

Does Foreign Aid Undermine "Self-Reliance"? The Case of Eritrea

By

ZERE, Redae

THESIS

Submitted to

KDI School of Public Policy and Management

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Committee in charge:

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List of Abbreviations

AfDB: African Development Bank

ASSP: Agricultural Sector Support Program

CPA: Country Programmable Aid

CSP: Country Strategic Planning

DAC: Development Assistance Committee (OECD)

EC: European Commission

ECHO: European Commission Humanitarian Organization

EDF: European Development Fund

EU: European Union

G-20 Group of Twenty

GDP: Gross Domestic Product

GNI: Gross National Income

GoSE: Government of the State of Eritrea

MDGs: Millennium Development Goals

NIP: National Indicative Program

NSA: Non State Actors

ODA: Official Development Assistance

OECD: Organization for Economic Co-operation and Development

PRSP: Poverty Reduction Strategy Paper

PD: Paris Declaration

SAP: Structural Adjustment Programs

SIDA: Swedish International Development Cooperation Agency

SSA: Sub-Saharan Africa

UNDP: United Nations Development Program

UNICEF: United Nations Children's Fund

USAID: United States Agency for International Development

WHO: World Health Organization

Abstract

This study tests a hypothesis about the impact of foreign aid in Eritrea and whether it really achieved its intended goals. It further analyses foreign aid effectiveness and how it affects the policy of self-reliance in Eritrea. It attempts to investigate the way aid was channeled and the degree to which the country has had control of the process as well as setting the priorities which are closely related to “self-reliance”. The study seeks to answer the following questions: “Was aid delivered in a way that strengthened country ownership or undermined it? Does it undermine the policy of “self-reliance”? And how can cooperation between Eritrean government and donors be adjusted in order to better enhance ownership and “self-reliance” and overall aid effectiveness? The data for this study was collected mainly from the Ministry of National Development and the Ministry of Foreign Affairs of the State of Eritrea-two Ministries Primarily dealing with International Cooperation. Both primary and secondary data sources were used. Interviews were also conducted with 5 key top ranking government officials. In this study, it is revealed that although the government of Eritrea negotiated very well and had a strong ownership in the process of aid delivery and setting priorities, the donor’s approach especially that of EU was ‘rigid’ in the eyes of the Eritrean government and created friction at times. The study further reveals that, Eritrea, although relatively less corrupt compared with many recipient countries, it showed lack of absorption capacity as well as weak institutions that made aid less effective in some areas. Eritrean government believes that its “self-reliance” policy was misunderstood as “isolationist” and created friction at times with donors.

CHAPTER ONE

INTRODUCTION AND BACK-GROUND:

INTRODUCTION:

European Union has pledged a 200 Million Euros to Eritrea in aid in its November 2015 meeting in Malta. The purpose of the aid is mainly to stop economic migrants by injecting money into development programs in Eritrea. What is important though is that this pledge is coming after years of Eritrean disengagement with donors, especially Western countries. Eritrean government has been rejecting foreign aid including from EU since 2005 with the belief that it contradicts the country's policy of "self-reliance". Now that the government is accepting aid, one would ask what changed or what is different about this aid? This research paper will try to answer these questions but also will take this opportunity to go back and assess why the government of Eritrea felt aid contradicts its policy of "self-reliance" in the first place.

Eritrea is a relatively young country which got its independence in 1991 after a devastating thirty years of war. The war left its economic base totally shattered and very much dependent on development partners and aid agencies for its recovery and re-construction. Starting from the early years of independence, UN agencies like UNHCR and UNDP along with several local and international NGOs played a role in the process of resettling Eritrean refugees who were displaced or migrated to neighboring countries during the war and the re-integration of former combatants. Aid continued to make a large portion of the country's GNI reaching up to 37% in 2003 making the country one of the highest aid dependent countries. [(OECD/DAC. (n.d.) Retrieved October 15, 2015, from <http://www.aidflows.org>]

Although there were some issues with international NGOs as early as 1997, from the year 2005, the Eritrean Government started to be vocal against all foreign aid agencies and begun to be deeply suspicious of their intentions and the dangers of aid dependency. Consequently, the relationship between the governments and those agencies and NGOs began to sour. This same year, USAID and several NGOs were expelled, others chose to leave themselves (Connell, D., & Killion, T. (2011). Eritrea rejected more than \$200 million worth of assistance in 2005 alone, this included food from the United Nations, loans from the World Bank and grants from multiple international contributions for the construction of roads and health care supplies (Edmund, S. (2007, October 1).

