begashaw (2014), “Ethiopia is a strategically important country playing major roles in the Northeast African region because of its location, its size, its resources, its historical position, and its basic political orientations” (Begashaw, 2014). The country is, for instance, significant in the military fight of the United States against Somalia (Newby, 2016). Furthermore, the strategic location of the country is essential in the Israeli-Palestinian conflict, in the menace of Al-Shabab and for the conflict between Egypt and Ethiopia about the Mega Nile Dam (Begashaw, 2014).

A report by the Oakland Institute on development aid to Ethiopia mentions that, despite all the efforts of the donor community and despite the fact that Ethiopia has high rates of economic growth, disputes such as hunger and poverty keep continuing (Flores, 2013, p. 2). The African Development Bank revealed that in 2013, 2.7 million citizens were reliant on emergency relief services for food and 7 million citizens had to deal with permanent food insecurity (African Development Bank, 2015, p. 3). Currently, Ethiopia faces the worst drought in 50 years. 20% of the population of Ethiopia is affected through this and more than 10 million people need help. Moreover, the country encounters the consequences of the El Niño phenomenon. This has caused the current extreme weather conditions throughout Africa. Agriculture is the foundation of the economy of Ethiopia, most of the country depends on this sector. However, at the same time, agriculture is also the sector that is the most affected by climate change. This is because the agricultural sector is dependent on the rain fall and Ethiopia still uses traditional technologies (Delegation of the European Union to Ethiopia, 2016). These continuous drought periods and famines in Ethiopia question the efforts of the previous governments. As argued by Lemi (2017), it can be said that the assistance flow is not steady enough to be rooted into the country. As a result, the aid flows are mainly helping the country for a temporary period (p.379).

The main providers in the past decades were the World Bank, the Global Fund, the European Union and agencies from the United Nations (Lemi, 2017, p.384). The World Bank, which is one of the largest financial organisations, has provided Ethiopia with large sums of funds which are spent on

multiple projects (Parren, 2016, p. 4). Additionally, the author Hackenesch (2013) pointed out that the European Union is excessively active in Ethiopia. The European Union benefits are provided both bilaterally and multilaterally, via the budget of the European Union and through the development fund of the European Union (p.17).

This study endeavors to identify what the Paris Declaration on Aid has contributed to development assistance in Ethiopia. The Paris Declaration on Aid (2005) states that donor countries and recipient countries can hold each other responsible for the achievement of the principles of the Paris Declaration. Therefore, it is good to examine whether this responsibility to each other has led to a positive change in the donations to recipient countries. The Aid Effectiveness 2005-10: progress in implementing the Paris Declaration reveals that only one out of the 13 targets was met in 2011, since the implementation in 2005 (OECD, 2011). This shows that it is difficult to maintain development aid at a high level and that it is important to examine the outcome of the development services flow.

1.2 Research Question

As mentioned in the introduction, the aim of this research was to examine the influence of the Paris Declaration on Aid in Ethiopia. In order to provide an answer to this topic, the subsequent research question was created:

What are the effects of the implementation of the Paris Declaration on Aid by the European Union and the World Bank in Ethiopia?

To provide an answer to the research question, several sub questions were created, researched and answered:

1. What are the principles of the Paris Declaration on Aid?
2. How do the principles of the Paris Declaration on Aid aim for better development aid?
3. What factors have led to the relevance of implementing the Paris Declaration on Aid Effectiveness?
4. How has development aid worked out since the implementation of the Paris Declaration on Aid in 2005?
5. Case study: how did the implementation of the Paris Declaration on Aid by the European Union and World Bank work out in Ethiopia?

1.3 Methodology & Methods

Multiple sources and methods were used in order to answer the research question. It was decided to do explanatory research, as this type of research is used in order to analyse problems and

practices (Bhattacharjee, 2012, p. 6). As written by Bhattacharjee (2012), “explanatory research attempts to “connect the dots” in research, by identifying causal factors and outcomes of the target phenomenon” (p.6). This research could clarify why Ethiopia has its existing challenges and how the Paris Declaration on Aid contributes to development assistance in Ethiopia.

This subject was researched using books, academic sources, recent newspaper articles and papers about this subject. Furthermore, reports about the Paris Declaration and reports from the Development Assistance Group and the Organisation for Economic Co-operation and Development were examined.

1.3.1 Case Study

A case study was applied, not solely to research what the European Union and the World Bank have contributed to Ethiopia, but also to analyse the financed projects by both organisations. In addition to this, the case study was used to study what has improved in the previous years and what can be further improved in the future. Researching the role of the European Union and the World Bank in Ethiopia, a clear overview of their commitment to the Paris Declaration on Aid and their relation with Ethiopia was added to the research. Additionally, the financed projects were analysed to draw a picture of the effectiveness of the investments of the organisations in Ethiopia. This is profoundly relevant for the research, as it may clarify the significance of the implementation of the Paris Declaration by the European Union and the World Bank in Ethiopia. The impact of the Paris Declaration on Aid in Ethiopia could be clarified based on the case study and the research was answered.

The main reason to administer a case study has to do with the fact that a case research can be used for testing a theory. The aim was to find out to what extent Ethiopia is affected by the Paris Declaration on Aid (Bhattacharjee, 2012, p.93). In order to conduct the case study, three interviews were conducted with development aid organisations operating in Ethiopia. During the interview, every participant was asked specific questions on the topic. The interview included questions about the changes in development assistance since the implementation in Ethiopia, the positive and negative effects of the Paris Declaration on Aid and what the organisation itself does in order to meet the targets set in the Declaration. Due to the answers to the questions, it was possible to find out whether the Paris Declaration has been effective or not up until now.

Additionally, the financed projects of the World Bank and the European Union and the impact of these projects in Ethiopia were analysed. As a result of this analysis, a clear view was obtained on how the projects of the World Bank and the European Union have changed the situation in Ethiopia.

1.3.2 Interviews

Interviews were conducted, for these can provide a deeper and brighter insight of the subject (Greetham, 2014). Three interviews were held with development aid organisations in Ethiopia. One interview, the interview with the EU delegation in Ethiopia, was conducted via e-mail, for the internet connection of the interviewee in Ethiopia was not secure enough for a phone call or a Skype meeting. The other two interviews were done by telephone. The interviews were of approximately 30 minutes' duration. All organisations involved in the Paris Declaration were contacted via e-mail. The organisations were contacted because of their experience and involvement in the Paris Declaration on Aid. Finally, three organisations were open to have an interview to discuss the topic: the World Bank Group, the Development Assistance Group and the EU Delegation in Ethiopia. These organisations were most likely able to share their opinion and experiences on the Paris Declaration.

The first interview was administered with Mr Etambuyu from the Development Assistance Group. This interview was conducted via e-mail. Mr Etambuyu heads the DAG Secretariat and, in addition, functions as a policy specialist for aid management and aid effectiveness. The Development Assistance Group consists of multiple organisations providing development support to Ethiopia, which is why this organisation was chosen for an interview. Due to the knowledge and experience of Mr Etambuyu, he could give answers based on his personal experience with the Paris Declaration on Aid.

The second interview was organised with the EU Delegation in Ethiopia. This interview was held with Mr Hernandez, head of cooperation of the EU Delegation in Ethiopia. Mr Hernandez was selected for an interview, for he is working in Ethiopia. Consequently, he could provide an opinion and share his experience about the implementation of the Paris Declaration on Aid in Ethiopia.

Finally, an interview with Ms Bauer, the Country Program Coordinator for the World Bank Group, was conducted. She is the responsible person in Washington for Ethiopia, South Sudan and Sudan. Ms Bauer has participated in all three the High-Level Fora in Rome, Accra and Bussan. Due to this experience and her close involvement within the Paris Declaration on Aid, it was decided to conduct an interview with Ms Bauer on this topic.

Regarding the interviews, semi-structured interviews were used for the interview with the EU Delegation in Ethiopia and the Development Assistance Group. Using semi-structured interviews, more information was given by the interviewees, as it was possible to go into depth about certain questions. Moreover, it gave the interviewee the opportunity to elaborate on information.

Additionally, the same questions were asked to every participant, which made it feasible to compare one person's answers to another one's response (Greetham, 2014). The last interview, the interview with the World Bank was an unstructured interview. Due to the short time period of the interviewee, the participant decided to give her opinion and view about the Paris Declaration on Aid. In addition, she explained the way of working of the World Bank. This interviewee presented a clear opinion about the subject, which provided for new insights that were not expected before. As a result of these interviews, a good perspective of the functionality of development aid and the changes since the adaption of the Paris Declaration was given. Furthermore, the outcome of the interviews was developed into new information relevant for the research.

The reliability of the participants' answers was assured by only interviewing professionals who are working for organisations closely involved in the Paris Declaration on Aid. Also, two interviews were recorded, so that the content could be controlled afterwards. Therefore, misinterpretations have been avoided.

A last reason for conducting interviews was because it was more helpful than only studying academic sources, as these organisations are working on these subjects in person and know about the consequences and improvements in the area of development assistance.

In order to ensure the confidentiality of the participant's information, pseudonyms are used.

1.3.3 Primary and secondary data

Secondary data, examining the Paris Declaration on Aid, was combined with primary data. This primary data included interviews that were conducted with practitioners from development aid organisations. Moreover, documents and reports about the work of the European Union and the World Bank in Ethiopia were examined and a case study was applied. A combination of different methods was used. As a result, a realistic point of view from all different perspectives was given, which made it more feasible to find an answer to the research question. Primary data was used, for this, as stated by Greetham (2014), "is material that's free of anyone's personal values or opinions and come from the original researcher, who collected the data and presented it" (p.199). Experiences and opinions of professionals working with the Paris Declaration on Aid were collected by conducting interviews and analysing research papers. Looking at their personal involvement and struggles with the Paris Declaration, a useful view on how this Declaration has contributed to an enhanced development situation in Ethiopia was made. Secondary data was used to obtain a clear view on the situation in Ethiopia and the Paris Declaration on Aid. The secondary data that was used, consisted mainly of consulting journals and academic papers written by those with

experience in this field. A drawback of using secondary data, as pointed out by Greetham (2014) “is that this is recycled and reinterpreted data, so we have to be sure that the source is reliable” (Greetham, 2014, p.201). In order to ensure the reliability of a source, the sources were thoroughly examined to find out whether the sources did have its own opinion about the topic or not, as this could have influenced the research (Greetham, 2014, p.201).

Qualitative research was done by interviewing professionals. This research was supported by a case study. Using different sources, also known as triangulation, the accuracy and fullness of the different sources could be analysed. Furthermore, this increased the possibility that the used sources were reliable (Greetham, 2014, p. 194). Moreover, collecting information during qualitative research is flexible and open, which can result in deeper responses. Also, this research method made it possible to create a clear and accurate view of the subject (Greetham, 2014). In order to apply the case study, the World Bank and the European Union and their implementation of the Paris Declaration on Aid were, in some detail, examined. The data collected from these interviews is considered primary data (Greetham, 2014, p. 222)

Several development aid organisations were contacted and questioned about the situation in Ethiopia, their position and their involvement in the implementation of the Paris Declaration. Consequently, it was possible to measure the influence of the Declaration. In addition, the primary data enriched the information that was conducted by means of secondary data, such as analytical reports (Lewis, Saunders, & Thornhill, 1997, p. 288). Concerning any questions on how to do research, the books ‘How to write your undergraduate dissertation’, ‘Research methods for business students’ and ‘Social Science Research: Principles, Methods, and Practices’ were consulted.

In the end, the case study, the interviews and the research that were done to answer the sub questions, presented an answer to the effects of the implementation of the Paris Declaration on Aid in Ethiopia.

[1.4 Contents outline](#)

This research paper focuses on analysing whether the Paris Declaration on Aid has contributed to better development aid in Ethiopia or not. The paper starts with a general introduction to the topic, the research question and sub questions followed by the methodology used in this research paper. Chapter two comprises background information about Ethiopia. This chapter discusses the political situation and the socio-economic position of Ethiopia. Furthermore, it encloses the current development assistance situation in the country. Chapter three includes the literature review, consisting of theories and models on development aid to Africa accompanied by a review of the

support that Ethiopia received before the Paris Declaration was implemented. Chapter four contains an explanation about the Paris Declaration on Aid. Why did one come up with the Paris Declaration in the first place? Who are the main components of the Paris Declaration? Moreover, this part analyses the positive and the negative impact of the Paris Declaration on Aid. Chapter five provides two case studies. The first case study focuses on the development aid approach of the European Union to Ethiopia. The second case study concentrates on the development aid approach of the World Bank to Ethiopia. This is succeeded by an analysis of the case studies: what has improved in the past years? What could be further improved? The final chapter presents the conclusion which briefly summarises the findings of the paper followed by an answer to the research question.

2 – Background information Ethiopia

Ethiopia is known for their many decades of foreign aid. It was one of the first countries to receive support, starting in the 1940s (Furtado & Smith, 2007). Nevertheless, as mentioned by Flores (2013), challenges such as famines and poverty keep occurring (p. 1). In order to understand the difficulties that Ethiopia is going through and to create a clear image of the situation, it is important to look at the background and the history of the country.

2.1 Political situation

Ethiopia, officially named the Federal Republic of Ethiopia, is a federal parliamentary republic encompassing nine regions (Mohajan, 2013, p.60). As explained by Ms Bauer, Ethiopia has a federal system which consists of three levels of power: “the federal government, the regional government and the woreda government. The woreda government is responsible for service delivery in terms of basic services, such as health, education, water, sanitation and agriculture” (Personal interview, May 9, 2017). The country is dealing with political instability since many decades, which is a result of periods of extreme drought, famines and a civil war from 1974 to 1991 (Mohajan, 2013, p.72). As pointed out by the Central Intelligence Agency, Ethiopia has a population of 102,374,044. There are many ethnic groups, of which the largest groups are Oromo (34.4%) and Amhara (27%). The majority of the Ethiopian population is Orthodox (43.5%) and Muslim (33.9%) (Central Intelligence Agency, 2017).

The country has many different languages and each language belongs to another state or region. The most spoken language is Oromo (33.8%), which is spoken in the State of Oromiya. Amharic is the second biggest language and at the same time the official language of Ethiopia. Amharic is spoken by 29.3% of the population (Central Intelligence Agency, 2017).

2.1.1 History of Ethiopia

Unlike other African countries, Ethiopia has always continued to be free from colonial rule, except for a short period of Italian occupation between 1936 and 1941 (Central Intelligence Agency, 2017). Since then, Ethiopia has known three regimes throughout the years, starting from 1960 to 1973 with the imperial rule under the authoritarian emperor Haile Selassie (ADST, n.d.). As indicated by Mohajan (2013), this period was followed by socialist military rule lasting from 1974 to 1990 under Mengistu Haile Mariam (Mohajan, 2013). The present, ethnic-based, regime was established in 1991 (Lemi, 2017, p.383). In 1994, Ethiopia became a constitution and in 1995 the first elections were held (Central Intelligence Agency, 2017).

Ethiopia has a rather tumultuous history. As discussed earlier, Ethiopia has known three different reigns. During the leadership of emperor Haile Selassie, Ethiopia remained quite primitive. Even

though Selassie designed a structure with the aim to create a modern state, he made no effort to change policies and to reduce hierarchy in the country (Ethiopian Government Portal, n.d.). As mentioned by Marcus (1994), Selassie only saw the changes with previous years. For instance, he noticed the growing number of children in schools or the fact that there were more hospitals than there were in previous years. However, he refused to acknowledge that Ethiopia continued being poor, even in comparison with other African countries. Due to the fact that he remained positive about the growth of Ethiopia, he made no real efforts towards further development of the country (p.166). Under Selassie, Ethiopia cooperated in activities of the United Nations in Korea and Congo (Ethiopian Government Portal, n.d.). Moreover, during this period, the relation between Ethiopia and the United States was established. Nevertheless, according to the the Ethiopian Government Portal, also an agricultural crisis developed, land was unequally allocated and the development was inadequate under Selassie's leadership (Ethiopian Government Portal, n.d.).

The second regime in 1974 under Haile Mariam developed a radical reform plan (Ministry of Foreign Affairs, n.d.). Under his leadership, the authoritarian rule grew (Marcus, 1994). During this period, banks and insurance companies were nationalised and every significant company in the country was supervised (Ethiopian Government Portal, n.d.). In 1977, members of groups that were against this government were harassed and murdered (Marcus, 1994, p. 196). In addition, during this regime, millions of citizens were affected by famines and drought periods, where Haile Mariam at the same time failed to do something about. As this administration was supported by the Soviet Union, the fall of the Soviet Union in the late 1980s also meant the end of the socialist state under Haile Mariam (Ethiopian Government Portal, n.d.).

The end of the leadership of Haile Mariam, was at the same time the end of an authoritarian dictatorship (Ministry of Foreign Affairs, n.d.). Quickly after this rule was overthrown, the Ethiopian People's Revolutionary Front set up a transitional state. At first, Ethiopia was divided into 12 regional states with its own ministry, but this was later diminished to nine regional states (Pausewang & Zewde, 2002, p.135). This government consisted of 87 members of the Council of Representatives which acted as a constitution. In 1993, a new constitution was written and in 1995 the country officially became the Federal Democratic Republic of Ethiopia. Immediately after this establishment, new political parties and organisations arised. This change in the political system has led to Ethiopia nowadays having a House of Peoples' Representatives, a Council of Federation, a council of Human Rights and an autonomous judiciary. Power is appointed to the different regional states and their authorities. These local councils have both legislative and executive power, as long as they act according to the constitution of the federal government (Ministry of Foreign Affairs, n.d.).

Between 1991 and 2012, Meles Zenawi was the president of Ethiopia. Under his presidency, the Ethiopian state invested a lot in many areas, such as in the educational, health and agricultural sector. As a result of these investments, the country underwent an economic growth, poverty reduced, the health sector enhanced and the export grew. Additionally, the country renewed its relations with Europe and the United States and started receiving aid assistance from other western countries and the World Bank again (Parren, 2016).

2.1.2 History of development aid to Ethiopia

During the years, the aid flow to Ethiopia changed. Since 1985, there was a rise in bilateral donors (Lemi, 2017, p.380). In the 1990s, Ethiopia established a developmental state model with the aim to reduce poverty in the country (The World Bank Group, 2014, p.1). Moving onward to the 2000s, the trend of bilateral sponsorship continued, except for the period 2010-2012. As mentioned by Lemi (2017), one of the reasons for this growth was likely caused by the need for humanitarian aid (p. 380). Humanitarian aid is defined by World Vision Australia as "work in response to major disasters –providing emergency food, water and shelter" (World Vision Australia, 2015, p. 1). During periods of drought and famines, the Ethiopian government is aided with these matters. Therefore, when the number of disasters such as famines increases, the bilateral aid provided by the donor community is growing (World Vision Australia, 2015). Other reasons mentioned by Lemi (2017) for this growth are terrorism and its fight against it and a new initiative on support for trade launched in 2005 by World Trade Organization member countries (p. 380). Nonetheless, bilateral assistance is just complementary and both bilateral and multilateral relief are significant for different purposes. Whereas multilateral support remains significant in the health sector, bilateral donors provide support in order to strengthen economic ties or to decrease debt (Lemi, 2017, p. 396). During the late 2000s, the growth of the aid flow grew, for it became more focused on aiming to reach specific targets (Lemi, 2017, p. 380). Throughout the imperial and the military regime, most assistance existed in the form of humanitarian and emergency relief supplies, supplied by the European Union, the World Bank and the United Nations. Nowadays, with the current administration, new donors have arisen, such as the Global Fund (Lemi, 2017, p. 384).

During the imperial reign from 1960 to 1973, Ethiopia received the least help compared with the military and the current regime. The first reason for this is the fact that Ethiopia's economy and population were smaller and therefore, a large amount of support was not needed. Second, due to the drought during the imperial rule, Ethiopia needed humanitarian assistance. However, this government chose to not reveal the situation to the international media. As a result, Ethiopia

received very little aid, which made it difficult to recover from this period of drought. In addition, historically, Ethiopia has been rather isolated, which resulted in having little communication and cooperation with other countries (Furtado & Smith, 2007). Throughout the military regime, official development assistance was the most important form of support whereas the private sector contributed the most during the imperial regime. Official development aid, as defined by the Development Assistance Committee (DAC), is “provided by official agencies, including state and local government, or by their executive agencies” (The Organisation for Economic Co-Operation and Development, n.d.-b). Furthermore, there is unofficial aid, which is contributed by non-governmental institutions (NGO’s). There is a wide variety of unofficial assistance, ranging from remittances from migrants to donations to charities. It also provides assistance for the damage and impact of a natural disaster (Arulampalan, Backus, & Micklewright, 2014, p. 191). For this support is unofficial, there are often no statistics or evidences that evaluate or measure the impact of this form of support (Dickinson, n.d.). Unofficial development aid has been significant for Ethiopia in the past, for instance with the donations that were made during the famine in the 1980s (Arulampalan, Backus, & Micklewright, 2014, p. 196).

Many argue that the different regimes in the country before the 2000s are the reason for the current situation. A research by Devereux (2000) revealed that the authoritarian rule in the country is the principal reason for the famines in Ethiopia (p. 13) According to Devereux (2000), the main reason for the occurrence of famines during authoritarian regimes, is that in countries “where respect for basic and civil rights is lacking, the state faces less compulsion to prioritise the basic needs of citizens” (p.22). This was also the situation in Ethiopia during the military leadership under Mengistu. De Waal (1999) mentions that during this period, Mengistu would, for instance, spend millions of dollars to celebrate an anniversary of the revolution, while the Ethiopian citizens were starving (De Waal, 1991). The connection between an authoritarian regime and famines is also conceded by Sen (1999), who mentions in his book that “it is not surprising that no famine has ever taken place in the history of the world in a functioning democracy” (p.16). Sen shares the opinion of Devereux by claiming that the lack of democracy has contributed to obstacles such as famine in Ethiopia. For the authoritarian rulers are hardly concerned by famines they lack to take preventive actions to solve the dispute (Sen, 1999, p.16). The importance of having a trustworthy administration is also presented by Begashaw (2014), who states that the majority of the incidents in Ethiopia cannot be dealt with, if the Ethiopian state does not solve its problems. Only when the state can stay loyal to the rules of law and acts with a national interest for the country, it can solve its challenges (Begashaw, 2014).

2.2 Socio-economic development

In 2004, Ethiopia was ranked the lowest country in the world, with a percentage of 26% of the population who were ought to live on less than \$1.00 per day. As a matter of fact, more than 30 million people have less than \$0.45 to spend per day (Mohajan, 2013, p.70). Additionally, Ethiopia has one of the lowest income per capita in the world, with an income of about \$100. The civil war from the 1970s on has contributed to a major economic crisis in the country, which consequently led to the economic difficulties that the country has today (Mohajan, 2013, p.70). The country receives a lot of international attention, for its ongoing matter with drought, poverty and famines. In 2006, Ethiopia ranked number 7 out of 169 developing countries who received aid (Alemu, 2009 p. 1). In the past ten years, the economy of Ethiopia has grown every year between 4 and 7 percent, which shows that Ethiopia has a consistent economic growth (Flores, 2013, p. 3).

Ethiopia's economy is largely driven by services and agriculture (The World Bank Group, 2014, p.1). As indicated in figure 1, approximately 80% of the Ethiopian population lives in rural areas and is thus dependent on agriculture. Similarly, figure 1 shows that about 80% of the population was employed in the agricultural sector in the early 2000s. Both these indicators imply that the agricultural sector is important in terms of employment. Moreover, agriculture supports provides more than 45% of the GDP of the country since 2008 (Ethiopia Data Portal, 2014).

	Ave. 01-05	Ave. 06-10	2008	2009	2010	2011	2012	2013
Total Population (millions)	72.0	82.7	82.6	84.8	87.1	89.4	91.7	94.1
Rural population (% of total population)	84.7	83.4	83.5	83.1	82.7	82.3	81.8	81.4
Rural population growth (annual %)	2.6	2.3	2.2	2.2	2.1	2.1	2.1	2.0
Agriculture, value added (% of GDP)	43.8	47.6	49.4	49.6	45.6	45.6	48.6	
Employment in agriculture (% of total employment)	80.7							
Population density (people per sq. km of land area)	72.0	82.7	82.6	84.8	87.1	89.4	91.7	94.1

Figure 1: Ethiopia's general agricultural situation (Ethiopia Data Portal, General Indicators, 2014).

Nevertheless, despite the significance of this sector, the agricultural sector lacks growth, which has resulted in an economy that is dependent on how fast the agricultural sector grows. The agricultural sector has to deal with obstacles such as receiving inadequate information about the market, unsteady prices or bad quality of the products and distrust between trading associates. In addition, the continuous periods of drought are a big threat for the agricultural sector. As mentioned above, 80% of the Ethiopian population relies on agriculture. Therefore, it is important that the weather conditions are good enough for the agricultural products to grow (Mohajan, 2013, p. 73). In 2016, Ethiopia was enduring the worst drought in 50 years, resulting in 18 million people requiring aid (Laing, 2016). A last challenge is that Ethiopia is a landlocked country enclosed between countries and highland, which results in high transportation costs, for many areas are secluded and therefore difficult to reach (Mohajan, 2013, p.66).

With regards to employment rates in general, Ethiopia has improved a lot in this area in the past years. Especially in the field of unemployment, the percentage of the Ethiopian population without a job has decreased since 2010. As illustrated in figure 2, Ethiopia had an unemployment rate of 20.4 %. The last statistics from 2015, show an unemployment percentage of 16.8 %.

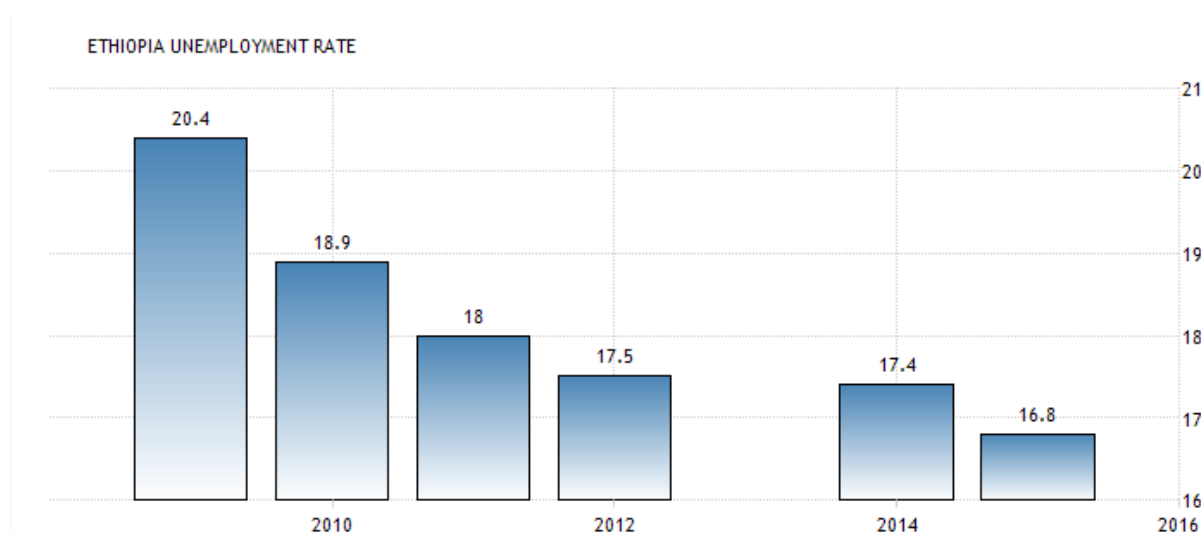


Figure 2: Ethiopia's unemployment rate since 2009 (Trading economics, 2017b).

Looking more closely at the general Ethiopian labour statistics, one can see in figure 3 that the Ethiopian population has grown compared to previous years. This implies that the employment rate has decreased, even though the population has increased. From this, it can be noted that Ethiopia has made an improvement in terms of diminishing unemployment rates. Furthermore, figure 3 shows that the wages from high skilled and low skilled jobs have remained constant. High skilled jobs are defined as jobs where employees are expected to have specialised knowledge about something, such as doctors or lawyers. Low skilled jobs are defined as jobs where this specialised knowledge is not necessarily required, for instance, farm workers or cleaners (Mahuron, n.d.).

Ethiopia Labour	Last	Previous	Highest	Lowest	Unit
Unemployment Rate	16.80	17.40	26.40	16.80	percent
Population	102.40	99.87	102.40	22.15	million
Living Wage Individual	3910.00	3960.00	3960.00	3910.00	ETB/Month
Wages High Skilled	3140.00	3140.00	3140.00	3140.00	ETB/Month
Wages Low Skilled	1970.00	1970.00	1970.00	1970.00	ETB/Month

Figure 3: Ethiopia's labour statistics (Trading economics, 2017c).

However, despite the decreasing unemployment rates, unemployment remains a serious challenge in Ethiopia. It is difficult to provide employment positions to the citizens. One of the reasons for

this is that the amount of jobs is growing more quickly than the population itself. Moreover, a difficulty is that Ethiopia has a young population, with 45% of the population being under the age of 15. Due to this young population, it is difficult to fill in the growing number of job positions (Kibru, 2012). Besides the poor economic situation, other challenges are present in Ethiopia.

2.2.1 Health and education

There are many challenges in the fields of health and education in Ethiopia. The poor health situation in the country is a result of the high percentage of poverty and the lack of connections and access to health utilities among the Ethiopian population. Many Ethiopian citizens do not have sufficient access to a toilet and there is not enough access to facilities such as clean water and healthcare (Mohajan, 2013, p. 59). Additionally, UNICEF statistics, presented in figure 4 below, show the high infant mortality rate in the country, with 59 deaths/1000 births. Despite that fact that the number of death among infants has clearly decreased since 1990, the country still has one of the highest rate of mortality of infants when comparing these statistics to other countries (UNICEF, n.d.).

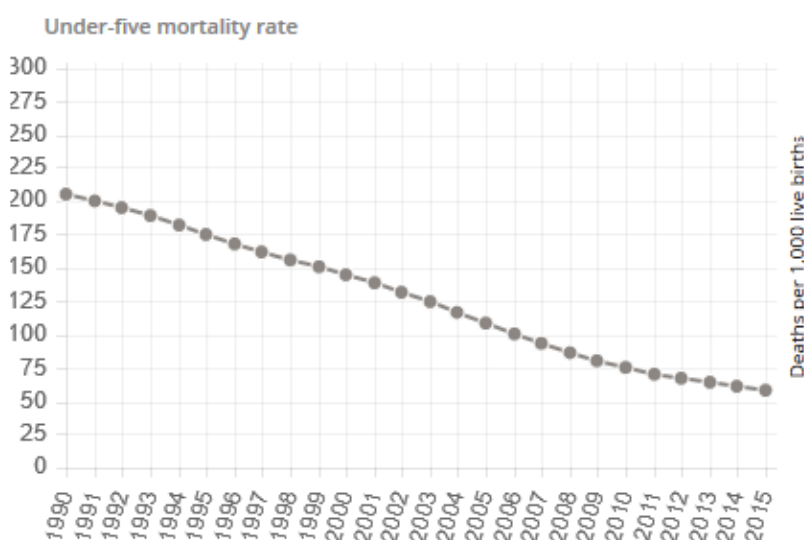


Figure 4: Mortality rate under-five (UNICEF, n.d.).

Aside from the poor health situation and at the same time as a result of this, Ethiopia has a low life expectancy rate. In 2012, new-borns had a life expectancy of about 56 years (Mohajan, 2013, p. 59). Despite these low numbers, Ethiopia did make an improvement regarding life expectancy at birth. As indicated in figure 5, life expectancy at birth has increased to an average of 64.8 years. As also can be noticed in this figure, in 2016, only 27.7% of the women were assisted by experienced medical staff. This also explains the high infant mortality rate of 59 deaths per 1000 births demonstrated in figure 4.

Sustainable development goals	
Life expectancy at birth (years) (2015)	66.8 (Female)
	62.8 (Male)
	64.8 (Both sexes)
Births attended by skilled health personnel (%) (2016)	27.7

Figure 5: Life expectancy rate and attended birth rates (World Health Organization, 2016).

The education sector is still quite fragile. Figure 6 on the left side presents the percentage of enrolments in the primary grade. As can be seen in this figure, the enrolment rate is high. However, looking at the right side of figure 6, which presents the percentage of students who complete the primary grade, it can be seen that almost half of the students do not complete this grade. The enrolment rate has increased in the previous years, however, the percentage of completion has remained rather steady, with an exception in 2010. As can be seen in the figure, the female percentage of both the enrolment rate and completion rate is lower than the male percentage.

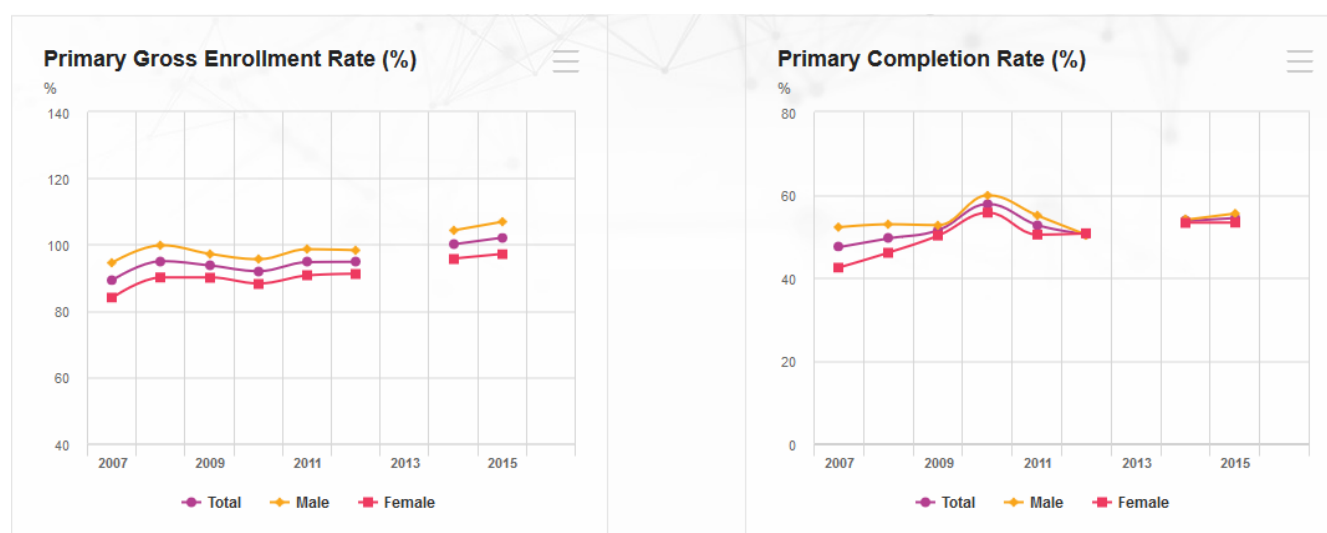


Figure 6: indicators enrolment primary school and completion primary school (Global Partnership for Education, n.d.).

Additionally, the percentage of out-of-school children is important to look at. The term out-of-school refers to children who

- do not have access to school in their area,
- are enrolled but do not attend school
- are not enrolled in a school despite the presence of a school in their community
- enrol in school where the teachers are poorly trained, or where there are no teachers at all
- enrol, however, they drop out of school (UNICEF, 2015).

Looking at figure 7, almost 20% of the students are rated as out-of-school children. This level has reduced since 2007, when the percentage of out-of-school children still accounted for 30%. In this figure, the percentage of female out-of-school children is higher than the male. Looking at both figure 6 and figure 7, this indicates that females have lower chance on enrolling in primary school, a reduced chance of completing it and a higher change of becoming an out-of-school child.

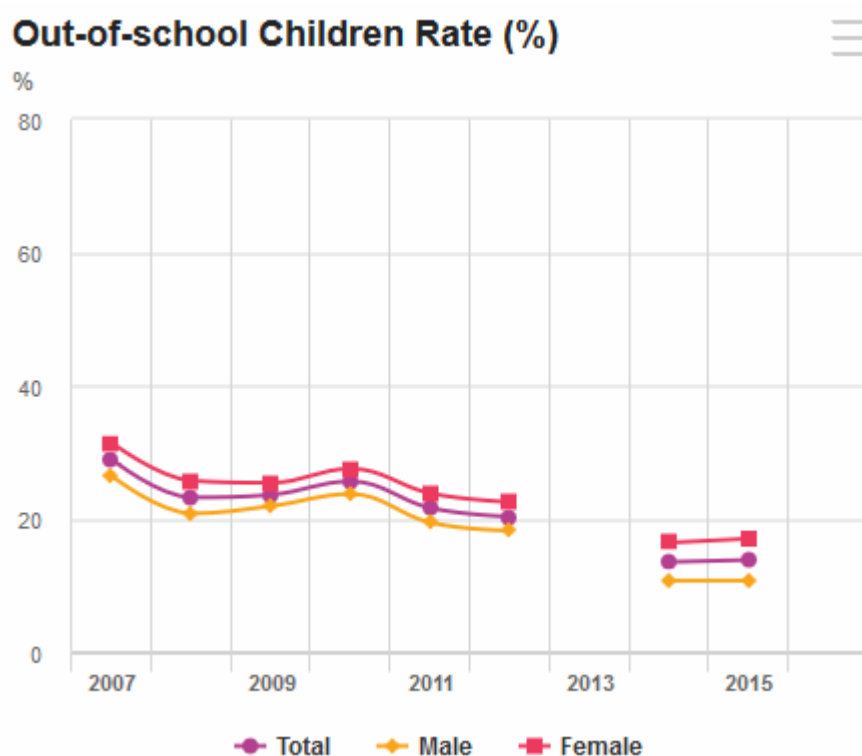


Figure 7: percentage out-of-school children (Global Partnership for Education, n.d.).

The student/teacher ratio is comparable with other Western countries. The student/teacher ratio shows the “average number of pupils per teacher in primary school” (World Bank, n.d.-j). As displayed in figure 8, the student/teacher ratio in primary school has slightly reduced since 2000. In 2015, the student/teacher ratio in primary school was 23.435. This implies that there is one teacher per +/- 23 children.

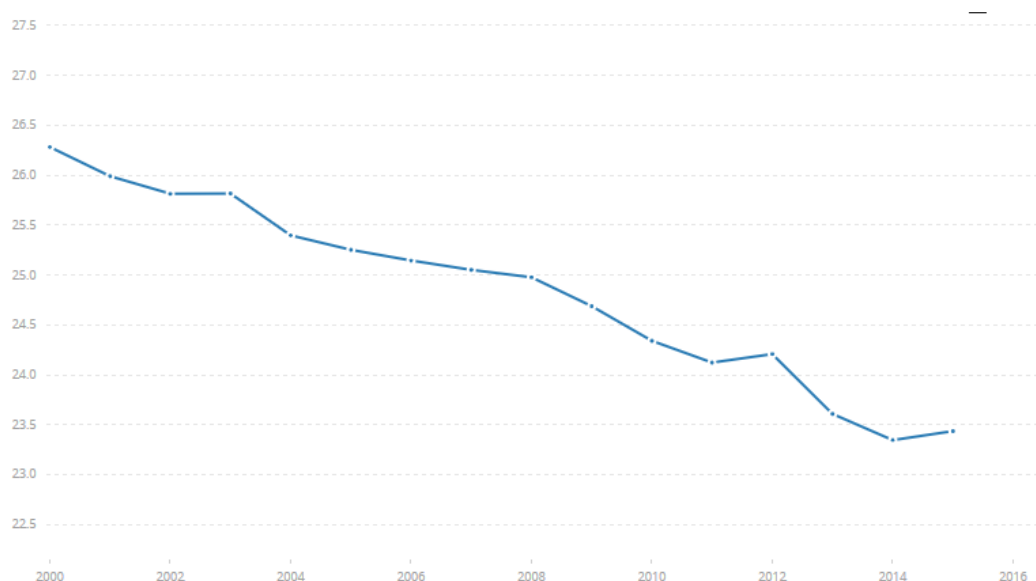


Figure 8: pupil-teacher ratio (World Bank, n.d.-j).

2.2.2 Foreign debt

Ethiopia is one of the countries receiving the largest amount of aid. The author Flynn (2005) also pointed out that Ethiopia is one of the most indebted countries (p. 254). It is important to look at the origin of foreign debt in Ethiopia. During the first regime, running from 1960 to 1973, the debt of Ethiopia grew with 13.18%. During the second reign lasting from 1974 to 1990, as mentioned earlier, a radical reform plan was established. However, the economic policies were not thought through and led to ineffective investments. Consequently, external debt was increased by 13.21% during this socialist government. During 1992 to 1998, the foreign debt increased with another 10.41% (Ramakrishna, 2002, p. 31). This shows that, even after the economic reforms in the present regime, Ethiopia continued to be severely indebted. Regardless of changing systems and applying policy measures, it was difficult for Ethiopia to meet its debt service (Ramakrishna, 2002, p. 33). Debt service is “the cash that is required to cover the repayment of interest and principal on a debt for a particular period” (Investopedia, n.d.). As a result of this, debt obligations increased and with that, Ethiopia’s debt increased (Ramakrishna, 2002, p. 33).

In 2015, the public debt of Ethiopia equalled 32.10% of Ethiopia’s GDP. Between 1991 and 2015, the average Ethiopian government debt to GDP accounted for 33.50%. The highest percentage was reached in 2001 with a percentage of 41.80%, whereas the lowest percentage was recorded in 1997, with a percentage of 24.70% (Trading economics, 2017a). As one may see in figure 9 below, the Ethiopian debt has only increased since 2007.



Figure 9: Ethiopian government debt to GDP (Trading economics, 2017a).

Moreover, the International Development Agency has decreased the maximum of Ethiopia's non-concessional borrowing to \$750 million. This was reduced in 2015 and will continue until at least the end of 2017. Before, the amount of non-concessional borrowing was \$1 billion. IDA has reduced this to decrease the risks that are connected to the external debt of Ethiopia. As explained in the staff report by the International Monetary Fund (2015), "the reduced ceiling was seen as striking a good balance between encouraging the authorities to focus on concessional financing for public investment, while leaving room to tap non-concessional financing sources" (p. 3).

In 2017, the Ethiopian government minimized its long-term loans obtained from foreign countries and organisations. As a result, "foreign currency generation has decreased by 14.5 percent compared with a year ago, while foreign direct investment has grown by 101.3 percent, the capital account has improved by 27.3 percent" (Yewondwossen, 2017, para. 4).

2.3 Current development aid situation

2.3.1 Current situation

Despite the long-term presence of the donor community in Ethiopia, the country is still in the top ten of recipient countries receiving official development assistance (World Bank, n.d.-f). Nowadays, Ethiopia receives support both as loans or grants (Lemi, 2017, p. 384). Many challenges are addressed with the aid provided. Some improvements are the economic infrastructure and water supply and sanitation by the World Bank, the social and economic infrastructure and humanitarian relief by the European Union or general budget support by the African Development Bank (Development Assistance Group, 2015). However, it can also be noticed in figure 10 that, after an

increase of the benefits flow since 2005 and a second increase since 2012, the amount of aid has shrunk in recent years.

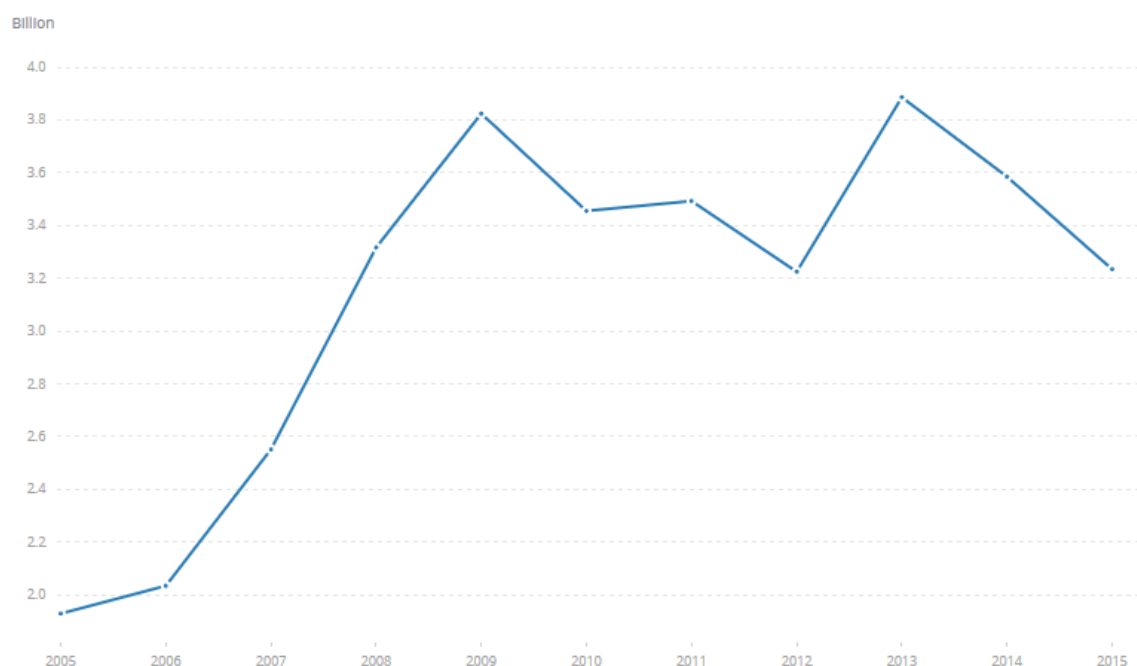


Figure 10: Net official aid received in USD (World Bank, n.d.-f)

Regardless of the challenges that are still faced in the field of development aid to Ethiopia, the donor community and Ethiopia are cooperating to improving the situation in the country. Ethiopia lacks a good administration and therefore, state building and building a solid groundwork for a good governance are some of the joint attention points. Improving this will not only enhance Ethiopia's management of public service performances, such as transparency and accountability, it will also help to give citizens the space to participate in this development process. Moreover, gender equality is an important topic mentioned in the programme of The World Bank Group. This will be achieved by designing projects that take the needs of women in consideration and focus on individual projects that are directed to women (World Bank, 2016). Figure 11 below shows the different project themes of the World Bank and the different sectors where the organisation is active in. As illustrated in figure 11, the sectors central government and social protection are currently the biggest sectors where the World Bank is working on with their projects. Looking closely at the different themes, it can be noticed that the World Bank has the most projects in the area of rural services and infrastructure and decentralization. The case study on the approach of the World Bank to aid to Ethiopia will elaborate on the kind of projects that are financed by the World Bank in Ethiopia.