As a result of the shift in policy, the amount of aid given to Eritrea began to significantly dwindle after 2005. Eritrea, which was one of the highest aid dependent countries up to the early years of 2000 is now one of the least aid dependent DAC listed countries where aid only made 2.45% of its GNI in 2013 [(OECD/DAC. (n.d.). Retrieved October 15, 2015, from <http://www.aidflows.org>)]. All this was done in the name of “self-reliance” policy, as President of Eritrea Mr. Isaias Afewerki vowed not to lead another "spoon-fed" African country "enslaved" by donors [(2011, July 17). Eritrea advises African states to avoid famine through "self-reliance". BBC Monitoring International Reports]. The concept of “self-reliance” is not an easy concept to define and understand, and at times it has been taken as “isolation” by its critics in the context of Eritrea. The Eritrean government insists that “self-reliance” does not mean isolation and here is how it is defined in the Eritrean National charter:

The basic principles of “self-reliance” politically means following an independent line and giving importance to domestic realities. Economically, it means relying on internal capabilities and developing one’s own capacities. Culturally, it means to “have self-confidence and develop one's own cultural heritage”. “Self-reliance”, according to Eritrean national Charter, does not mean isolating Eritrea from the rest of the world. “It only means being as, independent and self-confident a player as possible in the international community” (Markakis, 1995).

The “self-reliance” program began in 1994 but speeded up in 2005 with a small inadequate budget and the mobilization of the country's youth in a national service campaign dubbed ‘Warsay-Yikealo’ development campaign. An independent assessment of the campaign is yet to be produced and therefore, it is difficult to gauge its results. However, the policy has attracted harsh criticism. Its critics argue that it can cost the country a big deal. They see it as “isolationist” stance by the government which can worsen the country’s economic and humanitarian situation. One of such critics is a BBC correspondent Ed Harris reporting from Eritrea in 2006, who said “Self-Reliance could cost Eritrea dear.” The economist also released an article titled “A myth of self-reliance” on April, 2006 criticizing the decision as costly.

Against this background, this research paper aims at assessing the foreign aid given to Eritrea since its official independence in 1993 up to 2005 and then will see what happened after 2005. The research will analyze why the Eritrean government perceives foreign aid as ineffective and contrary to self-reliance. The issue of ‘country ownership’, one of the main pillars of the

Paris Principles on aid effectiveness, and which was re-emphasized in “Busan Partnership for Effective Development Cooperation” in 2011, will be the central issue of the study. Aid is believed to be sustainable and effective when the recipient country has a full ownership of the program. On the other hand, the absence of true and real ownership on the part of recipients is said to be one of the main reasons why aid has not been delivering the desired results. So, this paper will look into this issue in the case of Eritrea.

1.1. Country Profile:

Eritrea is a country located on the East African side of the Red Sea. Eritrea is bordered with Ethiopia from the South, Sudan from its Northwest border, and Djibouti from the Southeast. Eritrea, with a population of more than five million, achieved its independence from Ethiopia following after 30 years of bloody armed struggle in 1991 but had to wait for international recognition until 1993.

Eritrea’s economy is largely based on subsistence agriculture, with 80% of the population reliant on it (CIA world fact book January 20, 2018). GDP (PPP) for the year 2017 stood at \$9.631 billion with a per capita estimate of \$1,600 (World Bank, 2018).

Eritrea is the LDCs, which is actively struggling to realize the mission of “nation building” and socio economic improvement. As clearly articulated in the Macro-Policy Paper of 1994, in the National Economic Policy Framework and Program of 1998, and in the Transitional Economic Growth and Poverty Reduction Strategic paper of 2001, the Government of the State of Eritrea’s (GoSE) prime national development goal is the formation of a modern and technologically innovative and globally viable economy (Habtom, (2016) :200). The GoSE endeavors to achieve a sustainable economic growth with due emphasis on social justice indicators like affordable education, improved health, adequate food and equitable access to services. The GoSE strongly believes that development cannot be achieved by depending on aid but rather through investments and trade from developed partner countries (Ibid).

Despite these ambitious visions and policies, Eritrea has been facing various economic obstacles, including lack of financial resources and continuing drought. Similar to the economies of most African countries, a big percentage of the population - nearly 80% is engaged in subsistence farming, but the sector only produces a small percentage of the country's total output- accounting only 11.7% in 2017. Mining has accounted for the biggest

share of the country's production in the past few years (CIA world fact book 2019). Even without droughts, Eritrea's harvests normally cannot adequately supply the food gap of the country without additional grain purchases.