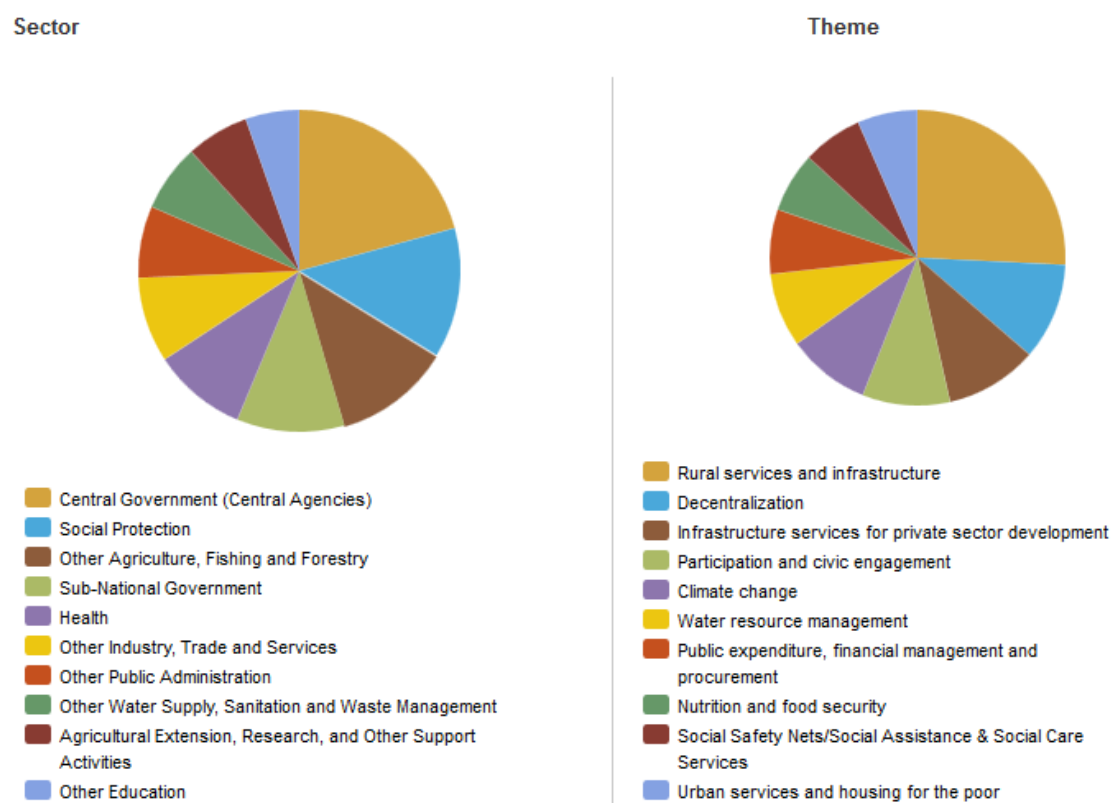


Figure 11: Themes and projects of the World Bank in Ethiopia (World Bank, n.d.-i).

In order for Ethiopia to improve the goals set by donor community and Ethiopia, the ministry has dedicated itself to a Growth and Transformation Plan (USAID, 2017). The current Growth and Transformation plan period started in 2015 and will end in 2020. During these five years, the ambition of the Ethiopian government is to strengthen the infrastructure in the country and make the production sector more attractive. Moreover, a goal is to make Ethiopia a (lower) middle-income country by 2025 (World Bank, 2017).

In addition, the Ethiopian government contributes a great amount of its budget to programmes that attempt to eliminate poverty. The current benefit flow of donors obligates Ethiopia is more or less to enhance their governance, to strengthen the local administration and to create more accountability to the Ethiopian citizens (World Bank, 2017).

2.3.2 Current development aid challenges

Many challenges in Ethiopia are related to socio-political factors that have had, and still have, a major influence in Ethiopia. This has led to challenges in the current development situation. First of all, corruption is a significant factor in the problems that Ethiopia has to endure. Ethiopia continuously requests for financial support, yet, the Ethiopian government spends hundreds of millions of dollars to purchase weapons. A report of the Human Rights Watch (2010) mentioned

that, under the Ethiopian People's Revolutionary Democratic Front, the administration spent money from donor programs to purchase political weapons. These weapons were used to authorize the population or to threaten political enemies. These political opponents are also discriminated by the EPRDF, who refuses to provide them seeds, food aid or other tools (Human Rights Watch, 2010). This makes it harder for the country to be built up (Foreign Policy Journal, 2016). Additionally, the current government is still responsible for problems and lacks to solve these, for it does not abide the law and is not focused on the long-term interest of the country (Begashaw, 2014). Ethiopia has made an improvement regarding corruption in the past years, with place 126 out of 180 in 2010 and place 108 out of 176 in 2016 (Transparency International, 2016). Nevertheless, Ethiopia still ranks quite high in the list, resulting in the donor community having to deal with corruption (World Bank, 2008, p. 67).

Second, the location of Ethiopia is an obstacle, for it is a part of both Africa and the Middle East. Consequently, Ethiopia is directly and indirectly affiliated with the difficulties and troubles in the Middle East (Begashaw, 2014). As mentioned in a report of the Global Partnership for effective Development Co-organisation, Ethiopia's unfortunate situation is related to incidents happening in the region, due to the unstable situation in the Horn of Africa (GDEDC, 2016). When problems occur, for instance, post-conflict challenges or humanitarian matters, there is often lack of (immediate) assistance to this concern. The situation that occurs has to do with the donor community not providing the immediate needed help, or only a few donors are involved (Hinds, 2015, p. 5). The Third High Level Forum on Aid Effectiveness also confirms this, by stating that one of the challenges of the Paris Declaration on Aid is the need to regulate what is expected from the long-term gr plans (The World Bank, 2008b, p. 15).

Moreover, the donor community can be blamed for the situation in Ethiopia. Some donor countries and donor organisations are focusing on providing assistance for the long-term, however, this long-term input is also criticised by some. For instance, due to the war with Eritrea, development aid for the long-term was reduced as donor communities feared that it would not be used to help the people, but for military purposes (Addison, 2003, p. 25). In addition to this, Flores (2013) argues that these continuing problems arise from the fact that in the past years, Ethiopia's donors have not done enough to prevent policies that turn down the basic human rights. Furthermore, he stated that these donor organisations lacked holding the Ethiopian state responsible for the principles of human and political rights. As a result, Ethiopia does not have a steady administration system that can provide solutions for the country its disputes (Flores, 2013, p. 1).

Last, the uncertain food situation and famines are an obstacle to development in Ethiopia. More than five million people are affected by food insecurity every year. This situation is a result of the economic and political disarray in Ethiopia in the 1970s. Subsequently, as mentioned by Mohajan (2013), the civil war in the 1980s and 1990s forced many citizens to move to cities and areas that were untouched by the war (p. 59). The uncertain food situation and famines are, among other things, a result of the agricultural economy of the country. Therefore, there needs to be a complete change in Ethiopia's economy. Instead of relying on an agriculture economy, Ethiopia's economy should be transferred to an industry and light manufacturing economy (GDEDC, 2016).

3 – Literature Review

3.1 Theories and models on development aid to Africa

It is widely known that Africa has received development aid for many decades. According to Lancaster (1999), unfortunately, most African states lack economic growth (p. 487). Throughout the years, many theorists have researched the flow of development assistance to African countries and this had led to different models and theories about assistance to Africa. For many years, international relations have been influenced by the increased division gap between developed countries and developing countries (Akonor, 2008). Developing countries, also called the Third World countries, are defined as countries with challenges such as “poverty, high density of population, high mortality rate and dependence on developed countries” (Ray, 2010, p. 1). In order to address this situation in the Third World, such as in Africa, an ongoing influx of financial assets coming from developed countries to underdeveloped countries is present. It is estimated that since the 1960s, an amount of \$600 billion has been spent on economic assistance to Africa (Akonor, 2008). Nevertheless, there is only a slow change in most of the African countries, if any at all. Therefore, despite all the effort and services provided, many countries are still encountering low growth rates. Looking at this, it can be said that solely sending money to the Third World is not the solution. The question that remains for many is how it is possible that the continent that receives the largest amount of aid, is at the same time the poorest continent in the world (Andrews, 2009).

There are different reasons for the continuous development challenges in Africa given by a variety of studies and theorists. The reasons vary from why Africa itself is responsible for their situation to what the donor community failed to do in the past decades. First of all, Akonor (2008) argues that one of the complications with development support to Africa, is that “aid to Africa is a band-aid, not a long-term solution” (p. 1072). Extending this argument, he argues that the services provided do not necessarily transform the economies of African countries. Therefore, the assistance flow by the donor community does not work for the long-term (Akonor, 2008, p. 1073). Additionally, he states that “African leaders themselves are responsible for creating true, systemic change” (p. 1072). Economist and Noble Prize winner Deaton, believes that “by trying to help poor people in developing countries, the rich world may actually be corrupting those nations’ governments and slowing their growth” (Swanson, 2015, para. 2). He argues that probably most of the \$135 billion of official aid by donor countries in 2014 has not helped the poor (Swanson, 2015). According to him, the donor community first needs to think about “what can we do that would make lives better for millions of poor people around the world without getting into their economies in the way that we’re doing by giving huge sums of money to their governments” (Swanson, 2015, para. 30).

Jordaan (2001) questions whether globalisation “will be another issue that is used as an excuse to blame the world for one's own misery?” or “whether Africa is capable of meeting the challenges of economic globalisation” (para. 3). On the other hand, Calderisi (2006) blames the culture, the corruption and the lack of the donor community to tell the leaders from African countries when they make mistakes rather than blaming the globalisation or colonial history (Calderisi, 2006). According to Andrews (2009), one reason for this view is that “we understand and actually accept that the unfair nature of the global economic structure affects development in the Third World and reduces the positive impact of foreign aid there” (p. 9).

Another group shares a colonial view. Rodney (1973) and Moyo (2009) argue that colonialism has caused the growth challenges that Africa has to endure. According to Rodney (1973), colonialism has had a negative impact on the evolution of Africa. First of all, colonialism made African states lose their independence and power, which made it impossible for these countries to prosper (p. 354). Additionally, he believes that Africa lost the power in order to protect its own interests, and to regulate its national concerns (p. 352). Moyo (2009) shares Rodney's opinion and also blames the lack of growth of African countries to colonialism. Her point is that, as a result of the colonisation, a country was built that was not in harmony with itself. Borders were put between ethnic groups, resulting in the need of rival groups to live together. Consequently, these different groups living together “would never make nation-building easy” (p. 30). Prah (2002), followed this argument and states that the colonialism can be held accountable for the present despair in Africa. Where some argue that it is “too easy to put the blame for Africa's failure on outsiders when Africans have supposedly been in control of their own affairs since the end of the colonial era” (Prah, 2002, p. 155), Prah (2002) argues that “everything that is happening in Africa is not under the control of Africans” (p. 155). The West introduced new techniques that were difficult to adapt by precolonial Africa. Also, the prices of the goods in the internal market were not controlled by African governments. Furthermore, Prah (2002), states that it is difficult for African states to purchase Western products, for they are confronted with cartels, taxes and quotas (p. 155). Moreover, Bräutigam & Knack (2004) argue that “colonialism did little to develop strong, indigenously rooted institutions that could tackle the development demands of modern states” (p. 255).

Others blame Africa's engagement in slave trade and its economic impact for the underdevelopment. For instance, Nunn & Wanchtekon (2008) state that the slave trade has resulted in “a long-term deterioration of legal and political institutions” (p. 3). As a result, the judiciary system was weakened which, until this day, remains difficult to be build up (Nunn & Wanchtekon, 2008, p.3). Bhattacharyya (2007), however, has doubts about whether these theories

on colonialism and slave trade provide an answer to why Africa is underdeveloped. He believes that these theories do not provide an explanation about the variety of income throughout the continent (p. 3).

Moreover, some believe that the modernisation theory explains the underdeveloped situation in Africa. Ray (2010) explains that, according to the modernisation theory “the heavily traditional third world societies do not believe in progressive improvement, they just live as their ancestors did. This ideology, it is argued, results in subsistence economic structures, widespread poverty and no process towards improvement” (p. 2). Modernisation theorists believe that African countries, and other Third World countries, are responsible for their lack of advancement due to their own practices. According to these theorists, the developed countries should be involved in the evolution of the underdeveloped countries. Nevertheless, Ray (2010) believes that their role should be limited (p. 2). African countries should abandon their traditions, in order to achieve economic growth with assistance of the Third World (Ray, 2010, p. 3). However, most African countries do not have the capacities to develop without the assistance of the First World and therefore they stick to their own practices and traditions. This is because Africa is very dependent on the developed countries. Nevertheless, this dependency of the first world is at the same time one of the elements of the situation in Africa. This has resulted in the dependency theory. The dependency theory reckons that “the condition of underdevelopment is precisely the result of the incorporation of Third World economies into the world capitalist system which dominated by the developed North” (Randall & Theobald, 1985, p. 99). In the development world, it means that one country is dependent on another country for support (Ikechukwu, 2013). According to this theory, “the economic well-being of the first world has resulted in the impoverishment of the third world” (Ray, 2010, p. 3). Many theorists argue that being dependent has resulted in the lack of progress of Africa.

According to Karikari (2002), the African society has become too dependent as a result of the help provided through the years. He argues that “it induces a lazy, slavish, dependent mentality and culture across society – from governments to villagers” (Andrews, 2009). Furthermore, he states that development assistance reduces the confidence of people to realize that they are able to help themselves and each other. Similarly, in his study guide, Samson (2011) analyses Bauer’s opinion on development support and shares that Bauer argues that aid “is unnecessary and promotes dependency” (p. 8). In addition, Bauer argues that development support increases the idea that “emergence from poverty depends on external donations rather than on people’s own efforts, motivation, arrangements and institutions” (Andrews, 2009, p.9). For instance, according to Prah (2002), “it is important to make a point that people best develop from the foundations of their indigenous knowledge” (p. 160). He states that adding modernity to the African society does not

give the aimed results, for “while the West introduced modern techniques into precolonial and preindustrial Africa, it also distorted the autonomous nature of the processes of Africa’s development” (p. 156). Therefore, it is important that the indigenous people themselves gain the confidence and knowledge on improving their situation, rather than foreign development partners (Andres, 2009). Nevertheless, despite the fact that he blames both internal and external factors for the difficulties in Africa, Prah (2002) also admits that the African governments are to blame and can be held accountable for the failure towards growth as a result of dictatorships and other bad habits and routines (p. 155). Moyo (2009), states that development assistance only makes poor countries poorer and the economic growth slower. According to her, “aid has been, and continues to be, an unmitigated political, economic, and humanitarian disaster for most parts of the developing world” (p. 1). She points out that foreign support is a vicious circle: it is provided to the (corrupt) governments who fail to make investments, which results in a decreased economic growth. The decreased economic growth leads to a reduced number of job opportunities and poverty increases. As a result of the growing poverty, the aid flow increases again. Moyo states that economic assistance only encourages the dependency and that it promotes corruption (p. 42). Therefore, it could be stated that countries that rely heavily on foreign assistance, are experiencing antagonistic consequences of this support (Andrews, 2009). Moreover, Akonor states that the current aid flow to Africa will not reduce the cycle of dependency. This, for the assistance has never been directed at structurally changing Africa’s economy, so this would first need to be changed (p. 1073).

Nevertheless, despite the criticism on foreign aid, some also argue that foreign support is needed to defeat challenges. For instance, Jaycox argues that the international donor community can assist African countries to “build the capacity to take ownership of their development” (Andrews, 2009, p. 10). However, the international donor community is not the main responsible. It is expected from recipient countries to “have certain things in place to make aid more effective” (Andrews, 2009, p. 11). Some of these things include transparency, public investment programmes and donor support of government programmes (Christensen, 1995, p. 48).

Other theorists share the idea of the ministries being to blame for the African malaise. For instance, Ayittey (2002) points out that African states do have police forces and judiciary systems, however, the police themselves often break the law and the judges cannot be trusted either (p. 6). He believes that power is the reason for the incidents and chaos in the African states (p. 7). Giving examples of leaders of Kenya, Zimbabwe and Ghana, which he has named the so-called “vampire states,” Ayittey states that many leaders in African countries collect the wealth of their nations for

themselves and ask foreign nations for assistance. In addition to this, many governments do not have the capacity to stick to their development goals (Andrews, 2009).

In their paper, Bräutigam & Knack (2004) mention that the many years of support has likely influenced the development of good governance. The assistance and the way how it is provided has made it difficult for good governance to flourish. In their paper, they show that there is a relation between high levels of development assistance and reduced levels of governance in Sub-Saharan Africa (p. 256).

Some mention that the growth of a country through aid has everything to do with the relationship between the donor community and the recipient country. According to Eyben (2006) is assistance more effective when there is a focus on relationship-building. She points out that “relationship management is as important for effective aid as money management” (p. 5). Pomerantz (2004) agrees and believes that “trust between the donor community and recipient country is an important social glue,” that facilitates and strengthens the donor-recipient relationships (p. 19).

According to Browne (2006), development support is not provided where it is demanded, as its “size and directions is subjectively determined by donors” (p. 7). One of the reasons for this is that he believes that “aid is not correlated with country income levels” (p.7). Sub-Saharan Africa, for instance, has the most low-income countries and the poverty is the lowest, however, it receives only one-third of the total development assistance (Browne, 2006, p.7). Ayittey (2002) agrees with Browne that “most aid programmes in Africa were crafted in Western capitals with little input from the people they were intended to benefit” (p.15). Nevertheless, the recipient countries should be more devoted, for the donor community provides large funds that will help recipient countries further (Browne, 2006)

Moreover, Riddell (2007) has presented an analysis of why it is difficult to reach the development goals by looking at both the role of the donor community and the recipient countries. According to him, there are several reasons that have influenced the share of benefits since the beginning, including historical ties, promoting donor’s interests and addressing emergency needs. From his research, Riddell concluded that the support has made a difference, however, a greater difference could be made when focusing on long-term or sustainable support. From his research, Riddell (2007), concluded that “the vast majority of aid projects “work”,” but that “aid has not worked as well as it could” (p. 15). Andrews (2009) agrees with this, for “if aid is entirely a good thing, how come many countries in Africa still struggle with poverty?” (p. 12).

Despite all the research conducted in the field of development assistance to Africa, different opinions remain. Lancaster (1999) believes that the challenges in Africa are related to “the failure of the region to grow” (p. 490). This is because of the fact that most African states have low growth rates, while experiencing a high growth of the population. However, only ten years later, Azarnert (2004) came with evidence that foreign assistance has a positive effect on the population growth in Africa. His research shows that even when the population is low, aid can increase the population growth rate without increasing the economic growth rate (Andrews, 2009, p. 12). On the other hand, Ayittey (2002) blames the “bad leadership and the enabling role played by the West” (p. 17).

Whereas Azarnert (2004) believes that there is a correlation between development assistance and population growth, Burnside and Dollar (1997) believe that there is a relation between development support and economic growth. Their research, which included 22 African countries, showed that in general, aid “has had little impact on growth” (p. 33). However, in countries with a strong policy environment, foreign support turned out to have a positive impact (p. 33).

Reusse (2002) believes that in order to improve a situation in a country, one should understand the cultural context of a country. According to him, “it pays to acquire an understanding of the local culture before applying an interventionist paradigm, because for development efforts to be successful, they must be situated within the cultural context” (p. 15). Extending this argument, this also holds that the people to whom the assistance is objected should be included in the decision-making process (Andrews, 2009).

Besides researching the difficulties or results of the support flow to Africa, some believe that providing support to Africa causes obstacles on moral grounds. Akonor (2008) thinks that the flow development assistance to Africa strengthens the idea of Africa being a “helpless child and a continent of beggars” (p. 1072). The idea is that only foreign support can help Africa with its growth and “the fact that African countries are the largest recipients of foreign aid does little to rebut this impression” (Akonor, 2008, p. 1073).

3.2 Aid to Ethiopia before the Paris Declaration on Aid

Different studies have examined the aid flow to Ethiopia in the past decades and a variety of reasons are given to why it is not as effective as it should be. Lewis (1955) came with the theory of economic growth. With this theory, Lewis argues that countries where the dominant religion emphasizes that hard working is the way to achieve things, have a higher economic rate than countries where the dominant religion does not share this idea of hard working (Solhjell, 2012, p.11). This theory is applicable in Ethiopia. For instance, Wiedemann (2005), criticizes the religion in the country. The majority of the Ethiopian citizens are Christian-Orthodox, which forbids them to work during several

days in a year. This resulted in a theory saying that Ethiopia not only needs aid support, but they are also in need of a new calendar (Wiedemann, 2005). Additionally, Wiedemann (2005) states that the Ethiopian authorities respects its own culture and habits too much, to truly make an effort on improving the services provided. For example, Bernhard Meier zu Biesen, regional director of the aid group German Agro Action in Addis Ababa claims that Ethiopia could eradicate its food insecurity by planting a part of their lands in triticale (a cross between wheat and rye) instead of tef (a traditional cereal from Ethiopia) (Wiedemann, 2005). This, for triticale produces more food than tef and triticale is more robust, which makes it more difficult for the plant to get demolished by hail, frost or plagues (Organic facts, n.d.). Furthermore, the agricultural sector is very dependent on the weather. During long periods of drought, the agricultural sector is affected the most, which results in famines. Nevertheless, by this method, the Ethiopians could not make their traditional bread and thus, they lacked using the new method (Wiedemann, 2005). In addition, he claims that nor the government, nor organisations such as the United Nations World Food Programme are eager on breaking this cycle, for this would make them unnecessary (Wiedemann, 2005). Flores (2013) points out that one of the reasons for the continuing struggles that are faced by Ethiopia, arise from the fact that in the past years, Ethiopia's donors have not done enough to prevent policies that turn down the basic human rights (p. 1). Similarly, Flores indicates that, despite Ethiopia scoring low on inequality rates, inequalities among regions remain, which complicates the progress of the country (p. 2).

Another challenge in Ethiopia mentioned by the GDEDC report, is the fact that Ethiopia's situation is reliant to incidents in the region, as a result of the unstable situation in the Horn of Africa (GDEDC, 2016). The reason for this is that, as mentioned by Hinds (2015), when, e.g., post-conflict threats or humanitarian matters occur, there is often lack of (immediate) help to this humanitarian dispute (p. 5). The Third High Level Forum on Aid Effectiveness also confirms this, by stating that one of the difficulties of the Paris Declaration is the need to regulate what is expected from the long-term plans (The World Bank, 2008b, p. 15).

Moreover, a study by Furtado and Smith (2007) mentions the historical challenges of development aid to Ethiopia. Since the end of World War II, foreign assistance has been important for Ethiopia (Alemu, 2009, p. 1). During the war between Ethiopia and Eritrea in 1998, bilateral donors largely blocked their donations. This damaged the relationship between the donor community and the Ethiopian state, as the government felt that the donors were unreliable. In 2000, the assistance flow from donors slowly began to return. However, it was not until a long time that the relationship and trust between the donors Ethiopia was re-established. As a result, the country missed out on quite an amount of benefits, which caused the country a lack of a growth during this period (Furtado &

Smith, 2007). Another difficulty in development aid to Ethiopia, as mentioned by Furtado and Smith (2007) is the relation between donors and the government on ownership, shown by the Aid-Ownership Frontier model. This model shows that the Ethiopian ministry has a strong ownership on their own policy agenda, which includes economic management or agriculture. Nevertheless, the Aid-Ownership Frontier model shows the bad governance of the country. As can be seen in figure 12, the non-consensus part of the agenda, those cases that are not owned by the administration, are causing arguments between donors and Ethiopia. Some of these struggles include donors pushing to change the fertilizer distribution system or donors trying to convince to end the state-owned telephone, whereas the authorities do not want to address this (Furtado & Smith, 2007). For these changes in policies are highly encouraged by the donor community, but not shared by the Ethiopian state, this creates tensions and difficulties between both parties. Last, Furtado and Smith (2007) state that donors have somewhat little influence, for their money and attention is involved in sectors where the donors are the most active and where, at the same time, there is a lot of agreement between donors and government (Furtado & Smith, 2007).

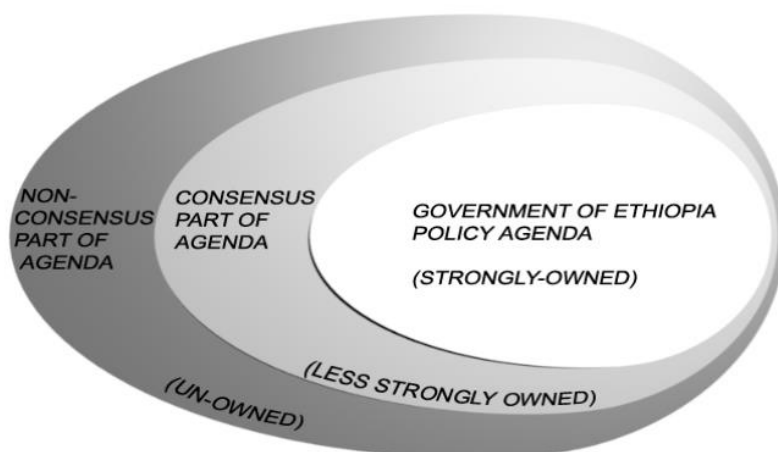


Figure 12: The Aid-Ownership Frontier (Furtado & Smith, 2007).

In addition, several studies have outlined the impact of the aid flow to Ethiopia. Alemu (2009) examines the flow of development assistance and its challenges in Ethiopia through the years. He argues that, “despite Ethiopia’s early initiation of an in-country harmonization and alignment process, both at the sector and country levels, achievements have not been comprehensive” (p. 31). Maxwell (1996) analyses the impact of European development support towards Ethiopia. As a conclusion to this research, he states that “European aid has ‘worked’, in the sense of achieving its short-term objectives; but, equally, that some has not” (p. 17). Similarly, Hackenisch (2013) investigated the reforms of European aid to Ethiopia (Hackenisch, 2013). Flores (2013) evaluates the connection between assistance and how it is aimed to strengthen Ethiopia’s political structure.

He states that donor organisations lacked holding the Ethiopian state responsible for the principles of human and political rights (p. 1).

Some changes in the aid system were made as a result of the civil war. As indicated by Macrae (2002), there had never been a consensus regarding how the donor community should act and “no systematic documentation of good practice (p. 7). Therefore, the approaches of the donor community towards decision-making were criticised, for many found that the approaches were weak and uncoordinated (Macrae et al, 2002, p. 11). During the Ethiopian famines from 1984 to 1985, the country received large amounts of economic support, which was mainly managed by the government itself. However, with the civil war fought in the North, this assistance was largely used for military purposes. A new tool was required in order for development aid to end up in the right place. This new tool became the Emergency Relief Desk, which is explained as “a mechanism by which Western states could penetrate a complex crisis without governmental consent” (Macrae et al, 2002, p. 11).

4 - The Paris Declaration on Aid Effectiveness

4.1 Why a new approach?

The need for reforming the development aid system comes from the idea that solely increasing assistance was not seen as a solution any longer by many. There was a need to change the system into a system in which both the donor community and the recipient could provide their services more efficient (The Organisation for Economic Co-operation and Development 2006, p. 50). This is also explicitly mentioned in the Paris Declaration on Aid Effectiveness (2005), in which the ministers of countries and the heads of organisations state to “take far-reaching and monitorable actions to reform the ways we deliver and manage aid” (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 1).

The first and most significant reason for working on guidelines that have led to the implementation of the Paris Declaration, had to do with the fact that donor countries and donor organisations were concerned about to what extent the services provided led to positive changes outcome. It was unclear what recipient countries expected from the donor community and vice versa (Glennie, 2014, p. 780). With the establishment of the Paris Declaration on Aid, clear guidelines of what was expected from both donor and recipient were outlined. Therefore, the donor community can now supervise whether the assistance flow is used for the agreed intentions (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 3).

Second, there was a need to outline guidelines to improve the development aid structure and system, not only by donor governments, but also by donor organisations and the recipient countries itself (Glennie, 2014, p. 781). Not solely the donor community – consisting of donor countries and donor organisations - but also the recipient countries were concerned about the fact that investments of the donor community did not result in the desired outcome (Glennie, 2014, p. 780). The Paris Declaration on Aid is basically an action plan and for it is created by both the donor community and the recipient countries, it can provide the rung that both countries need to bring the development situation to a satisfactory level (The World Bank, 2008b).

Third, the development assistance by donors never completely matched with the wants and needs of the recipient countries. This matter needed to be changed, not only for the recipient countries, but also for the donor community, for their assistance did not contribute as much as it should have. It was decided that it were the donor countries and organisations who needed to change their system (Deepayan & Harmer, 2009, p. 1). The implementation of the Paris Declaration on Aid allows recipient countries to take the lead in programmes that promote progress, in particular due to the principles ownership, alignment and harmonisation. This has already led to better development

results and it will lead to an even more enhanced outcome in the future (The World Bank, 2008b, p. 1).

Last, the differences between national and international efforts on development support show the importance of the need for change, provided by the Paris Declaration on Aid. Additionally, there was a lack of harmonisation of the efforts made on international level. With the implementation of the Paris Declaration, international development targets were created. Focusing on harmonisation and the other principles, the cooperation between national and international levels changed (Deepayan & Harmer, 2009, p. 1).

In order to understand the need of the Paris Declaration on Aid, it is important to know that some of the strategies and efforts written down in the Declaration, were already in progress before 2005. The first principles on development efficiency were defined in the Rome Declaration on Harmonisation in 2003. This Forum was represented by ministers, leaders and other officials from 28 recipient countries and more than 40 development institutions (The Organisation for Economic Co-Operation and Development, 2003b, p. 10). Some of the priorities outlined in the Rome Declaration on Harmonisation include providing development assistance according to the priorities of the recipient countries and making the staff on country projects more flexible (The Organisation for Economic Co-Operation and Development, 2003b, p. 10). Pulling these principles of the Rome Declaration on Harmonisation and other efforts made towards aid effectiveness together, the Paris Declaration on Aid has constructed a persistent system consisting of the clear steps in the development process (The World Bank, 2008b, p. 1).

4.2 Principles of the Paris Declaration on Aid

The Paris Declaration on Aid, set up in 2005 to overthrow different difficulties, aims to facilitate the procurement and spending procedures (Glennie, 2014, p. 780). In addition, the Paris Declaration on Aid underlines the importance of recipient countries taking the lead in capacity-building, for they have the strategies needed for this (The World Bank, 2008b). The Paris Declaration contains several objectives that aim to improve development assistance. Agreed on by donor countries (e.g. United Kingdom, the Netherlands and Japan), recipient countries (e.g. Ethiopia, Kenya) and International Organisations (e.g. World Bank, European Investment Bank), the Declaration focuses on the quality as well as the quantity of aid (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 12). The Paris Declaration on Aid provides assistance in many fields, depending on the needs of the recipient countries. In order to improve capacity-building, the use of the own institutions and systems of a country can increase aid effectiveness, for this assures that

the assistance provided is used for the agreed intentions (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 3).

In addition, the Paris Declaration on Aid establishes an adequate division of labour, which is based on the advantages of the donor country. Moreover, it focuses on creating a better relationship between the donor country and the recipient country. Letting the recipient countries take the lead in aid management and coordination, the relationships between donor countries and recipient countries are not controlled by the preferences of the donor country. Furthermore, the Declaration focuses on creating partnerships between both donor and recipient countries that are built on mutual trust, which leads to reduced tensions and uneven power relationships (Stern, 2008, p. 8).

The Paris Declaration on Aid works on achieving these goals and positive results by focusing on five principles to work on: ownership, alignment, harmonisation, managing for results and mutual accountability (Glennie, 2014, p. 780). Every principle consists of indicators assessing the progress of the principles (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 10).

1. Ownership

Ownership gives both developing and donor countries the responsibility to take the lead and to decide on their own policies without the interfering of other parties (Glennie, 2014, p. 780). It should be the recipient country that can decide what development assistance it wants to receive. Ownership is the key to the Paris Declaration, for one significant condition of creating effective partnerships is having an administration that can clarify and decide on its own progress plans and the priorities of the country (Deepayan & Harmer, 2009, p. 7). A government should be responsible, justifiable and responsive (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 3). Depending on the priorities of the country, these can range from reducing poverty to providing access to clean water (Deepayan & Harmer, 2009, p. 7). Then again, the Paris Declaration on Aid Effectiveness (2005) also states that the recipient country is obligated to utilize leadership in order to develop and conduct their growth strategies. Moreover, the recipient country should convert these approaches into operational programmes that are results-oriented. The donor countries on their behalf, need to respect the leadership of the recipient country and they are expected to assist the recipient country with strengthening their leadership (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 3).

2. Alignment

Alignment contains the need of donor countries to align their strategies to the national

strategies of the recipient country. There should be some way of harmonisation (Glennie, 2014, p. 780). Therefore, donors are expected to coordinate their development support with the priorities of the recipient country. Through this strategy, the donor assistance becomes more predictable, more suitable for the long-term and free from conditions (Deepayan & Harmer, 2009, p. 8). The reason for this alignment has to do with the fact that this will increase the development effectiveness. As specified in the Paris Declaration on Aid,

using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 4).

3. Harmonisation

The aim of harmonising is to ensure that the assistance of the donors is regulated so that one may coordinate more effectively with partner governments, policies and demands (Deepayan & Harmer, 2009, p. 9). This means that not all parties are working on the same agenda, but that the work is divided among them. Consequently, this commits donors to effectively implement arrangements such as planning, funding and supervising on the donor contribution (Deepayan & Harmer, 2009, p. 9). Additionally, this principle includes the commitment of donors to facilitate procedures and joint arrangements (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 6). Donor countries must reduce transactions costs for the management of the recipient countries. This is done through working together in a more effective way and by changing the requirements for reporting (Glennie, 2014, p. 781).

4. Managing for results

Managing for results deals with managing and carrying out development assistance with the purpose to focus on the craved results and using the information that is gained to enhance the decision-making process (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 7). The ministries of both the donor countries and the recipient countries should improve their monitoring, reporting, decision making and their management of resources so that one can deliver effective assistance (Glennie, 2014, p. 781). The importance behind this is to manage the results, to make sure that the services provided is used in the way that both donor countries and recipient countries agreed on.

Moreover, it requires clear goals and a correct implementation of policies and strategies (The Organisation for Economic Co-operation and Development, 2003a, p. 55). Managing for results focuses on achieving positive development results from both donor and recipient countries. Also, this principle concentrates on measuring the results (The Organisation for Economic Co-operation and Development, 2005/2008, p. 8). These measure moments include reports on the progress of the strategies and donor input and the evaluation of these reports. The efforts made to enhance the development progress, are constantly monitored to examine whether the commitments agreed on in the Paris Declaration on Aid are met and to analyse if the Declaration has led to an improvement of aid effectiveness (The Organisation for Economic Co-operation and Development, 2005/2008, p. 16).

5. Mutual accountability

Mutual accountability means that the donor country and the recipient country can hold each other responsible. A donor country can hold a recipient country responsible for what is accomplished with the services provided, whereas a recipient country can hold a donor country accountable for staying committed to what is promised to them (Glennie, 2014, p. 781). One of the reasons why mutual accountability is a priority is that it “helps strengthen public support for national policies and development assistance” (The Organisation for Economic Co-operation and Development, 2005/2008, p. 8). This includes that donor countries provide extensive, transparent and up-to-date information to recipient countries, in order for them to present the budget reports to the civilians and legislatures (The Organisation for Economic Co-operation and Development, 2005/2008, p. 8).

4.3 Implementation of the Paris Declaration

4.3.1 development aid since 2005

After the implementation of the Paris Declaration on Aid, development assistance changed. In 2008, the amount of support by the members of the OECD’s Development Assistance Committee, increased by \$119.8 billion. This was the highest ever recorded (The Organisation for Economic Co-Operation and Development, 2009). In 2010, a new record was set with the Development Assistance Committee reaching \$128.7 billion, an augmentation of 6.5% compared to 2009 (The Organisation for Economic Co-Operation and Development, 2010).

One of the main changes since the implementation of the Paris Declaration on Aid in 2005 has been that development assistance is now administered independently to the finance ministries, which makes it possible for donor countries to get more of the support on budget. In addition, the Paris

Declaration on Aid is nowadays more focused on the technical aspects of aid. Consequently, it examines a more efficient way of transferring money, how best value is given for money and how its impacts should be reported (Glennie, 2014, p. 780).

A second change is the fact that the share of humanitarian support has been reduced. The Development Assistance Group shows that in 2005, humanitarian support was 20% of gross ODA, shrinking to 17% in 2009 and decreasing to only 10% gross ODA in 2013 (Development Assistance Group, 2015, p.4). This has to do with the fact that development support has moved from humanitarian to more development assistance (Development Assistance Group, 2015, p. 4).

The third change since 2005, is the increase of concessional loans compared to grants. For instance, in 2004, 14% of total development assistance were concessional loans. In 2009, concessional loans made up 25% of the total aid, reaching 32% in 2013. The reason for this change is that concessional loans are a way to extend development support at a relatively low cost for the donor countries (Development Assistance Group, 2015, p. 4).

Furthermore, both the donor community and recipient countries never felt completely accountable to the citizens when using development resources. The Paris Declaration on Aid addresses this so-called accountability-gap, for the donor community and recipient countries can hold each other accountable for the achieved results (The Organisation for Economic Co-operation and Development, 2006, p. 53).

Following up the changes named above, there are additional reasons to believe that the Paris Declaration on Aid will lead to changes. Several evaluation moments of the Paris Declaration took place as well, causing changes in the development assistance system during the years. The agreements related to the Paris Declaration, such as the High Level Forum in Rome in 2003, gathered a higher level of participation than earlier agreements and were more actively represented by both donor organisations and recipient countries. Additionally, instead of focusing on general principles, the Paris Declaration on Aid focuses on actions rather than words. This has led to the existence of an action-oriented plan focusing on improving development services (The Organisation for Economic Co-operation and Development, 2006, p. 50).

Second, the Third High Level Forum in 2008, also known as the Accra Agenda for Action, strengthened and deepened the implementation of the Paris Declaration on Aid. During this Forum, all stakeholders involved in the Paris agenda took part in the discussion with the aim to expand the number of stakeholders in the agenda of aid effectiveness. This forum stressed the urgency to deepen the goals of the Paris Declaration on Aid together with new priority areas in order to

improve the assistance provided (The Organisation for Economic Co-operation and Development, n.d.-c).

The Accra Agenda for Action deepened and intensified the implementation of the Paris Declaration on Aid through setting agendas for improving the principles of the Declaration. The Accra Agenda for Action suggests improvements in the fields of ownership, cooperation between organisations and delivering a positive result (The Organisation for Economic Co-operation and Development, n.d.-c).

The Accra Agenda for Action has changed the approach of the principles of the Paris Declaration on Aid changed. Regarding ownership, it became the standard for recipient countries to develop their strategies together with their parliaments. Donor countries were expected to support this, which changed the principle alignment, and to consolidate their efforts made in the recipient country, which added value to the principle harmonisation. Development policies were ought to be supervised in order to achieve clear goals which can be monitored. This has strengthened the principle managing for results. Last, both donor countries and recipient countries remain responsible for accomplishing the goals set which has improved the principle mutual accountability.

The Fourth High Level Forum 2011, also known as the Busan Partnership Agreement, brought many changes to the international debates about development assistance (The Organisation for Economic Co-operation and Development, n.d.-c). During this Forum, 3000 representatives of governments and organisations gathered together and made unified plans for the future implementation of aid. This Forum resulted in, among other things, ministers of both donor and recipient countries signing the Busan Partnership for Effective Development Co-operation. This signing established a framework for development co-operation, consisting of the donor and recipient countries, South-South co-operators, the BRICS (Brazil, Russia, India, China and South-Africa) and the civil society (The Organisation for Economic Co-operation and Development, n.d.-c).

The outcome of Busan resulted in the acolytes of Busan confirming their ongoing commitment towards strengthening the local actors and their practices and systems. However, these commitments differ from the ones made in 2005 during the meeting on the Paris Declaration on Aid (Glennie, 2014, p. 784). One of the changes is the arise of new donor countries, such as China. As a result of these new powers, the already existing donor community is forced to revise their aid methods. Another change is the fact that donor countries can not approve on providing support that is considered ineffective by taxpayers. This has resulted in a stronger aim to achieve results and get value for the money spent (Glennie, 2014, p. 784).

4.3.2 Challenges

Besides the positive advancements, there were also some misfortunes in the past years. For instance, a report by the Organisation for Economic Co-operation and Development showed that only one out of the 13 targets were met in 2010, since the implementation in 2005 (The Organisation for Economic Co-operation and Development, 2011). This shows that the implementation of the Paris Declaration and the subsequent attempts of all the donor countries, recipient countries and International Organisations, have also led to the challenges within the donor community.

One of the main challenges of the Paris Declaration on Aid is the creation of broad partnerships. After 2005, it became apparent that improving aid effectiveness in recipient countries could not exclusively be the responsibility of donor countries, who were solely fixated on government-to-government relations. Nevertheless, this is a strategy required quite some effort. A review on the project's continued relevance, achievements and progress from the 2015 Development Assistance Group project, outlined the difficulties in the areas of both institutional and individual capacity progress. These challenges are related to maintaining staff post training and, as further mentioned by Mr Etambuyu, "how this could be addressed beyond civil service reform" (Personal interview, 2017, April 28).

In the second place, many developing countries struggle with capacity-building and building leadership. This makes it difficult for the development community to reconstruct the relationship between the donor community and the developing countries. One of these challenges include the need of donors to continuously revive their commitments towards the principles, as well as reconsider how to apply these commitments. Furthermore, new types of work and the acquirements of new techniques are required. This is because these new skills need to ensure that the field offices are properly equipped and legitimized (The World Bank, 2008b).

Similarly, it is hard to achieve results in countries with a difficult political situation. The Accra Agenda in 2008, which analyses the Paris Declaration on Aid, mentions the political situation in many African countries as a reason for the hard achievement of the targets set in the Declaration (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 4). The political situation in many countries and the fact that political change is often not the main goal for donors, are challenges when it comes down to achieving the goals. The Overseas Development Institute (2008) states that, "political change in aid recipient countries is more important than anyone is admitting in the Paris Declaration debate" (p. 1). Without solving this, the aspiration of the Paris Declaration on Aid to make it possible for recipient countries to take the lead and to create

strategies to manage positive development results becomes rather weak (Overseas Development Institute, 2008, p. 2). Additionally, Hyden (2008) argues that development partners should have a better understanding of the fact that cooperation is not solely about policies, but that is also includes politics (p. 260). Last, Deepayan and Harmer (2009) state that “there needs to be a greater appreciation between the stakeholders as to what each commitment represents, how they relate to each other and how they are being implemented” (Deepayan & Harmer, 2009, p. 19).

The Aid Effectiveness 2005-10, published by the Organisation for Economic Co-Operation and Development, monitors the progress in the implementation of the Paris Declaration between 2005 and 2010. This report outlines the results of the survey on monitoring the Paris Declaration that was taken in 2011. For this survey, 78 countries and territories participated in order to evaluate the effectiveness and the implementation of the Paris Declaration targets that were set in 2005. The report states that from 2005 on, some progress has been made, yet, not enough (The Organisation for Economic Co-Operation and Development, 2011, p. 16).

Nevertheless, even though the criteria were not met and still a lot of efforts needs to be done, the Accra Agenda for action does mention that poverty has been reduced since 1995. Whereas in 1995 almost half of the people lived in poverty, in 2008, one in four people lived in poverty. However, despite the progress in developing countries towards reducing poverty, difficulties such as lack of access to health care, climate change and rising food prices keep arising (The Organisation for Economic Co-Operation and Development, 2005/2008).

4.4 Impact of the Paris Declaration

4.4.1 Positive impact

The main aim of the Paris Declaration is to achieve better results in the field of development aid. The Paris Declaration aims to facilitate the procurement and procedures. Focusing on the five principles, development assistance is facilitated and it is easier to reach positive results. In addition, sustainable progress by institutional strengthening and reducing costs is significant to meet the targets set in the Paris Declaration on Aid (Glennie, 2014, p. 781).

Several evaluation moments have presented that the general impact of the implementation of the Paris Declaration is positive. The Declaration has, among other things, improved the quality of the services provided. Moreover, the collaborations between the donor community and recipient countries have become more efficient (The Organisation for Economic Co-Operation and Development (n.d.-a).

First of all, the fact that the five principles of the Declaration on Aid are clear and at the same time the starting point of effective relations between donor countries and recipient countries, has been significant in the past years. A report from the Brookings Institution states that this has resulted in both donor and recipient countries having a common agenda on aid effectiveness which is focused on both global and country level (Chandy, 2011, p. 1). This common agenda makes donors think about long-term objectives in the field of humanitarian assistance (Deepayan & Harmer, 2009, p. 16). This is important, for it is more effective to invest in long-term goals. Working on long term objectives makes sustainable economic growth possible which increases the chance to reduce poverty (European Union, 2015). The Paris Declaration endeavours to accomplish changes in the behavior of donor countries for the long-term. This means that good management is needed, for development aid can be further improved when policies and finances between donor countries are harmonised (Deepayan & Harmer, 2009, p. 1).

Second, the Paris Declaration on Aid focuses on capacity-building. Capacity building, as defined by the World Health Organization, is "the development and strengthening of human and institutional resources" (World Health Organization, n.d.). Building capacity is a fundamental aspect of the Paris Declaration on Aid, for it helps achieving the goals set, by creating ownership and providing for accountability (The World Bank, 2008b). Capacity building deals with challenges concerning management, such as problems with financial management or national disaster management. Depending on the views and interests of the capacity builders and what topics they decide to work on, it is determined what situation will be addressed (Honadle, 1981, p.575). Capacity-building has been significant for a long time in the field of humanitarian relief. Therefore, improving the capacity-building of recipient countries facilitates the coordination of development assistance for both donor countries and recipient countries (Deepayan & Harmer, 2009, p. 15).