Minerals such as gold, potash and copper mining are likely to carry the economy to a narrow growth and will be the main sources of government revenue for the next few years. (CIA, 2019).

1.2. Definition and Theoretical Frame Work:

The phrase "foreign aid," in this paper, refers to Official Development Assistance (ODA) and is defined as "the flow of official financing to the developing world that is concessional in nature, namely grants and loans with at least a 25 percent grant component" according to the definition of Development Assistance Committee (DAC)(www.oecd.org/dac).

ODA is generally given for the purpose of encouraging economic growth and prosperity of developing countries, and involves bilateral assistance directly from donors to recipients and multilateral aid that is directed through third party institution like the World Bank and IMF.

Pro-aid economists have long argued and regarded foreign assistance as an instrument for tackling the investments gap in developing economies. This is based on the theory that the Third World is poor because it does not have the capital required for accumulating income-generating investments. Most mainstream economics literature recommends that aid can help developing countries by bridging this "financing gap". The "big push" model views aid as indispensable input for investment that would, in turn, lead to growth and jump-start countries to economic development (United Nations 2006).

On the other hand, the "big Push" is said to be effective only when countries have strong institutions. That is the reason an increasing number of scholars are calling for "greater selectivity" in giving assistance to poor countries, because empirical evidence seem to lead to the conclusion that the "big push" can only have a positive impact in countries that have made commendable advancement in improving their procedures and institutional capacities. World Bank estimations forecasts that "a \$10 billion increase in foreign aid flows would lift about 25 million people a year out of poverty if lending was given to countries with strong economic institutions" (International Journal of African and Asian Studies 2016). The number

drops to only 7 million people if lending is unselective on the basis of governance quality (Ibid).

In a stark contrast to the above notion, many of the literature argue that aid does not help elevate countries out of poverty, or even worse, it cripples societies by creating “dependency” and even the very motives behind it is questioned. One such a skeptic of foreign aid has been the Government of Eritrea. This research will put this controversial issue to test in the case of Eritrea and see if the Eritrean government’s views on aid have been justified by investigating the aid flows to the country, its modalities and how they affected the country’s mantra of “self-reliance”.

1.3. Related Literature:

Despite a constant rise in the amount of foreign assistance given to recipient countries in recent years, the issue of whether it has served the purpose or not has created a heated debate among the leading scholars of the field. Many scholars argue that it failed to deliver the benefit it intended to, or even worse, it made some of the recipients worse off. On the other hand, proponents of aid say aid itself has not been the problem but rather combination of other factors have negatively affected aid effectiveness and they call for more but “wiser” aid. This paper will assess some of the leading experts’ literature from both sides of the argument.

Aid Creates Dependency:

Based on firsthand experience of her own country (Zambia), Moyo (2009), argues that aid does more damage than good to Sub-Saharan Africa. Moyo says that African governments see foreign aid as a constant, reliable, and dependable source of revenue and therefore, they are not motivated to find alternative sources of income domestically. She argues that they are not forced to set a long term financial plan and therefore render themselves dependent on external assistance.

The prominent dependency theorist widely considered as the founder of dependency theory, Andre Gunder Frank (1979) describes official aid as a form of “neo-colonialism”. Frank is especially critical of the loans provided by the World Bank, IMF and other international money lending institutions to the third world countries. He argues that these loans involve interest and they are invested in economies like irrigation, dams or other infrastructure which

have slow recovery or might totally fail to recover the cost. Meanwhile, the interest accumulates and becomes more than the initial loan.

Hyter (1971) argues that external debt owed to donor countries leads to dependency for the beneficiary governments. In the case of tied aid, recipient governments may find themselves compelled into accepting multi-national Companies investment, into making internal political changes as well as ensure those recipient countries support for donor strategic interests instead of their own goals and interests. Hyter gives an example of Kenya being rewarded with assistance for allowing US forces to use its port facilities during the Gulf War. (Hyter, 1971)

Similar to Moyo's argument, Renis, (2007) believes that in the recipient countries, aid has often caused a significant drop in local taxes which is supposed to be the most reliable sources of earnings for any government. Renis also argues that private savings are reduced due to dependence on foreign assistance because beneficiaries tend to see bank on it on rainy days. This phenomenon is most evident in Sub-Saharan Africa where aid has been as big as 13 percent of GDP on average (Renis, 2007).