A third positive impact of the Paris Declaration on Aid is the fact that the principles of the Declaration are a set of time-bound goals. These goals demand a foundation of monitoring framework. This way of working enhances the promotion of accountability, knowledge and gaining new information within the development assistance system. Additionally, this approach has made it feasible to track the performances of donor countries and to measure the quality of policies, strategies and programmes of an organisation. Last, without the Paris Declaration on Aid and its approach, it would have been unknown to what extend the supporting organisations have failed to fulfil their promises (Chandy, 2011, p.1).

Moreover, relatively soon after the implementation of the Paris Declaration on Aid, but even more after several evaluation moments it turned out that the Paris Declaration is excessively relevant for

the developing world and has a positive impact. The Declaration is evidence-based and therefore, it provides an excellent summary about all the efforts and strategies from the development community. This summary is based on a half-century of understanding and involvement in achieving positive development results and avoiding doing damage with the assistance. This reason in particular makes it crucial to see the Paris Declaration on Aid and its subsequent evaluations as a learning process. Whether the outcome of the evaluations is considered positive or negative, it is an important learning part for every participant of the Paris Declaration (Overseas Development Institute, 2008, p. 1). What is more, the principles of the Declaration have served as a basis for other commitments, such as the Bogotá statement (United Nations Development Programme, n.d.). The principles have also served as a basis for the Dili Declaration, which was established to focus on aid effectiveness in fragile states (The Organisation for Economic Co-operation and Development, n.d.-c).

In addition, the relationship between recipient countries and donors has changed positively. For instance, Mr Etambuyu mentioned that the relationship between the Development Assistance Group and Ethiopia has changed in a way that the relationship between these them has become more structured, for the relationship is now based on shared goals and objectives (Personal Interview, April 21, 2017). Moreover, Mr Etambuyu mentioned the “strengthening of the national ownership, mutual accountability and aid management platforms as some positive aspects of the Paris Declaration” (Personal interview, April 21, 2017).

Finally, Mr Etambuyu, mentioned that after the implementation of the Paris Declaration on Aid, many efforts were made to facilitate national ownership. He stated that this made it possible for “donors and developing countries together to put mechanisms in place to ensure that recipient countries (or cooperating partners) are in the lead and own their development process as well as define their priorities so that donors align their aid to these priorities as defined in national development plans” (Personal interview, April 21, 2017). Mr Etambuyu also indicated that the Paris Declaration has supported and established the approach towards mutual accountability, harmonisation and the focus on results (Personal interview, April 21, 2017).

4.4.2 Negative impact

Regardless of the many points that have a positive effect on the development aid situation, there was also a slight fear that the Paris Declaration on Aid would cause new incidents and therefore have a negative impact on the development assistance flow to recipient countries. This fear for failure is caused by several points of criticism on the Paris Declaration. Criticism on the principles, but also on how matters are addressed.

A variety of studies have profiled the objections of the Paris Declaration. First of all, Deepayan and Harmer (2009) have studied the relevance of the Paris Declaration and stated that the lack of response to the most significant challenges is a big obstacle. They claim that within the humanitarian community, there is not enough research done to the role that the states play in national response. In many situations, the decision-makers of the donor countries do not have (enough) information about the capacities of the states. Therefore, when a crisis occurs, the donor countries often lack the information that is needed to know how the recipient countries need to be supported. Subsequently, decisions that are made are generally based on incomplete information (Deepayan & Harmer, 2009, p. 19). This situation is also noticed by Mr Hernandez, who mentioned that the Paris Declaration on Aid is too focused on quantity instead of quality. According to him, "it is necessary to report on how the implementation has been done and to measure the results and problems" (personal interview, April 28, 2017). Similarly, Ms Bauer also pointed out that the Paris Declaration on Aid is too result based. She states that the Paris Declaration is important, however, it is more about aid effectiveness rather than development assistance (Personal interview, May 9, 2017).

Second, Glennie (2014) mentions the power imbalance between a donor country and a recipient country as a negative impact of the Paris Declaration on Aid. Whereas increasing ownership will probably have positive effects, it is difficult to succeed in mutual accountability, because of this power imbalance. This imbalance can be explained by the fact that the negotiations of the Paris Declaration are unequal by nature, as the recipient countries need money. Therefore, the recipient countries are more likely to go along with agreements, for they are in need of assistance. Additionally, the Paris Declaration on Aid is more focused on the efficiency and reducing the costs rather than focusing on the main concerns (Glennie, 2014, p. 783). Consequently, difficulties and damages which could have been solved more instantly, kept occurring. It is expected that the Paris Declaration on Aid makes recipient countries more responsible and independent by aiming to enhance the provided services. However, recipient countries remain too dependent on the donor community, as the focus is too much on side-matters (Glennie, 2014, p. 782). Similarly, the Reality of Aid Network claims that "many of the reforms suggested by the Paris Declaration on Aid on their own may in fact further undermine the ability of poor people to claim their rights and the promotion of democratic processes, the rule of law, and parliamentary processes" (Glennie, 2014, p. 782). Glennie (2014), in addition, indicates that the implementation of the Paris Declaration on Aid has led to less bureaucracy, which means that it is possible to spend more time on more significant challenges. Nevertheless, a variety of donors can also be positive if it is possible to innovate and compete, as this makes it possible for recipients to refuse specific offers, but accept

others (Glennie, 2014, p. 782). It can also be argued that a bureaucratic solution might not be a good solution, for many of the problems in developing countries are political concerns. Several bureaucratic innovations, such as the improvement of public finance systems, did have a positive effect on improving the situation. However, many of the inefficient aid causes are related to political reasons. Therefore, one can argue that this needs to be solved first, before looking at other solutions (Chandy, 2011, p.1).

Third, Chandy (2011) stated that the Paris Declaration on Aid is designed on the assumption that the recipient countries have a leading role in striving for better support. However, many countries have been unable to do so in the past. Therefore, the recipient states have a shortcoming in the capacity to lead conversations with their donor countries which could guide their government and donor behavior. Subsequently, this has led to authorities being overwhelmed by what is expected from them by donor countries in the field of consultation. Especially in countries with a corrupt administration, the targets set in the Paris Declaration on Aid seem rather unclear. As result of this, it seems unrealistic for a donor country to fully support a recipient country its efforts (p. 2). This is also confirmed by Mr Etambuyu, who points out that one of the challenges of the Paris Declaration on Aid is related to the capacity of administrations and development partners to achieve aid effectiveness and harmonisation targets and working together towards enhancing this (Personal interview, April 21, 2017). He did not necessarily term it as a negative impact, however, he admits that there are "challenges associated with the capacity of governments and DPs to achieve Aid Effectiveness and harmonisation targets and working towards enhancing this" (Personal interview, April 21, 2017).

Last, the development community agreed on only applying the Paris Declaration on Aid in countries who can offer a certain level of accountability, state capacity and justice. When one of these factors is fragile, it is not possible to implement the Paris Declaration. When this occurs, donors are encouraged to use the principles of these fragile states, composed to grant development assistance in complex partnership situations. In some situations, implementing the Paris Declaration is not feasible for the moment, for countries lack a government or violate human rights (Deepayan & Harmer, 2009, p. 14). It can be argued what solutions there are left for countries where these challenges are present. The countries first need to solve the situation, yet, without help from donor communities, it seems inconceivable for a fragile or a recipient country to address matters that have been existing for decades.

5 – Case study: the European Union and the World Bank

Since the establishment of the Paris Declaration on Aid in 2005, the Ethiopian state has been committed to the principles of the Declaration. In fact, even before the implementation, Ethiopia was the pilot country for the Rome Declaration on Harmonisation in 2003 and the country actively participated in the preparation of the Paris Declaration on Aid (World Bank, 2008a, p. 65). In order to implement the Paris Declaration, Ethiopia collaborated with partners in the donor community to create a platform for Aid Management. This platform aims to improve the competences of the government regarding the management of relief flows and the documents related to this (World Bank, 2008a, p. 67).

Soon after the implementation of the Paris Declaration on Aid, the impact and results of this Declaration in Ethiopia were outlined in both the Paris surveys in 2006 and 2008, in which Ethiopia took part. These surveys monitored the efforts made by the donor community in the fields of accountability, harmonisation and alignment (Alemu, 2009, p. 31). Figure 13 presents the results of both Paris surveys. The figure shows that between 2005 and 2008, some indicators, such as the existence of operational development strategies improved, whereas other indicators, such as whether assistance has become more predictable, weakened. Moreover, it can be noticed in figure 13 that the coordination of services moves rather slowly (Alemu, 2009, p. 31).

Indicators	2005	2006	2007	2008	Implications
Existence of operational development strategies (ownership)	C		B		Positive
Reliability of PFM system (ownership)	3.5		4.0		Positive
Comprehensiveness and realism of government budget system (aid flows are aligned on national priorities) ³⁹	74 percent		62 percent		Negative
Coordination of TA with country programs	27 percent		67 percent		Positive
Use of country system					
Financial management ⁴⁰	45 percent		47 percent		Positive
Procurement	43 percent		41 percent		Negative
Number of PIUs parallel to country structure	103		56		Positive
Aid disbursements on schedule and recorded by government (Aid is more predictable)	96 percent		73 percent		Negative
Program-based aid (Use of common arrangements or procedures - harmonization)	53 percent		66 percent		Positive
Donor missions coordinated (Joint missions)	27 percent		29 percent ⁴¹		Positive
Joint country analytic work	50.0 percent		52 percent		Positive
Results-oriented framework	C		C		

Source: OECD, 2008b Appendix A

Figure 13: Indicators measured through 2006 and 2008 surveys (The World Bank, Ethiopia, n.d.).

All three organisations interviewed confirm the changed relationship between their organisations and Ethiopia. The 2016 Global Partnership for Effective Development Co-operation (GPEDC) report reveals that in 2014, Ethiopia received \$3.6 billion in net ODA (p. 1). In addition, the 2008 survey,

which taken among 55 countries, showed that Ethiopia was one of the 13 countries that enhanced their CPIA score since the implementation of the Paris Declaration in 2005 (World Bank, 2008a, p. 67). The World Bank's Country Policy and Institutional Assessment (CPIA) measures Ethiopia's progress regarding their commitment towards aid effectiveness (The World Bank, n.d.-g).

In this case study, the approaches, financed projects and changes as a result of the implementation of the Paris Declaration on Aid of both the European Union and the World Bank are analysed.

5.1 The European Union approach to aid to Ethiopia

Ethiopia is among the most significant countries in Africa when it comes down to European cooperation, as development assistance is the main appliance in the cooperation between the European Union and Ethiopia. Furthermore, Ethiopia is the biggest recipient of support in Africa, for both the European Commission and the European Member States (Hackenesch, 2013, p.9). The donors of the European Union consist of both public and private actors and they are focused on both bilateral and multilateral aid rather than loans or export credits (Hackenesch, 2013, p.17). Hackenesch (2013), in addition, reveals the importance of European NGO's in Ethiopia. Many of them are working closely with donor agencies in Europe. Some donors carry out programmes whereas others commit to fundraising. The European Union provides assistance in a diversity of fields, varying from agriculture to social sectors (p.17).

5.1.1 Analysis of development aid by the European Union to Ethiopia

Maxwell (1996) investigated whether European support in some way has a positive effect or is similar to the services which are provided by Member States or organisations such as the World Bank (p. 3). As a conclusion to this research, he stated that "European aid has 'worked', in the sense of achieving its short-term objectives; but, equally, that some has not" (p. 17).

Previous role of the European Union in Ethiopia

The Delegation of the European Union to Ethiopia works together with Ethiopia since 40 years in the field of political relations, development and cooperation, economic growth, regional peace and security, migration, human rights and climate change (Maxwell, 1996, p. 7). Between 1976 and 1994, the European Union aid programme contained development assistance and emergency relief services. Different types of tools were used and the majority of the areas of the Ethiopian economy were affected by this (Maxwell, 1996, p. 9). One of these tools was the Lomé Agreement. The Lomé Agreement, signed in 1975, was an agreement between the (at that time) European Economic Community and 71 countries in Africa, the Caribbean and the Pacific. This agreement was focused on the long-term, where Lomé I, II and III were signed for five years and Lomé IV for ten years

(European Commission, n.d.-a). Figure 14 shows the flow of benefits to Ethiopia during the Lomé Agreement. As one can see in this figure, the most engagement during Lomé I was made under the NIP, the National Indicative Programme (Maxwell, 1996, p. 9). Throughout Lomé II and Lomé III, the aid flow changed and was more focused on food relief. During Lomé IV, providing food continued being important and stabilizing export earnings (stabex) grew. The graph clearly shows the change in aid flows between 1975, when Lomé I was signed, and 2000, when Lomé IV ended (European Commission, n.d.-d).

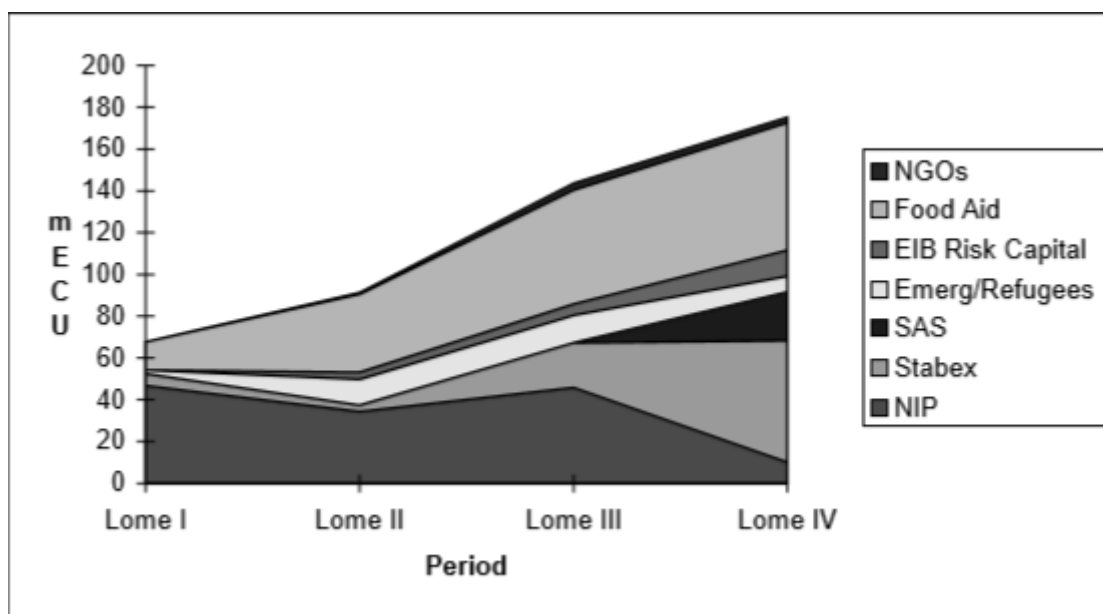


Figure 14: Aid Flow to Ethiopia (Maxwell, 1996).

Nevertheless, there were several challenges faced through the years. First of all, Maxwell (1996) stated that the political situation in Ethiopia during that period was a big concern. It was questioned by him whether aid between 1970 and 1980, during the totalitarian regime, should be granted or not. This is because indirectly, the development assistance of the European Union has likely financed the war (p. 9). Second, the lack of connection between the provided nourishments and the other tools was a concern. Consequently, food was supplied directly to the different places Ethiopia. However, as mentioned by Maxwell, “opportunities for complementarity, including in policy dialogue, were missed” (Maxwell, 1996, p. 13).

From 2000 on

Since 2000, the relationship between the European Union and Ethiopia changed in a way that the relation and cooperation became even more important. The first reason for this was the revised Cotonou Agreement, signed in 2000 (Kingah, 2006). This agreement is a partnership agreement between 79 developing countries in Africa, the Caribbean and the Pacific (ACP countries) and the

European Union. The Cotonou Agreement, which is a replacement for the Lomé Agreement, focuses on establishing partnerships with three pillars: development cooperation, political cooperation and, between 2000 and 2007, economic and trade cooperation (European Commission, n.d.-a). Additionally, this Agreement has resulted in increased cooperation in the field of development aid and it follows the general principles of the Paris Declaration (Mr Hernandez, personal interview, April 28, 2017).

Hackenesch (2013) argues several other reasons for this change in the relationship. First of all, Ethiopia was a country that received less assistance than other African countries. With the Millennium Development Goal Agenda, a partnership between Ethiopia and the European Union was established. Furthermore, with the establishment of the Paris Declaration on Aid Effectiveness in 2005, the cooperation between Ethiopia and the European Union strengthened. The Ethiopian administration is very committed to the advancement of the country and is therefore motivated to reach the goals set. A last reason for the presence of the European Union in Ethiopia, has to do with the capacities of Ethiopia's bureaucracy. The Ethiopian bureaucracy has the competences to, after donors and the Ethiopian government have agreed, rapidly implement aid programmes (p.18).

Ethiopia is one of the most significant African partners for the European Union, as the country is active in striving for (regional) peace and security. Moreover, the country participates actively in international debates about e.g. climate change (Delegation of the European Union to Ethiopia, 2016a). The European Union supports Ethiopia with an amount of \$2 billion for the period 2015-2020. This support is deposited in five pillars:

1. Programmable development assistance, coming from the European Development Fund;
2. Non-programmable development aid received from local authorities, global funds and other EU areas;
3. Projects that are funded by the European Union Trust Fund in order to deal with irregular migration and instability;
4. Assistance for emergency relief and refugees support by the European Humanitarian Office;
5. Concessional loans for water, energy and credit line facilities provided by the European Investment Bank.

The European Union aims for a more effective cooperation and respects its commitments towards aid effectiveness in Ethiopia (Delegation of the European Union to Ethiopia, 2016a). As for sustainable growth, both the European Union and Ethiopia are focused on promoting science and technology, research and information communication technology, as these factors create a basis

for sustainable development. In the fight against corruption, the European Union and Ethiopia work together to fight corruption on national, regional and international level. In addition, together they promote a good functioning government and human rights (Delegation of the European Union to Ethiopia, 2016fa).

Changes in the European aid system

Ethiopia is a fundamental country in the revision the European aid system. The first reason for the revision of the system is the Paris Declaration on Aid. According to Hackenesch (2013), despite the fact that development assistance in Ethiopia is one of the main tools concerning European cooperation, pressure to reform the European development policy was felt for a long time. This is because the Paris Declaration on Aid demanded an adjustment in the motives of the donor community (p.10).

A second reason for the change in the system, has to do with the rise of economies such as China, which has led to competitive pressure that is being felt at European level (Hackenesch, 2013, p.9). Both China and the EU are equally significant for Ethiopia (Hackenesch, 2013, p.17). Consequently, as indicated by Berger & Wissenback (2007), this had led to the necessity of the European Union to broaden increase the cooperation with China (p. 1).

Another change in the European aid system mentioned by Berger & Wissenback (2007), is that since 2006, the central topic in the development agendas of the European Union and the G8 is about achieving good governance in African countries. Aiming for good governance makes it is possible to maintain the goals that were already reached and to continue working towards reducing poverty (p. 4).

Furthermore, the relationship between donor and recipient has changed. Whereas previously, the focus was on a unidirectional approach which was concentrated on cooperation with charities, the new donor-recipient relationship is focused on both global and regional challenges that need to be addressed (Berger & Wissenback, 2007, p. 4). In addition to this, the European Union has become more fixated on the effectiveness of the services that are provided (Berger & Wissenback, 2007, p. 9).

However, Hackenesch (2013) points out that this reform process has put the development policy of the European Union in a critical position. Many of the commitments made in policy papers are difficult to meet. One of the reasons for this was the economic crisis in 2008 that has led to questions about the ability of the European Union to meet its development assistance targets (p.11). Moreover, the reforms of the European development policy are changing the relation with

African countries, such as Ethiopia. Specifically the governance revisions are criticised for causing a conversion in the relations between the donor community and recipient countries (Hackenesch, 2013, p.11). Last, the Cotonou Agreements is one of the reasons that has influenced the reforms in Ethiopia (Hackenesch, 2013, p.21).

5.1.2 Analysis of the financed projects

The assistance to Ethiopia by the European Union is divided into many different sectors. The aid is mainly concentrated on capacity building, enhancing the infrastructure, reduce food insecurity and support a good governance. The financing of the European Union projects is mainly provided in the form of allowances, which provide for financial support to the government's budget and the Productive Safety Net Programme in Ethiopia (Delegation of the European Union to Ethiopia, 2016b).

The majority of the supplies are divided between three different programmes: the Agricultural Growth Programme, the Productive Safety Net Programme and the Sustainable Land Management Programme. All three programmes aim to expand the productivity of the agricultural sector in a sustainable way. Due to the investments in these programmes, farmers throughout Ethiopia have access to products such as seeds, water provided from advanced irrigation systems, improved roads making it easier to bring products to the markets and the extended production of products needed in the agricultural sector (Delegation of the European Union to Ethiopia, 2016b).

The Productive Safety Net Programme (PSNP) was introduced in 2005. The idea behind this programme is to focus on decreasing the uncertainty in the food sector by addressing the roots of the problem, for instance, environment demotion. Additionally, the programme interferes with challenges and development in the fields of education, the well-being of the population and access to clean water (European Commission, n.d.-b). This assistance is arranged, as mentioned by the European Commission, "by providing economic opportunities and building resilience to crises, through cash transfers, public works, and nutritional feeding programmes" (European Commission, n.d.-c).

With the Product Safety Net Programme, several projects were set up and financed by the European Union with the aim to reduce food insecurity and to create a livelihood. One of the latest projects in this field is the Food Security and Resilience Project. The European Union finances this project together with nine other donors. Currently, the project is in its fourth stage, running from 2015 to 2020. The budget of the programme is \$3 billion and about 10 million citizens are helped with this project. The main aim of the project is to create an environment and a society which can

react to any obstacles or disorders in order to recover from it quickly. This is mainly done by providing food, reducing food insecurity and creating employment opportunities (Delegation of the European Union to Ethiopia, 2016b).

Assisted by the PSNP, it is feasible for the Ethiopian government to help households that chronically suffer from food insecurity by providing food and cash. In exchange for this assistance, the aid-receiving people who are capable of working, are expected to work on public projects. Set up by PSNP, these projects are created to tackle the roots of poverty and food insecurity by letting individuals construct infrastructure and reconstruct water basins and land that is needed for agriculture (Delegation of the European Union to Ethiopia (2016b).

A second project, which is at the same time one of the most significant projects for the economy of Ethiopia, is the Sustainable Agriculture Project. With an investment of roughly \$252 million between 2012 and 2015, the European Union aimed to improve the Ethiopian agriculture, by attempting to get the products and prices more in line with the demand for the products. With the assistance of the European Union, the Ethiopian government can provide and invest in materials and strategies that are needed to make improvements in this sector (Delegation of the European Union to Ethiopia, 2016b).

One of the approaches of the European Union to strengthen the agricultural sector, is the Everything-But-Arms initiative (EBA). Under the Generalised Scheme of Preferences (GSP), low developing countries are given "full duty-free and quote-free access to the EU for all their exports with the exception of arms and armaments" (European Commission, 2014). In 2014, this project was reformed. Along with this improved initiative, the Generalised Scheme of Preferences was adjusted. Currently, the GSP has fewer recipients. Thanks mostly to the focus is on the countries that need the assistance the most, the competition has become less competitive. This has resulted in more export opportunities (European Commission, 2014).

Aside from the European Union investments to Ethiopia, the European Union cares for a close and valuable relationship with the agricultural ministries in Ethiopia. As stated by the Delegation of the European Union, the European Union is closely involved in Ethiopia "in its capacity as co-chair of the Rural Economic Development and Food Security Working Group, the overarching donor coordination and harmonisation structure in the agricultural Sector" (Delegation of the European Union to Ethiopia, 2016b).

Moreover, the European Union focuses on improving the roads in the country with the Sector Policy Support Programme (SPSP). The SPSP has a total cost of €140 million and is currently in its fourth

phase, comprising the period 2016-2020. The predominant goal of this project is to expand the roads in the country, which are significant in order to encourage sustainable growth in the country. In addition, an improved road network strengthens the economy and contributes to enhancing cooperation between different regions (Delegation of the European Union to Ethiopia, 2016b).

With an expansion of 26,000 km of roads in 1997 to 113,000 in 2016, the outcome of the project is remarkable. In order to keep improving this ongoing progress, the European Union has set up an additional technical cooperation programmes. Focusing on road safety and maintaining the good quality of the current roads, this programme contributes to solve complications in this sector (Delegation of the European Union to Ethiopia, 2016b).

Fourth, sustainable energy is an important project of the European Union and the energy sector is being financed by the European Union since many years. The project Sustainable Energy for All (SE4ALL) National Action Plan is one of the projects financed by the European Union. Accompanied by the European Union, the Ministry of Water, Irrigation and Electricity and the Ethiopian Energy Authority are assisted by technical helpers. Additionally, with the endorsement of the 11th European Development Fund and the National Indicative Programme, the cooperation between the European Union and Ethiopia has strengthened (Delegation of the European Union to Ethiopia, 2016b). The 11th European Development Fund, covering the period 2014-2020, focuses on making services that provide sustainable and secure energy accessible. Moreover, using energy in an efficient way and sustainable production are targets set for this fund. (Delegation of the European Union to Ethiopia, 2016b).

Besides projects that were established to improve the living conditions in the country, the European Union also assists Ethiopia with challenges such as migration. This plan of action consists of migration focused projects with the intention to meet the targets set in the Valletta Action Plan (Delegation of the European Union to Ethiopia, 2016b). The Valletta Action Plan, is an agreement between European leaders and African leaders which aims to solve the migrant crisis in Europe. The idea behind this plan was to set up a European Union emergency trust fund for African countries to promote improvement. As mentioned in this action plan, "the Trust Fund will help address the root causes of destabilisation, forced displacement and irregular migration, by promoting economic and equal opportunities, strengthening resilience of vulnerable people, security and development" (European council, 2015). In return for this, African countries are expected to assist in the crisis (European council, 2015). Furthermore, the European Union is part of the Khartoum Process. This is a migration project between the European Union and the countries in the Horn of Africa (Delegation of the European Union to Ethiopia, 2016b). As mentioned by the

Khartoum Process, “The Khartoum Process is a platform for political cooperation among the countries along the migration route between the Horn of Africa and Europe” (Khartoum process, n.d.). Last, the European Union, Norway and Switzerland collaborate closely with the Ethiopian government to enhance the migration process. Through this collaboration, projects that are active in improving access to safe and legal migration were set up. One of the issues addressed by these funded projects is the prevention of smuggling (Delegation of the European Union to Ethiopia, 2016b).

The last valuable project funded by the European Union is focused on improving women rights and gender equality. Three approaches have been adopted to help Ethiopia to tackle the challenges faced in this field. The first approach is funding programmes related to genders (Delegation of the European Union to Ethiopia, 2016b). The second approach is gender mainstreaming, which is a manner to promote gender equality by focusing on their perspective in policies and programmes (European Institute for Gender Equality, n.d.). The third and last approach is organising conversations with institutions that connect with genders (Delegation of the European Union to Ethiopia, 2016b).

Regarding women rights, the European Union participates in several programmes related to women. The first programme focuses on improving the business and leading qualities of women in order for them to be able to run a business. Other programmes aim to decrease the number of maternal mortalities. This is addressed by providing qualified employees to assist during labor, improving access to the health sector, promoting and educating in family planning and subsidize the health sector (Delegation of the European Union to Ethiopia, 2016b).

5.1.3 Changes made as a result of the Paris Declaration

The implementation of the Paris Declaration on Aid in Ethiopia by the European Union has led to many changes in the field of development support, as mentioned by Mr Hernandez. He stated that “Ethiopia has been dramatically affected by the implementation of the Paris Declaration” (Personal Interview, April 28, 2017). One of the most important things changed as a result of the Declaration, as said by Mr Hernandez, is that the Ethiopian government has become the leading implementer of the cooperation funding of the EU delegation (Personal Interview, April 28, 2017). One of the reasons for this is the Cotonou Agreement. This agreement is significant for the relationship between the European Union and other NGO’s, interlocal or international development actors and agents cooperating in Ethiopia (Personal Interview, April 28, 2017). The importance of the Cotonou Agreement was mentioned several times by Mr Hernandez (Personal Interview, April 28, 2017).

The Cotonou Agreement and the Paris Declaration on Aid are fairly intertwined. A report by the Human Rights Council on the implementation of their work plan between 2008 and 2010 confirms that the European Union is profoundly dedicated to the implementation of aid effectiveness by the Paris Declaration. Both the European Union and the ACP countries give much attention and priority to the principle of ownership (Human Rights Council, 2009, p. 9). The Paris Declaration encourages recipient countries such as Ethiopia to take the lead in deciding on their own policies, whereas the Cotonou Agreement provides guidance on enhancing ownership via partnerships and conferences of all stakeholders involved (Human Rights Council, 2009, p. 10).

In addition, Mr Hernandez mentioned that, along with the Paris Declaration on Aid, the principle of labour was introduced. He stated that, "on the notion of aid effectiveness, this led to many different things for partners" (Personal interview, April 28, 2017). The main outcome of this principle is that it has resulted in a more sustainable cooperation between countries. Mr Hernandez explains that many principles applied by the European Union, are also applied by other cooperation players. Cooperation has become more important and connected to facilitating investments, the business environment and financial intervening (Personal interview, April 28, 2017).

Moreover, Mr Hernandez pointed out that the principles of the Paris Declaration on Aid are quite important. As stated by him,

There is nothing radically or revolutionary about what we did in 2005, it is only insisting to provide room for private sector and other development players, insisting on the importance of domestic resource mobilizations and of course the dramatic relevance of climate change and climate consideration is something we do. (Personal interview, April 28, 2017).

5.2 The World Bank approach to aid to Ethiopia

The World Bank is an organisation made up of four different agencies that were created to rebuild Europe after the Second World War (Ms Bauer, personal interview, May 9, 2017). As explained by Ms Bauer, "one of the arms of the bank is called the Bank for International Reconstruction and Development. An arm where countries borrow money from the bank against interest rates. Later, another arm was added, called the International Development Agency, also called IDA" (Personal interview, May 9, 2017). The destination of the World Bank's finances changes every three years. Only countries that have an income per capita that is below the minimum income are eligible for IDA. According to Ms Bauer, Ethiopia is eligible for IDA, for the country belongs to the poorest countries in the world (personal interview, May 9, 2017).

The involvement of The World Bank Group is a combination of partnerships, knowledge and finance and the principle of it all together is to partner with the government of Ethiopia in order to create solutions. Since the beginning of this year, The World Bank Group is working with a new Country Partnership Framework (CPF) FY17-FY21 for Ethiopia, lasting for four years. In order to arrange this, the World Bank Group consulted with the Ethiopians to affirm that both the priorities of the CPF and Ethiopia are in line and can assist in the development aid that is the most urgent (World Bank, 2016).

Whereas the majority of the bilateral donors actively use the systems of the country for procurement, the World Bank solely uses this system for a small part of its services (World Bank, 2008, p. 71). One of the reasons that has influenced the decision on whether to use the country systems or not, is the concern about human rights since the happenings in 2005 (World Bank, 2008a, p. 71). These concerns were the aftermath of the Ethiopian parliamentary elections in 2005, which provoked violations of human rights and political unrest (World Bank, 2008a, p. 63).

5.2.1 Analysis of development aid by the World Bank to Ethiopia

From the 1950s on, the World Bank realized that an increased Gross Domestic Product (GDP) per capita did not inevitably led to an improvement for the citizens of a country (Dong & Pheng, 2015, p.12). Because the GDP basically states that a country is developing when it has economic growth, countries devoted everything to increase their national income rather than focusing on other points, too (Todaro & Smith, 2007). Extending this argument, Seers (1969) argues that countries not only needed to pay attention to economic growth, but were in addition ought to focus on reducing poverty and unemployment (p. 4).

The World Bank has carried out different approaches in Ethiopia through the years. During the war of independence, which was fought between 1961-1991, the relation between the World Bank and Ethiopia grew. The reason for this was that the World Bank kept providing some support during the war, whereas other donors blocked their aid flow (Furtado & Smith, 2007). Right after the war, the World Bank established an emergency programme with the aim to reconstruct the country. Nevertheless, after 1996, Ethiopia did not want to receive development assistance from these programmes any longer, for the government did not agree on conditions that were connected to these programmes. Some of these conditions included removing the control of prices and reducing taxes. Later, the focus of the projects of the World Bank in Ethiopia shifted. Instead of focusing on the recovery of the country, the projects became more focused on the long-term in order for the country to grow (Parren, 2016, p. 17).

From 2012 on

The World Bank Group and Ethiopia work closely together to enhance the situation in Ethiopia. For this collaboration, the Country Partnership Strategy FY12-FY16 was created. It is a partnership for four years, lasting from 2012 to 2016, and it contains two pillars: Pillar I and Pillar II. Both pillars are focused on different themes (World Bank, World Bank Group (WBG) Assistance to Ethiopia, 2016). A new Country Partnership Framework was established in 2017. This is a new agreement between Ethiopia and the World Bank for five years. The new framework is based on discussions and meetings with the government, private sector and the civil society (Personal interview, May 9, 2017).

Pillar I of the Country Partnership Strategy FY12-FY16 focused on increasing the productivity of the agriculture and marketing, enhancing competition between services and amending more access to infrastructure. In addition, enhancing regional integration and giving medium and small businesses more access to financial services were the aims of Pillar I (World Bank, 2016).

The second pillar of the Country Partnership Strategy FY12-FY16 supported Ethiopia by enhancing the delivery of social services and by developing an approach to social protection and risk management. This includes Ethiopians having more access to health and education services and there is more attention for vulnerable households and climate change. For instance, in the field of climate change, the World Bank Group focused on several projects with the aim to provide the Ethiopians with more knowledge about the situation (The World Bank, 2016).

The World Bank's Country Policy and Institutional Assessment (CPIA) measures Ethiopia's progress regarding their commitment towards aid effectiveness. The CPIA consists of 16 criteria divided in the groups Economic Management, Structural Policies, Public Sector and Policies for Social Inclusion and Equity. Each of the 16 criteria is rated on a scale of one to six, in which one is the lowest score and six the highest. The score is based on the performance in a certain year rather than the changes compared to the former year (The World Bank, n.d.-g). In 2007, the overall CPIA score of Ethiopia, which is an average of the scores of all indicators, was 4.0, an improvement of 2005, when the overall CPIA score was 3.5 (World Bank, 2008a, p. 70). In 2015, the overall CPIA score was 3.5, the same score as 2014 (The World Bank, n.d.-g). As can be seen in figure 15, which shows the CPIA results of 2016, Ethiopia has a higher overall CPIA score than other African countries. In the field of debt policies, building Human Resources and the quality of Public Administration, Ethiopia scores quite higher than other Sub-Saharan countries. Other fields, such as the fiscal policy, financial sector and gender equality have a similar rating.

	Ethiopia	Sub-Saharan Africa (IDA-eligible countries)
Economic Management	3.5	3.3
Monetary & Exchange Rate Policy	3.5	3.4
Fiscal Policy	3.0	3.1
Debt Policy	4.0	3.3
Structural Policies	3.2	3.2
CPIA trade rating (1=low to 6=high)	3.0	3.7
Financial Sector	3.0	2.9
Business Regulatory Environment	3.5	3.1
Policies for Social Inclusion and Equity	3.8	3.2
Gender Equality	3.0	3.2
Equity of Public Resource Use	4.0	3.3
Building Human Resources	4.5	3.5
social protection and labor rating	3.5	2.9
Policies & Institutions for Environment Sustainability	4.0	3.2
Public Sector Management and Institutions	3.5	3.0
Policies & Institutions for Environment Sustainability	3.0	2.8
Quality of Budgetary & Financial Management	4.0	3.1
Efficiency of Revenue Mobilization	4.0	3.4
Quality of Public Administration	3.5	2.8
Transparency, Accountability & Corruption in Public Sector	3.0	2.7
Overall CPIA Score	3.5	3.2

Figure 15: overview of 2016 CPIA results in Ethiopia compared with other Sub-Saharan countries (World Bank, n.d.-a)

5.2.2 Analysis of the financed projects

IDA is the main provider of development aid in Ethiopia. Since 1991, the IDA has devoted more than \$16.5 billion to over 75 projects. The World Bank finances projects in many different sectors. It is important to know that all the projects financed by the World Bank are led by the Ethiopian government. The World Bank only finances projects through other budgets (Ms Bauer, personal interview, May 9, 2017).

The first sector supported by IDA is the education sector. From 2008 to 2013, this was done through the General Education Quality Improvement Project. This project was divided into several sectors/programmes that required improvement in order to improve the education sector. These different programmes included a program to train and educate teachers, a programme for the school to improve itself (consisting of e.g. school grants), a programme to improve the management and planning of the school by setting up an Education Management system and a programme to provide tools such as textbooks to school (Ferl, 2015). The report shows positive results. Figure 16 shows some results of this project. As can be seen in this figure, the training of teachers started in 2013 and continued in the next years. The percentage of trained teacher in primary education in 2015 was at 86.09%.



Figure 16: Percentage of trained teachers in primary education (World Bank, n.d.-h).

A second programme which supports the education sector is the Promoting of Basic Services Program (PBS), established 11/12 years ago. This programme was set up, for there was a need of a finance service delivery at local level (Ms Bauer, personal interview, May 9, 2017). Besides supporting the education sector, the PBS programme provides assistance in improving the capacity of basic services by enhancing and developing “the capacity, transparency, accountability and financial management of government at regional and local authorities' level” (Monchuk, 2017). The Ethiopian state has three different administrations. At woreda level, the authority is responsible for providing basic services. This programme lets the federal ministry block grants to the woreda power (Ms Bauer, personal interview, May 9, 2017). A block grant is defined as “a consolidated grant of federal funds, formerly allocated for specific programmes, that a state or local government may use at its discretion for such programmes as education or urban development” (dictionary, n.d.). The poor regions receive more block grants than the other regions (Ms Bauer, personal interview, May 9, 2017). A further explanation about the programme is provided by Ms Bauer, who explained that “The World Bank supports this block grant system and therefore in exchange, the World Bank asks for results. They ask for results in enrolment rates of growth, rates of education, progress of immunisation of kids, safe delivery and nutrition” (Personal interview, May 9, 2017). This implies that the World Bank finances projects based on the results that are achieved. The results are measured by an independent person (Ms Bauer, personal interview, May 9, 2017).

The biggest change made as a result of this programme has been the improvement of the accountability of the Ethiopian government, who is very engaged in this programme. Additionally, the World Bank is succeeding in terms of data transparency and getting more improved data (Personal interview, May 9, 2017).

In addition, the Promoting of Basic Services Program has contributed to a growth in the primary education sector in the last decade. First of all, the enrolment rate increased from 97.1% in 2007 to 94.3% in 2015. At the same time, the gender gap decreased. Whereas in 2007, the percentage of girl to boys was 76%, this percentage went up to 93% in 2015. Moreover, the quality of primary school has improved. As can be seen in figure 17 below, the ratio of qualified teacher in primary school increased with 46.20% between 2011 and 2017. In 2018, the percentage is expected to be at 97%.

► Proportion of qualified primary school teachers (Disaggregated by gender + Regions) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	47.20	93.40	93.40	97.00
Date	30-Dec-2011	20-Feb-2017	31-May-2017	07-Jan-2018

Figure 17: Overview of percentage of qualified primary school teachers (Monchuk, 2017).

A second sector that is heavily financed by the World Bank, is the water and sanitation sector (Ms Bauer, personal interview, May 9, 2017). As a result of the financed projects in this field, many citizens now have access to secure water and sanitation services. Furthermore, about 4.2 million citizens living in rural areas have access to safe water supplies since 2013. In March 2017, IDA endorsed \$445 million to improve the existing water and sanitation services (The World Bank, 2017e).

Third, programmes that are focused on improving the infrastructure in Ethiopia are an important investment of the World Bank. One of the reasons for Ethiopia's troubles with growth is a result of the lack of good infrastructure. In order to improve the infrastructure, more than \$2 billion has been invested by IDA. As explained by Ms Bauer, the World Bank is first asked by the Ethiopian government to finance a project. Sometimes the World Bank gives permission, sometimes they do not. Ms Bauer mentioned that "for example, if the road goes through an environmental conservatory space, the road will not be financed. If anything damages the environment, the World Bank will not finance it" (Personal interview, May 9, 2017).

One of the financed projects in this sector is the Ethiopian Road Sector Development Program. The Road Sector Development Program was recently brought to an end. The complete end report reveals that many improvements are made in the past years. As a result of the funding and the cooperation of IDA together with the European Commission, the United Kingdom, Germany and the Nordic countries, the road network in the country has increased enormously in the last decade (The World Bank, n.d.-c). The report on the Road Sector Development Program reveals that earlier, Ethiopia had 14,363.00 km of road networks, which has expanded to a road network of 113,213.00 km when the project was disclosed in June 2016 (Mengesha, 2017, p. 8).

Moreover, as shown in figure 18, the number of citizens living in rural areas with access to road throughout the year has remarkably increased since the first measure moment in 2008 and the last measure moment in 2017. Additionally, the condition of the roads has increased with a percentage of 21% compared with 2008 (Mengesha, 2017).

▲ Number of rural people with access to an all-season road (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	12,580,000.00	43,525,200.00	43,525,200.00	43,525,200.00

► Roads in good and fair condition as a share of total classified roads (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	65.00	86.00	86.00	86.00
Date	30-Jun-2008	05-Jan-2017	05-Jan-2017	16-Jun-2017

Figure 18: Overview of project results from 2008 to 2017 (Mengesha, 2017).

Besides the projects named above, the World Bank and Ethiopia cooperate to promote expansion in the private sector. The private sector in Ethiopia is rather small and informal and therefore, a project was set up. As a result of difficult access to finance resources and land, it is difficult to do business in Ethiopia. Ethiopia ranks 159nd out of 190 countries when looking at the ease of doing business (Doing Business, 2017).

In order to address these matters, the Ethiopian government launched several programmes that promote the private sector. One of these projects focuses on female entrepreneurship. This project was set up in 2012 and is expected to close by the end of 2017 (The World Bank, 2017b). As stated by Strobbe (2017), the aim of the project is to “increase the earnings and employment of MSEs

owned or partly owned by the participating female entrepreneurs in the targeted cities” (Strobbe, 2017). MSEs are defined as micro or small enterprises (European Agency for Safety and Health at Work, n.d.). Increasing the earnings and employment of MSEs is done through educating one about entrepreneurship, technical skills and product development. Furthermore, this is achieved by providing financial tools which ensure female entrepreneurs that they can rely on these finances (Strobbe, 2017). As illustrated in figure 19, one can see that the number of full-time and part-time employees has increased between 2012 and 2016. Looking more closely, one can see that the end target of 2.42 is already met. This shows a positive outcome of the project.

► Increase in numbers of full-time and part-time employees (paid and unpaid) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.86	2.27	2.90	2.42
Date	31-Oct-2012	02-Nov-2016	04-May-2017	31-Dec-2017

Figure 19: Number of full-time and part-time employees (Strobbe, 2017).

A second programme created in this sector is the Small and Medium Enterprises project (SME). Comprising four components, the SME project aims to expand the financial resources for small and medium businesses (The World Bank, n.d.-e). The project started in May 2016 and will close in August 2022. Due to the recent start of this project, there are no results published yet. Nevertheless, the expected results are published. Figure 20 reveals the results that are expected by the end of the project, in 2022. As can be seen in figure 20, one of the objectives of the project that is expected to improve is the contribution of the number of loans. The goal is to have almost 4000 loans or leases distributed to SMEs. Additionally, the number of SMEs that take part in a training through a Business Development Services Program is a goal that demands for expansion.



INDICATOR		BASELINE	CURRENT	TARGET
■ Number of Loans/ Leases disbursed to SMEs under the credit facility(Number) 	Value	0.00	0.00	3873.00
	Date	August 17, 2016	May 5, 2017	August 31, 2022
	Comment			
■ Number of SMEs that received training through a BDS Program under the project(Number) 	Value	0.00	0.00	912.00
	Date	February 1, 2016	May 5, 2017	August 31, 2022
	Comment			

Figure 20: Overview of current situation and expected situation (World Bank, n.d.-e).

Last, the World Bank puts a lot of effort in reforestation. Ethiopian are very reliant on their environment. The Ethiopian population is growing quite fast, with an expected number of 150

million people in 2020/2030. Therefore, it is significant that the country grows in a sustainable way. The Ethiopian landscape is divided into highland areas and lowland areas. The highland areas are facing severe deforestation. As a result of this, a situation that occurs is that mudslides appear when it rains (Personal interview, May 9, 2017). In order to solve this, the Rural Safety Net Programme was set up. As mentioned by Ms Bauer, one of the results of this project is that the Ethiopian have realised that they have to take care of their nature. This project is financed through a climate fund (Personal interview, May 9, 2017).

5.2.3 Changes made as a result of the Paris Declaration

Ethiopia is one of the largest receivers of aid of the World Bank. Currently, the World Bank goals are to end poverty and to improve shared prosperity (Ms Bauer, personal interview, May 9, 2017). According to Ms Bauer, “the World Bank wants to make sure that they do not only end poverty, but that the income levels of the poor increase at least as much as the income levels of the rich” (Personal interview, May 9, 2017).

The World Bank, together with the United Nations Development Programme, co-chairs the Development Assistance Group. The Development Assistance Group, as pointed out by Mr Etambuyu, “was established in 2001 to coordinate donor support to the preparation, monitoring and evaluation of the Poverty Reduction Strategy (PRS) process” (Personal interview, April 21, 2017). Under the Development Assistance Group, the donor community aims to make a strong advancement on the commitments set in the Paris Declaration on Aid and the Accra Agenda (the World Bank, 2017d).

As a result of the Paris Declaration on Aid and the Accra Agenda for Action, the government of Ethiopia and its international partners are determined to ensure that the assistance provided by the donor community is regulated. Consequently, the aid is more coordinated with the policies and demands of the Ethiopian state. Nevertheless, in order to deepen this process, donor countries must reduce their transaction costs for the Ethiopian ministry. The World Bank has an important role in the creation of several multi-donor programmes that aim to address this concern. These programmes are financed via IDA and reduce the transaction costs. Three approaches are adopted in different projects, from which some are discussed above: “the Promoting Basic Services Program Phase III Project, the Productive Safety Nets Program 4, the Sustainable Land Management Project II, and the Agricultural Growth Program II” (the World Bank, 2017d).

Probably one of the most important changes that was met as a result of the Paris Declaration is the focus of the World Bank to align everything with the Ethiopian administration. Every project that the Ethiopian government wants to implement is first subjected to questions that are asked by the

World Bank. Furthermore, everything has an environmental code and a safe code. This holds that when there are rules to a certain project or when a specific group is excluded from the benefits of the programme, the World Bank does not finance it. It is significant for the World Bank that these codes are being respected (Ms Bauer, personal interview, May 9, 2017). In addition, the World Bank facilitates the coordination for other donors that want to support World Bank programmes. By facilitating the process of donors who put money through a trust fund into the world Bank, the World Bank harmonises (Ms Bauer, personal interview, May 9, 2017).

Moreover, Ms Bauer mentioned the importance of the Fourth High Level Forum on Aid Effectiveness in Bussan, which was an evaluation moment of the Paris Declaration on Aid. Ms Bauer mentioned that in her opinion, “Bussan was a huge departure, because it was not about aid effectiveness anymore, but about development effectiveness. It was a huge departure, because they started looking more on what is on-budget, what is off-budget, especially in the health sector” (Personal interview, May 9, 2017).

The Third High Level Forum on Aid Effectiveness (2008) shows the significance of the third principle, harmonisation, in the area of food security in Ethiopia. The continuing periods of drought in Ethiopia result in new periods of food insecurity each year. Consequently, Ethiopian citizens become poorer, for many people who are affected by the situation unwillingly have to sell household assets to be able to survive. Whereas in the past the food insecurity was addressed via emergency demands, the underlying reasons were not dealt with. The Productive Safety Net Programme addresses the food insecurity situation in a more effective way. A major effort has been represented by Ethiopia by establishing this programme. This is because Ethiopia revised humanitarian assistance in a way that it became more predictable, more harmonised and more suitable for long-term development exercises (The World Bank, 2008b, p.16). As pointed out by Ms Bauer, “there was a time where a drought period would end up in a famine,” however, due to programmes as these, this has decreased (Personal interview, May 9, 2017). The Productive Safety Net Programme is aligned with the growth priorities of Ethiopia. Implemented by the federal government, thi programme relies completely on the country systems for its activities. As a result of this, donors can provide support under a harmonised foundation which facilitates the planning, coordination, observation and evaluation (The World Bank, 2008b, p.16).

5.3 Analysis of the case studies

5.3.1 What has improved?

Based on the findings of both case studies, there are good reasons to assume that the role of the World Bank and the European Union in Ethiopia is a significant factor in how the country has

developed in the past years. Many sectors have improved as a result of the aid assistance of the European Union and the World Bank. First of all, both the European Union and the World Bank have set up programmes to improve the infrastructure in Ethiopia. As a result of this, many rural areas do now have access to urban areas and can develop better now they are better accessible.

The enhanced infrastructure can be linked to improvements in the agricultural sector. Due to the projects of the European Union, the prices of the agricultural products are more in line with the demand and the market has become more competitive. This has resulted in a positive change for the agricultural sector. Moreover, the improved infrastructure has facilitated the export of products. All three programmes established by the European Union to improve the agricultural sector have been beneficial for Ethiopia. Besides better export opportunities and better competition, Ethiopian farmers have better access to seeds and improved irrigation systems.

Secondly, the alignment of the projects of both the World Bank and the European Union has resulted in more effective aid. Both organisations let the Ethiopian government decide on the projects based on their priorities. Thanks to this, Ethiopia's country system is used and the assistance is aligned with the national strategies. In addition, the relationship between both organisations Ethiopia has improved. The World Bank, for instance, finances projects that the Ethiopian state itself wants to work on. Doing this, Ethiopia can decide what is important for them to work on and the World Bank can decide if they see a future in a project and want to finance it. Therefore, the Ethiopian administration and the World Bank work closely together. At the same time, the help provided is aligned with what is needed. Furthermore, looking at the improvements regarding the Paris Declaration on Aid, it can be said that this way of working has also contributed to the first component, ownership. It is significant that a ministry can take their responsibility and decide on what is important for its country. Only when a state takes its responsibility, a country can withstand a positive development (The Organisation for Economic Co-Operation and Development, 2005/2008, p. 3). Moreover, this approach shows that the World Bank respects the decisions of the Ethiopian government, which is positive for the relationship between the organisation and Ethiopia. Additionally, Mr Etambuyu mentioned that, since the implementation of the Paris Declaration on Aid, the relationship between the organisations in the Development Assistance Group have become more structured and more focused on the shared goals and objectives (Personal interview, April 28, 2017).

In terms of the cooperation between Ethiopia and the European Union, the Ethiopian government has become the main implementer of the EU funding. This shows that not only the European Union, but also the Ethiopian state is working hard on taking the lead in the development process. Also

with the projects of the World Bank, the ministry is the main implementer. The administration comes up with ideas for a project and the World Bank decides whether to finance it or not. In exchange for this, the World Bank asks for results. Therefore, the Ethiopian government has the responsibility, which enhances the aid effectiveness. Also Mr Etambuyu mentions the fact that Ethiopia has improved in terms of implementing funds, by stating that Ethiopia has a very strong country leadership (Personal interview, April 21, 2017).

Last, the World Bank is a big implementer of the Paris Declaration principle 'managing for results'. The World Bank finances projects in exchange for results which makes Ethiopia even more focused on achieving the expected results. This approach by the World Bank has turned out to be very effective when looking at the financed projects. Many end targets of projects have been met or the results are even higher, for instance in the case of the number of full-time and part-time employees. Because the projects have clear goals, are monitored and measured, Ethiopia knows what is expected from them.

5.3.2 What can be improved?

One of the challenges that the European Union still faces in Ethiopia is the Code of Conduct on Division of Labour. Ethiopia laid the groundwork on implementing this Code of conduct, in order to improve the coordination of donors. However, despite the fact that the European Commission has taken the lead, it is not possible for the Commission to take any hierarchical decisions (Hackenesch, 2013, p.19). Furthermore, with the Code of Conduct, the recipient countries are expected to take the lead. However, the Ethiopian government fails to meet this target and is not very active in this (Hackenesch, 2013, p.20). Therefore, this is something that Ethiopia should work on, together with the European Union.

Second, many projects are very result-based. Focusing less on achieving results, but more on how the results are going to be achieved, the results might become even more positive. This also means that more attention should be paid to training people in how they should engage in a process, how to have a proper discussion and how to engage in debates (Ms Bauer, personal interview, May 9, 2017).

Moreover, Ms Bauer emphasizes the importance of reaching the most vulnerable, for the poverty rate of Ethiopia is still at 33%. The reason for this is that poverty is not concentrated in certain regions, but every region has its poor and rich areas. Additionally, according to Ms Bauer, "Ethiopia needs to work on opening up their economy" (Personal interview, May 9, 2017). In addition to this, the GEDDC report of 2016 indicates that eliminating poverty continues being an underlying challenge. Therefore, there needs to be a complete change in Ethiopia's economy. Instead of relying

on an agricultural economy, Ethiopia's economy should be transferred to an industry and light manufacturing economy (Global Partnership for Effective Development Co-operation, 2016).

Fourth, the relation between drought periods and famines remains a difficult situation. According to Ms Bauer, the Rural Social Safety Net Programme and the active involvement of the Ethiopian state in this system, the impact of the drought periods has been reduced (Personal interview, May 9, 2017). Nevertheless, the drought period in 2016 is still showing its impact in 2017. According to a report from the Office for the Coordination of Humanitarian Affairs (OCHA) in 2017, 5.6 million Ethiopian citizens are in need of emergency food assistance (p. 4), 2.7 million babies, children and pregnant women need supplementary nutrition, 9.2 million citizens require access to safe drinking water and 1.9 million households are in need of support for their livestock. Furthermore, 300,000 children need to be treated for malnutrition (p. 13). Compared to the impact of earlier famines, this seems rather positive. Earlier, thousands of people would pass away during drought periods and famines. According to Ms Bauer, the involvement of the Ethiopian government in the Rural Social Safety Net Programme has ensured that last year's severe drought did not result in a disaster (Personal interview, May 9, 2017). However, 18 million people in need of aid during a period like this, is still a lot. Development and emergency relief services during and right after these happenings needs to be improved in order to avoid the impact that periods of drought still has nowadays.

Another sector that needs a lot of improvement in the future, is the life expectancy at birth. Looking at the socio-economic situation in the country, this has improved to some extent, yet not that much. Despite several initiatives by the World Bank and the European Union, Ethiopia still ranks quite low in several sectors related to health. Additionally, the Country Partnership Strategy between 2012 and 2016 focused on, among other things, improving the access to health services. Nevertheless, in 2016, still only 27.7% of the women were attended by skilled people when giving birth. As a result, life expectancy at birth is low. In addition, the lack of access to health services is still resulting in quite high mortality rates among children under the age of five. Even though child mortality has decreased in the past decades (figure 3), it remains a big challenge that needs more attention.

Another area that can be further improved, is gender equality. Both the World Bank and the European Union focus on achieving gender equality with their projects. Looking at figure 15, one can see that the gender equality CPIA score was 3 out of 6 in 2016. This is lower than the average of other Sub-Saharan countries. This score implies that there is a beginning in achieving gender equality, however, this field needs improvement. Surprisingly, none of the projects of the World

Bank and the European Union are focused on fighting discrimination of, for instance, political opponents.

Furthermore, foreign debt is a sector that needs a serious improvement. Between 2008 and 2012, the debt to GDP remained quite steady, however, the debt has increased since 2012 (figure 5). The last available results are from 2015, which is also the year where, as discussed earlier, IDA reduced its amount of non-concessional borrowing. Therefore, results from this new approach are still to be published. However, the increase of debt in recent years shows that this sector needs to be further improved, in order to reduce debt. On the other hand, there are improvements made regarding reduced long-term loans and the maximum of Ethiopia's non-concessional borrowing by IDA has decreased. Nevertheless, if Ethiopia wants its economy to grow further, these debts need to be reduced more.

Last, looking at the indicators and the financed projects in the education sector, there is still lot that can be enhanced. The education system is currently dealing with a drop out percentage of almost 50%. Almost 20% of the children is not participating at all. In addition, the last available data of the percentage of trained teacher in primary education showed that 86% of the teachers is trained. Even though this sounds high, it implies that there are still schools left with no trained teachers, which results in a bad quality of education. Therefore, more attention should be paid to train teachers in order to provide every primary school with trained, educated teachers. This will reduce the number of students who drop out in the future.

Analysis

Before the research, there was a slight risk that the case study would not be reliable enough, for only a small part of the organisations were available for an interview. In addition, since the Fourth High Level Forum in Busan in 2011, there has not yet been a similar evaluation moment, which has led to the lack of up-to-date results on the Paris Declaration on Aid between 2011 and 2016. This was one of the risks and limitations of the research.

Nevertheless, the interviews and the case study provided a clear view of the effects of the Paris Declaration in recent years. Looking back at the research, some results of the literature review did align quite well with the information gathered from the interviews and the case study, whereas other information was not heard before. A finding that did not comply with a finding in the literature review, is the opinion of Akonor (2008), who stated that the development assistance is just for the short-term rather than for the long-term. According to him, aid does not work when it is focused on the long-term, for it does not change the economy of a country. However, the findings showed that with the implementation of the Paris Declaration, the donor community started to think more about long-term evolution goals. Due to this, more investments could be made which makes it more likely for the Ethiopian economy to grow and for the poverty rate to reduce.

Moreover, Prah (2002) and Ayyitey (2002) have blamed African administrations for the underdevelopment of the country. Nevertheless, from the interviews and case studies conducted, the Ethiopian government seems rather committed towards achieving aid effectiveness. As mentioned by Mr Hernandez, Ethiopia is the main implementer of the funds provided by the European Union. Additionally, the World Bank mentions the commitment of Ethiopia. Ethiopia is one of the leaders in achieving the principles of the Paris Declaration. Furthermore, many financed projects of the World Bank are led by the Ethiopian government itself.

Surprisingly, an impact of the Paris Declaration on Aid that did not occur in the literature review but was mentioned by two of the interviewees, is about the focus of the Declaration. According to the Organisation for Economic Co-Operation and Development, the Paris Declaration is focused on both quality and quantity of development assistance. Nevertheless, during the interview with Ms Bauer it was mentioned that the Paris Declaration is focused too much on results, whereas the EU Delegation finds that the Paris Declaration is too focused on quantity rather than quality. Both of the interviewees are missing the part where attention is paid to the quality of the delivered results. Consequently, both the World Bank and the European Union believe that more attention should be paid on how to achieve something and the process towards achieving a goal, rather than just focusing on reaching the goal.

A first finding that complied with the literature review, is the impact of the European Union in Ethiopia. Maxwell (1996) stated that European aid has worked in some cases, whereas in other cases it has not worked. This was also a result of the case study. After looking at the financed projects and the changes as a result of the Paris Declaration, it turned out that the European Union has had a positive impact in many fields, such as improving the cooperation between the European Union and Ethiopia and making the Ethiopian government a leader in implementing the cooperate funding. On the other hand, the European Union has not reached all of its expected results. For example, regarding the Cotonou Agreement, the European Union should hold Ethiopia more responsible in taking the lead as a recipient country.

A second finding which complied with the literature review is related to the traditional economy of Ethiopia. The literature review provided information about how Ethiopia is too focused on its traditions. This is shown in, for instance, the fact that the agricultural sector is the sector where the Ethiopian population is most dependent on. Nevertheless, this is also at the same time the most vulnerable sector. During periods of drought, the agriculture is severely affected which leads to food insecurity, famines and poverty. When a harvest fails, the farmers cannot export their products, which means they will miss an amount of their income. This matter is acknowledged by the Global Partnership for Effective Development Co-operation. In their 2016 report, it was stated that Ethiopia needs to completely change their economy. Rather than relying on their agriculture economy, the country's economy should be changed into a light manufacturing economy.

A third finding that complied with the literature review is the fact that building up the country remains difficult due to inequalities among regions. This was also confirmed during the interview with the World Bank in which Ms Bauer stated that a goal for the future is to focus more on reducing poverty by trying to reach the vulnerable. However, because the poverty is not situated in a specific area, but within every region, it will become a challenge to reduce it.

A last finding of the literature review that complied with the data from the financed projects by the European Union, is the idea that a country's population should gain knowledge and confidence in order to work on improving their situation (Andres, 2009). This idea can be seen back when looking at the PSNP program of the European Union. One of the main objectives of this program is that the aid-receiving people are expected to work on public projects, such as reconstructing water basins or agricultural land. Through this, the population gains the knowledge and they learn that they are able to work on crises themselves.

Looking at the similarities of the responses of the interviewees, it can be said that all participants are very positive about the progress of Ethiopia and the role of the Ethiopian government. Ms Bauer

brought up that Ethiopia is one of the leading countries in terms of the Paris Declaration on Aid, especially in the health sector. Mr Hernandez acknowledges that Ethiopia has become one of the main implementers of the Paris Declaration. Last, Mr Etambuyu mentioned that Ethiopia has a strong leadership.

In terms of the principles of the Paris Declaration, both the World Bank and the European Union are very focused on this. First of all, Ms Bauer mentioned that everything of the World Bank is aligned with the national strategies of Ethiopia. Moreover, the Promoting of Basic Services Program has resulted in an improved social accountability. In terms of harmonisation, the World bank facilitates between other donors that put money via a trust fund into the World Bank, to support their programmes. Last, ownership is huge when looking at the World Bank, for the World Bank lets the Ethiopian government decide on what projects they want to implement.

The European Union is in addition very focused on ownership, for their projects are decided on by the Ethiopian authorities. Furthermore, due to the involvement of the European Union in the Cotonou Agreement, the European Union is focused on the other principles of the Paris Declaration on Aid, too.

Surprisingly, none of the interviewees really discussed the poor health situation among the Ethiopian population, despite research showing that, for instance, the child mortality and life expectancy rate are very low. Additionally, none of the interviewees mentioned anything about fighting discrimination, despite gender equality. Instead of this, mainly improvements regarding the Paris Declaration on Aid were discussed.

Conclusion

This research was conducted in order to answer the research question about the effects of the implementation of the Paris Declaration on Aid in Ethiopia by the World Bank and the European Union. The paper presents evidence leading to the conclusion that the Paris Declaration on Aid has led to both positive and negative effects. The Paris Declaration is focused on the five following principles: ownership, harmonisation, alignment, managing for results and mutual accountability. As a result of the Paris Declaration, positive effects have arisen in the coordination of development assistance between the organisations and Ethiopia. Nevertheless, the Declaration has negative effects when looking at the changes for the Ethiopian population itself.

The need for revising the aid system comes from the idea that solely increasing the support was not seen as a solution any longer by many. This led to the implementation of the Paris Declaration on Aid. The first effect which led to positive results of the implementation of the Paris Declaration, is the possibility of the donor community to think about long-term growth goals because of the common agenda of the donorships. Focusing on the long-term, there are more possibilities to invest and therefore, there is an increased chance to a growing economy and a reduced poverty rate. Second, the Paris Declaration on Aid is evidence-based with several monitoring moments and reports that are based on results and evaluated afterwards. This makes the implementation of the Paris Declaration on Aid a learning process, from which more positive results can arise. This can, for example, be noticed from both the Third and Fourth High Level Fora, which has improved the quality of development assistance by looking at errors in the previous years. Third, the focus of the Paris Declaration on Aid on capacity-building has led to an improved capability of the donor community and recipient countries to coordinate the development assistance.

The criticism on the Paris Declaration on Aid has also played a significant role on the predictions of the outcome of the Declaration. First of all, the lack of research done to the role of states in the national response to aid was criticised. This has also turned out in the past years. When a humanitarian crisis occurs, many donors lack knowledge on what exactly to do and only few donors are able to provide assistance. A second criticism on the Paris Declaration on Aid is the power imbalance between a donor country or organisation and a recipient country. Because of this power imbalance, negotiations between the donor community and a recipient country are unequal by nature, for the recipient countries require the benefits.

Looking at the impact of the financed projects by the World Bank and the European Union, it can be noticed that the projects are implemented in many fields. These fields include agriculture, infrastructure, education and improving the health situation and water sanitation.

Providing a look at the effects of the implementation of the Paris Declaration, it can be said that many improvements have been made. First of all, the infrastructure has significantly improved, which has resulted in a positive change for the agricultural sector, for exporting has become easier. Second, the relationship between Ethiopia and both organisations has improved. Both the World Bank and the European Union let the Ethiopian government decide on what projects it wants to work on. Similarly, all services provided via the organisations are aligned with Ethiopia's national strategies. In addition to this, the several evaluation moments since the implementation of the Declaration in 2005 have contributed to improvements in development aid, for these High Level Fora evaluate what went wrong in an earlier stage. Looking at improvements in terms of the principles of the Paris Declaration, it can be said that both the World Bank and the European Union are big implementers of the principles of the Paris Declaration.

Besides the fields that have already improved, there are some fields that require more improvement. First of all, it is important that the European Union makes sure that Ethiopia will take the lead and meets its targets in terms of the Code of Conduct on Division of Labour. Second, the projects should be more focused on how to achieve a certain goal, rather than solely achieving it. Also, Ms Bauer emphasized the importance of focusing more on the vulnerable, in order to reduce the poverty rate. Fourth, more attention should be paid to providing emergency aid when a drought period occurs in order to avoid famines. Furthermore, more attention should be paid to reducing the child mortality rate, life expectancy at birth and improving the education sector. Despite several projects, the child mortality rate is still high, life expectancy at birth remains low and the education sector still has a drop out percentage of 50%. Moreover, discrimination is a challenge that seems to be ignored by the donor community. Last, foreign debt is a dispute that needs more attention, for a reduced debt will eventually lead to an economic growth.

In general, it can be concluded that the country has made improvements since the implementation of the Paris Declaration on Aid in 2005, despite some misfortunes. Nevertheless, looking closely into the situation, it seems as if the Paris Declaration can be more considered as a tool of bureaucratic coordination. It is true that, rather than focusing on the amount of money spent on aid, the Paris Declaration on Aid is focused on the achieved results. However, the Paris Declaration on Aid has mostly changed the behavior of the donor community and Ethiopia, rather than making a change for its population.

Three main challenges that will remain in the coming years, are the fight against corruption, reducing poverty throughout the different regions and the need of maintaining the improvements

made in previous years. Regarding maintaining the improvements, it is significant to continue training the citizens and adherents in order to solve the situation.

To conclude, the Paris Declaration does have its positive effects and it has certainly improved the situation in many areas in Ethiopia. However, in order to receive even more positive results, more attention should be paid at improving the situation among the citizens themselves.

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Appendices

Appendix 1 – Interview Development Assistance Group

Interviewee: Mr Etambuyu

Date: April 21, 2017

1. What does The Development Assistance Group exactly stand for?
The Development Assistance Group (DAG) was formed in 2001 to foster and facilitate policy dialogue; support information-sharing; and to coordinate development partners' (DPs) support to Ethiopia's national development plans, including increasing engagement with non-state actors. The DAG also aims to enhance and advocate for aid harmonisation and effectiveness. The DAG is currently composed of 30 bilateral and multilateral Heads of Agencies (HoAs). The DAG project exists to support the GoE in its effort to reduce poverty and improve the impact of development assistance through enhanced dialogue between government and development partners (DPs). The project is in its fifth phase now and the programming has been aligned to support the realisation of the 2nd growth and transformational plan (GTPII). In practical terms the mechanism used to extend donor support, harmonise and promote partnership is the DAG Pool Fund out of which projects to support government meet aid effectiveness objectives are funded.
2. What is your role/function within the organisation?
I head the DAG Secretariat and also function as a policy specialist for aid management/effectiveness. The DAG secretariat is hosted by UNDP and provides support to the work of the DAG and its sub-structures including the High Level Forum (HLF), Sector Groups (SWGs), the Effective Development Cooperation Task Force, and the monthly DAG Heads of Agency and Executive Committee meetings. It follows up on the ongoing development agenda as well as new initiatives as they are launched by the DAG. The DAG Secretariat also builds partnerships and liaises closely with stakeholders, including Government, civil society, the private sector, the UN and donor agencies. As policy specialist, I lead the work of the DAG Secretariat to ensure successful programme implementation. I liaise with UNDP HQs staff to resolve complex programme-related problems to enhance the aid effectiveness and policy support provided to the DAG.
3. Can you tell me about the role of The Development Assistance Group in Ethiopia?
The Development Assistance Group (DAG) was established in 2001 to coordinate donor support to the preparation, monitoring and evaluation of the Poverty Reduction Strategy (PRS) process and, more recently the Sustainable Development Goals (SDGs). (I think answer in question 1 suffices for this section as well).
4. What is the biggest struggle that the Development Assistance Group faces with aid in Ethiopia?
In 2015 the DAG project underwent a review to assess the Project's continued relevance, as well as its achievements and progress against planned results; the sustainability of its results; and its effectiveness as a coordination and partnership framework. Some of the findings of the review outline challenges in the areas of institutional and individual capacity development i.e. the challenge of retaining capacitated staff post training, how this could be addressed beyond civil service reform, sustainability, the assumption that results will be sustained because activities are implemented by local partners or because they are in alignment with national priorities may not always be the case e.g. this does not take into account that human resources and finances maybe limited and may require donor support beyond the short to medium term.

5. How does The Development Assistance Group manage to meet the targets that were set in the Paris Declaration on Aid?

National aid effectiveness priorities may not fully align with the Paris Principles. Ownership, alignment, and predictability of aid remain key criteria for the GoE's acceptance of assistance. However, with the proliferation of funders now providing development assistance to the country, it may be that the benefits of more financing choices outweigh the potential costs of increased fragmentation. Aid harmonisation may therefore be of somewhat less importance to the GoE than some of the other Paris Principles, and this may explain in part why the harmonisation-related results in the DAG Project are the least visible.

Best Practices: Ethiopia has scored above the global average for each of the five indicators measured at the country-level in the 2013-14 post-Busan survey; and its development portfolio demonstrates several aid effectiveness best practices such as a strong country leadership; sector-wide approaches such as the One WASH; large pooled fund programmes such as the PBS and PSNP, and the use of an aid management information system, among others. (please see latest GPEDC on Ethiopia).

In practical terms and more recently the Effective Development Cooperation Taskforce (EDCTF) comprising of representatives of the Government and the Development Assistance Group (DAG) is in place. The task force is co-chaired by the ministry of finance and economic cooperation MoFEC (Director, International Financial Institutions Cooperation Directorate) and DAG co-chairs, membership comprises of representatives of GoE and DAG Members, as well as technical Working Groups focused on specific sectors or themes. The purpose of the TF is precisely to coordinate DPs efforts for more effective delivery and utilization of development assistance to Ethiopia. The basis for cooperation between DPs and government is consistent with internationally agreed aid coordination mechanisms, namely, the Paris Principles on Aid Effectiveness (2005); the Accra Agenda for Action (2008), the Busan Aid Effectiveness (2011) The EDCTF fosters information sharing, policy dialogue and seeks to harmonise donor support in Ethiopia to enable the country meet the objectives of the GTPII. The TF works towards improving Effective Dialogue, promotes comprehensive policy dialogue and support to the development agenda at sector and thematic levels through the established sector working groups (SWGs). All these are targets set in the Paris Declaration.

6. What changes in the field of Development Aid have you noticed since the implementation of the Paris Declaration in 2005?

After the Paris Declaration a lot of concerted efforts from both DPs and governments has gone into facilitating national ownership, where donors and developing countries together put mechanisms in place to ensure that recipient countries (or cooperating partners) are in the lead and own their development process as well as define their priorities so that donors align their aid to these priorities as defined in national development plans. The Paris declaration has also fostered and entrenched the notion of mutual accountability, harmonisation and focus on results.

7. How is the relationship between The Development Assistance Group and other NGO's?

I prefer to use the term Civil society since it encompasses NGOs and is much broader in scope. CSOs play a vital role in contributing to the development agenda and consistent with commitments at Busan, the DAG functions to assure support of the role of CSOs through engagement at sectoral level, specifically in terms of monitoring policy implementation and facilitating dialogue.

8. What are, according to you, the positive effects of the implementation of the Paris Declaration?
Strengthening national ownership, mutual accountability, aid management platforms are some positive aspects of the PD.
9. What are, according to you, the negative effects of the implementation of the Paris Declaration? *I would not term as negative but just general challenges associated with the Capacity of Governments and DPs to achieve Aid Effectiveness and Harmonisation Targets and working towards enhancing this. As ODA flows to developing countries gradually diminish, engaging with new donors and funders will be vital to the continued relevance of aid effectiveness practice.*
10. Did the implementation of the Paris Declaration change the relationship between The Development Assistance Group and Ethiopia?
In the sense that the relationship became more structured around shared goals and objectives.
11. How do you see the future development of aid in Ethiopia?
There are some significant and positive emerging outcomes, best practices and lessons learned in Ethiopia, there are still some sectors which are heavily populated with donors, such as the Water working group (WG) and the Rural Economic Development-Food Security Sector WG (RED-FS SWG); a better division of labour could benefit the less well-supported WGs such as Gender. Dialogue structures at the Head of Agency and WG levels could enhance this division of labour and strengthen national ownership.

Appendix 2 – Interview with the EU Delegation in Ethiopia

Interviewee: Mr Hernandez

Date: April 28, 2017

Mr Hernandez is head of the cooperation at the EU bilateral delegation. There are three offices in Ethiopia, and the head office in Addis Abeba, where Mr Hernandez is located is the office dealing with the Ethiopian country, people and government. There is also the African Union Delegation dealing with the continental matters in the African Union. There is also a humanitarian office, which is autonomous and independent.

Asking Mr Hernandez about what the EU Delegation in Ethiopia exactly stands for, he explained that the EU delegation in Ethiopia has a hand model and a management model in which the main principles of the EU are outlined. These principles are more or less permanent, but adaptive to the Declaration every year. In this treaty, the European Union is politically involved. The tasks have been added to the traditional one. The tasks could be political presentation, diplomacy and public diplomacy, presenting any new policies, consumers health, development cooperation in agriculture etcetera.

In terms of the struggles that are faced with development aid in Ethiopia, Mr Hernandez mentioned that there are many challenges in Ethiopia. The situation in Ethiopia is a very basic situation. There are many (external) crises to be dealt with, such as the EU crisis, the food crisis, the conflict with neighbour countries, conflicts between regional classes and conflicts with the governance, which have provoked civil disobedience and social risk. Consequently, Ethiopia is in a state of emergency, which makes it, according to Mr Hernandez, a very complex situation.

In regards to managing to meet the targets set in the Paris Declaration, Mr Hernandez explained that the EU Delegation in Ethiopia is a part of a task force, where the EU Delegation sits with the government, conceals with the government and does regular exercises. The problem is tracking the progress of the indicators. At bilateral level, the EU Delegation has a dialogue on pharmacy. In addition, Mr Hernandez mentioned the importance of the Cotonou Agreement, which has caused more development cooperation and a remodifying of moralities of the cooperation, following the general principles that were agreed on in Paris many years ago. With every European consensus, the EU hopes to bring every prioritisation of action in development cooperation into new priorities. Mr Hernandez mentioned that the EU Delegation in Ethiopia is one of the champions in aid effectiveness and in the Paris principles.

When asking about the changes since the implementation of the Paris Declaration in 2005, Mr Hernandez confirms that there are many changes since the implementation of the Paris Declaration in 2005. At the 2005 and the European consensus of that year, along with the Paris Declaration being introduced the principle of labour, which was not so widespread before. On the notion of aid effectiveness, this led to many different things for partners. It is a general consensus in that its activeness in the principles can change the use of countries into a sustainable way of doing cooperation. So, ownership uses a country system. There are many, many of these principles that the EU applies together with other cooperation players. It is mostly related to all the aid provided. In general, cooperation becomes more and more important and linked to facilitation of investment, business environment, or linked to financial intervening.

According to Mr Hernandez, the relationship between the EU Delegation in Ethiopia and other NGO's is quite good. One example he mentions is that Cotonou Agreement is a great importance to NGO's, but also for interlocal and international development actors and agents. He thinks that the main actors of their actions are consultation partners, who program or establish the direction or the laying of development cooperation. Also, there are the representatives of civil society.

When asked about the positive effects of the implementation of the Declaration, Mr Hernandez only mentioned one concern, which is the many things that happened in 2005 on the Addis Abeba action agenda or to the financing for development cooperation. This, for many things were revealed and a new impulse was provided. According to Mr Hernandez, the principles are pretty much a thing. There is nothing radically or revolutionary about what we did in 2015, it is only insisting to provide room for private sector and other development players, insisting on the importance of domestic resource mobilizations and of course the dramatic relevance of climate change and climate consideration is something we do.

One of the negative aspects of the Paris Declaration, according to Mr Hernandez, is the fact that it is focused too much on quantitative targets and quantitative indicators, which, according to him, is negative for the progress in the implementation of the Paris principles. This has led to special accounting and to special statistic emphasis on these areas, which might not be the most effective way to measure problems. However, according to him, it is necessary to report on how the implementation has been done and to measure the results and problems. Furthermore, the high ambition and the not so high results that are achieved, compared to 2005 high ambitions are mentioned as negative. Nevertheless, he mentions that the new direction of development cooperation is good. There is progress on almost all relevant indicators. As mentioned earlier, he mentions again that in 2015, the EU Delegation in Ethiopia did complement the Paris Declaration in with anything that has happened since the implementation in 2005, such as introducing new consents, new development partners, the private sector and working on climate change. According to Mr Hernandez, these sectors were not fully developed before. The new agenda has

been fifty-fifty sustainable development goal. It is currently the best consent to capture common targets for another 15 years. So, from this point of view it might be also, eh, incorporating these principles in the setting of these targets.

When asking about the changed relationship between the EU Delegation and Ethiopia, Mr Hernandez pointed out that the relation is deeper and wider than just development cooperation. From his point of view, the Paris Declaration and its implementation has certainly changed in the way of working cooperation in Ethiopia. Ethiopia has been dramatically affected by the implementation of the Paris Declaration. In 2005, the EU Delegation adapted and was the first ones after the elections in 2005 that were marked with difficulties in Ethiopia. The EU Delegation were the only ones assisting through this support and they were, as mentioned by Mr Hernandez, the champions in aid effectiveness. The EU Delegation has been systematically using national assistance and pushing for the use of national procedures, country assistance, etc. Since then, the partner support has been multiplied for the whole sector, such as the health sector, climate change and sustainable energy etc. The government became the main implementer of the EU cooperation funding. With the EU Member States we established the process of reinforced division of labour, specialised in different areas along with the main EU Member States active in Ethiopia. And we are embarking the progress of joint programming, joint efficiency and dealing with cooperation here. This was a big thing in 2015, with the establishment of a joint cooperation and strategy at EU level and a road map in 2016 to complement the different elements that were still missing for a joint programming and implementation at EU level. The EU Delegation has the ambition to promote the preparation of the first EU joint programming and documenting in Ethiopia, apart from the joint strategy and cooperation that they have. Implementing a document with the response, not only the common analyses, but the common response at the EU level of what we do and what we want to do. And the common results, common disability and communication.

Mr Hernandez is clear about the future of development aid in Ethiopia and what has to be done in the future. According to Mr Hernandez, the traditional development aid has to continue working towards use of country assistance, complemented with a particular role of civil society or NGO's, but mostly to government's country assistance. It is important to bring in a private sector, to provide what the sector needs, to increase Ethiopian development. This is guaranteed for the EU disburse by lending grants to facilitate their projects and providing better conditions for long-term investment. That can be done with planning and guaranteeing funds. Only public funding will not be enough for Ethiopia to develop. Also, linked to these, there is the need for the government to mobilize resources.

[Appendix 3 - Interview with the World Bank](#)

Ms Bauer, economist by background, has been working for the World Bank for 21 years. She works on development effectiveness of health and participated in all High Level Forums in Rome, Paris, Accra and Bussan. Currently, she is the country program coordinator, the responsible in Washington D.C. for Ethiopia, South Sudan and Sudan. Ms Bauer mentioned that in her opinion, Bussan was a huge departure, because it was not about aid effectiveness anymore, but about development effectiveness. It was a huge departure, because they started looking more on what is on-budget, what is off-budget, especially in the health sector. She mentioned that Ethiopia is a nice case, in terms of the development effectiveness agenda. In addition, she believes that all three the High-Level Forums in Rome, Accra and Bussan are underrated. She says that the Paris Declaration was an important thing, but that it talks more about aid effectiveness instead of development effectiveness.

When asking Ms Bauer about what the World Bank in Ethiopia exactly stands for, she mentioned that the World Bank consists of four agencies. The World Bank was created to reconstruct Europe after World War II, mainly France and Germany. One of the arms of the bank is called the Bank for International Reconstruction and Development. An arm where middle-income countries could borrow money from the bank against interest rates. Later, another arm was added, called the international development agency (IDA). Every three years, donor countries receive money from this agency. That is the money spent only on poor countries or on low income countries. There is a minimum of an income per capita and if the country is below that, then it is IDA eligible. Ethiopia is one of them, because Ethiopia is still one of the poorest countries in the world. Then there is the International Finance Cooperation, a private sector arm. They are facilitating in making sure that the private sector is investing in developing countries. Last, there is the Risk Guarantee agency. This is a private sector company that wants to invest in any of the developing countries. They insure risks that are the results of a civil war or severe demonstrations or anything like that. Ethiopia is eligible for IDA.

Ms Bauer mentioned that the World Bank is going to the board of directors with a new country partner framework on coming June 20th 2017. That is an agreement of five years, between Ethiopia and the World Bank, based on consultations in the civil society, the private sector, academia and the entire government. If this will be agreed on by the board, this framework will go public. Right now, the World Bank uses an old strategy.

As indicated during the interview, Ethiopia is one of the largest IDA recipients of the World Bank. There are three countries eligible for this aid, Bangladesh, Nigeria and Ethiopia. Right now, the World Bank goals are to end poverty and improve shared prosperity. The World Bank wants to make sure that they do not only end poverty, but that the income levels of the poor increase at least as much as the income levels of the rich. In addition, they want to do this all in a sustainable way. In the case of Ethiopia, the strategy really is around increasing productivity and making sure that they build resilience.

In terms of alignment to the national strategy, the World Bank is 100% aligned. Ethiopia has a national strategy that is called the growth and transformation plan and all the programmes are fully aligned. Country partnerships to framework is fully aligned. So, the alignment to that is fully there. The agenda says that Ethiopia wants to be a middle income country in 2020/2025. It has very ambitious results. All the operations of the World Bank are aligned. The World Bank also requires that the partnership framework and all the partnerships are aligned. This, because the World Bank has to be a little bit selective, for the resources are not big enough to finance everything. Ms Bauer mentions that she does believe that on the Paris Agenda, the World Bank will get a high score. This is because Ethiopia has also been one of the countries that has been leading, especially in the health care sector, but also in other areas. The country is a real role model in terms of country ownership, which is another point of the Paris Declaration. So, you have alignment and country ownership, and country ownership is huge. The European Government basically tells the World Bank how they would like to spend their money. Ethiopia has an envelope from IDA for three years and they are telling the World Bank what they would like to spend it on and it is discussed, especially a discussion on the ambitions of the results.

One of the programmes discussed during the interview, is the Rural Social Safety Net Programme. This is a government led programme, that the World Bank is financing. Most of the financing for this project comes from the government. Some of the financing come from the World Bank. The World Bank plays the facilitator for other donors to put money through a trust fund into the World Bank to support the programme as well. So, there you have the harmonisation. Ms Bauer

mentioned that it is a result-driven programme. Because the government was actively involved in this system, last year's severe drought did not result in a disaster. That was mostly due to the government itself. The World Bank finances the ideas, mostly in direct food aid, when there is no market, for instance.

Everything that the World Bank is financing is led by the government. The World Bank only finances by other budgets. Another national programme that the World Bank is financing, is also led by the government is the Basic Service Delivery Programme. This programme started about 11/12 years ago, because of the need of finance service delivery at local level. Ethiopia has a very stark federal system, there is the federal government, the regional government and the woreda government. The woreda government is responsible for service delivery in terms of basic services, such as health, education, water sanitation and agriculture extension. What the federal government does, is that they give the woreda government block grants. They give to the poor regions a bit more block grants than to the other regions. The World Bank supports this block grant system and therefore in exchange, the World Bank asks for results. They ask for results in enrolment rates of growth, rates of education, progress of immunisation of kids and safe delivery. Also, the World Bank is working on a nutrition indicator. So, the World Bank gives the money based on results. There is an independent verification of the results. But it is all through the government and their programme. The World Bank is basically facilitating all the donor funding going into that programme. The biggest innovation of that programme is that the World Bank has been able to push the social accountability in terms of having much improved in engagement. Right now, at the woreda (community) level, there are discussion on budgets and where the budgets are going to in the communities. With this programme, the World Bank is also thriving the data transparency and making sure they get better and more data.

Ethiopia, in addition, has an energy strategy that is part of the Growth and Transformation Plan and the World Bank is helping to finance the energy strategy. So far, the government is all by itself paying, the World Bank does not pay for any generation or investment in generation. Ethiopia is one of the cleanest energy producers in the world. 97% is hydro power. Hydro is very clean. Ethiopia does not have oil or gas or any of that stuff. So, what the World Bank is financing is the transmission lines and now the World Bank is financing connectivity, so solar and wind. The World Bank is investing heavily in the government's programmes of water and sanitation. Sanitation is a huge issue. Rural water, at the government programme is invested heavily by the World Bank.

The World Bank invests some in roads, so the government also has a road programme. When the government asks if the World Bank can finance a specific road, sometimes the answer is 'yes' and sometimes the answer is 'no'. If the answer is 'yes', the Word Bank first asks the questions how the road would make a difference to the life level of the Ethiopian people. For example, if the road goes through an environmental conservation space, the road will not be financed. If anything damages the environment, the World Bank will not finance it.

What is important to know, according to Ms Bauer, is that the World Bank does align with the government, they ask questions and everything has an environmental and a safe code investment. The safe code means whether there are rules, or whether certain groups are going to be excluded from the benefits of the programme. The World Bank does not just give money, they want to see results and make sure that the environment and the safe codes are being respected. The World Bank has many indicators. The World Bank puts a lot of effort in genders, so, for instance, how much will an investment benefit women. In Agriculture, the World Bank thinks of

whether agricultural productivity is of female headed households being increased. These are some questions that are asked before deciding to finance a project.

In addition, the World Bank puts a lot of effort in reforestation. Ms Bauer emphasizes that Ethiopia is one of the countries that takes the Cop 21 enormously serious and that the Ethiopians rely on their environment. So, if you think about Ethiopia. In the 1990's, they had about 50/60 million people. Today this is about 100 million people and in 2020/2035 this is going to be about 150 million people. They need to grow in a sustainable way. Ethiopia used to be famous for, for the famines, dying people. There was a time where a drought period would end up in a famine. Of course, you have all the land pressure. Ethiopia has a very big highland area and it goes down into lowland. In the highlands, there is so much deforestation for many reasons, which is a big issue. Another big issue is that, when there is rain, mudslides appear. The Rural Safety Net Programme is working on this. With this, the Ethiopians have realized that the more they take care of the nature, the more the nature can cope. Everything with the environment is very important. The World Bank is financing reforestation through a climate fund. The Ethiopians do realize that there is a lot of pressure coming from the refugees of South Sudan. There are about 600,000 refugees right now, who collect fire woods. This has put a lot of pressure on the environment.

Ethiopia now has a rail system, which can be compared to a tram system in Europe. They are really trying to pay attention to the environment with all kinds of regulations. But don't forget: income is about \$550 income per capita per year. So, they have done a good job in reducing poverty. What the World Bank is saying right now is that they need to make sure that they really thrive to reach the most vulnerable, for Ethiopia still has a poverty rate of 33%. It is not concentrated in certain regions, but within regions you have poor and rich areas. Ethiopia also needs to work on opening up their economy.

In terms of the Paris Declaration, there is a very strong government organisation. Ms Bauer says that all the donors are aligned. There is a lot of co-financing of one government programmes and then everybody finances it. In health, it is very difficult. Ms Bauer mentions that, from what she saw, Ethiopia is the only country that is applying the Paris Declaration in the health sector, which she thinks is quite impressive. Ethiopia has a very strong result culture, sometimes a bit too much. She mentions that this causes some friction. They try to tell people that they have to pay more attention to the process, how you engage in a process, how you have a discussion and how you have debates. It is almost too much of a result-driven culture right now. Ethiopia is achieving very positive results. The income level they have went up. They still have ways to go with education, the quality of education is not good. Kids still have a low proficiency level, still half of the kids drop out, so they still have ways to go. But they are focussing on the right things. Ms Bauer believes that in terms of the Paris Agenda, and also Accra and Bussan, Ethiopia is doing the right thing. And it is in their term, that is important to know. They do not want international organisations or bilateral organisations dictating to them what they should do.

Appendix 4 – Informed Consent Form Development Assistance Group

Informed Consent Form

1) Project Title

The effects of the implementation of the Paris Declaration by the World Bank and the European Union in Ethiopia.

2) Project Description

The project examines the effects of the Paris Declaration in Ethiopia. Several different points will be researched, such as a description of the Declaration, the relevance of the Declaration and how it aims for better development aid. This research is conducted by using reports, documents, articles and books in the research, as well as interviews that are conducted with organizations.

If you agree to take part in this study, please read the following statement and sign this form.

I am 16 years of age or older.

I can confirm that I have read and understood the description and aims of this research. The researcher has answered all the questions that I had to my satisfaction.

I agree to the audio recording of my interview with the researcher.

I understand that the researcher offers me the following guarantees:

All information will be treated in the strictest confidence. My name will not be used in the study unless I give permission for it.

Recordings will be accessible only by the researcher. Unless otherwise agreed, anonymity will be ensured at all times. Pseudonyms will be used in the transcriptions.

I can ask for the recording to be stopped at any time and anything to be deleted from it.

I consent to take part in the research on the basis of the guarantees outlined above.



14.09.2017

Signed: _____ Date: _____

Appendix 5 – Informed Consent Form World Bank

**Informed Consent
Form**

1) Project Title

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I can ask for the recording to be stopped at any time and anything to be delete from it.

I consent to take part in the research on the basis of the guarantees outlined above.

Signed:



Date:

9/14/17

Appendix 6 – Informed Consent Form EU Delegation in Ethiopia

Informed Consent Form

1) Project Title

The effects of the implementation of the Paris Declaration by the World Bank and the European Union in Ethiopia.

2) Project Description

The project examines the effects of the Paris Declaration in Ethiopia. Several different points will be researched, such as a description of the Declaration, the relevance of the Declaration and how it aims for better development aid. This research is conducted by using reports, documents, articles and books in the research, as well as interviews that are conducted with organizations.

If you agree to take part in this study, please read the following statement and sign this form.

I am 16 years of age or older.

I can confirm that I have read and understood the description and aims of this research. The researcher has answered all the questions that I had to my satisfaction.

I agree to the audio recording of my interview with the researcher.

I understand that the researcher offers me the following guarantees:

All information will be treated in the strictest confidence. My name will not be used in the study unless I give permission for it.

Recordings will be accessible only by the researcher. Unless otherwise agreed, anonymity will be ensured at all times. Pseudonyms will be used in the transcriptions.

I can ask for the recording to be stopped at any time and anything to be deleted from it.

I consent to take part in the research on the basis of the guarantees outlined above.

Signed: _____

Date: _____

29 May 2017

[Appendix 7 - Student Ethics Form](#)