Moyo (2009), and Renis (2007) both argue that foreign aid chokes off private investment and takes the pressure off reforms for governments; it encourages rent seeking behavior and also aids corruption. Moyo is of the opinion that aid to Sub-Saharan Africa should phase out and ultimately stopped saying "aid is endemic. The more it infiltrates, the more it erodes, the greater the culture of aid-dependency" (Moyo, 2009. P.37).

Quite often, proponents of aid point to the Millennium Development Goals (MDGs) to show that aid is essential because infant mortality as well as other health conditions have shown progress in some countries. Hyter (1971) though, argues that aid in fact contributes to high infant-mortality rates and low life-expectancy, again because of debt which compels the Least Developed Countries (LDCs) to service it instead of investing to improve their citizens' health. Hyter's book was written long before the MDGs were proposed in 2000, and therefore what she said about worsening of infant mortality may not be true now as most countries showed admirable progress in improving infant mortality in recent years.

Frank (1979) provides a detailed statistical data on debt owed to the aid donors. He says that substantial amount of some of the LDCs' national earnings went to the creditors as debt

repayments throughout 1970s. Frank points out that Mozambique and Ethiopia, two of the LDCs, spent half their export earnings servicing debt. By Frank's calculation, the capital that was flowing out of the recipient countries was more than what was coming in. Frank argues that the result of foreign "assistance" to the LDCs is "not development, but the development of underdevelopment". (Frank, 1979)

Frank is rather pessimistic about the future of the relationship between the developed and the developing countries. He argues that the poor countries are trapped into a system they cannot unlock. As a solution, he calls for the LDCs to isolate themselves from the West. He mentioned countries like Iran who went through a socialist revolution to topple the governments that cooperated with the West and are now isolated from the rest of the world.

Renis (2007) believes that aid failed to deliver the desired results because of bad institutions and lack of accountability on the side of recipient countries. He proposes a less dramatic solution by saying that aid can be made more effective by placing some pre-conditions and rewarding those who fulfill these pre-conditions. Renis believes that the 'Millennium Challenge Account (MCA)' proposed by former president of the USA George W. Bush administration would bring some results. He says this would give the recipient governments to design their own programs and have ownership on aid. Moyo (2009) on the other hand, believes that conditionality carries little punch and argues it is not a solution because it is not taken seriously by both the donors and the recipients. She instead prefers aid to stop and replaced by Foreign Direct Investment and Trade.

Celasun, Walliser, Tavares, and Guiso (2008) believe unpredictability of aid to be one of the reasons why aid is not delivering the intended results. They say that the actual aid disbursed is less than what is committed resulting in acute spending constraints and change of plans to the most aid dependent countries. Even when unexpected additional aid is disbursed, the recipient country is forced to adjust and make changes in a short time (Celasun, Walliser, Tavares, & Guiso, 2008)

Celasun et, al. (2008) propose that countries rely on domestic sources of income to overcome aid related shocks and do away with aid dependency as it is more predictable. They advise countries to borrow from domestic sources to finance their budget, but they admit this too could have limitations as domestic markets in these poor countries are weak.

What the literature on foreign aid opponents show is that there is a consensus that aid failed to deliver results in the past several decades, but there is no consensus on the reasons why it failed. The solutions proposed by each expert is also different based on the reasons of failure.

Aid helps and should continue to be given:

Columbia University professor Jeffery D. Sachs is one of the most prominent supporters of foreign aid. In his book *End of Poverty* (2005), Sachs calls for the increase of aid given to the LDCs. Sachs argues that ‘Big Push’ model of economics can work if the developing countries get enough amount of aid from donors to enable them to get their feet on the ladder of economic take off. He argues that once they reach that level, their economy can sustain itself and they would not need to rely on foreign assistance any longer. “If a country is trapped below the ladder, with the first rung too high off the ground, the climb does not even get started” Claims Sachs (2005, p. 73).

Bill Gates, the biggest individual contributor to philanthropies and NGOs, believes that aid has contributed a lot in improving lives in many countries. Gates says that from the 1960s to 2010, many countries have seen a remarkable improvement in the health sector as well increase in income and argues that aid contributed a big deal to that progress. Gates disagrees with the idea that aid does not work and says it is a “myth” (B. Gates, personal communication, n.d).

Jeffery Sachs emphasizes the importance of the Sustainable Development Goals (SDGs) as a “path to fairness and a path to prosperity.” He believes that extreme poverty can be done away with just for below 1 percent of the rich countries’ income Sachs rather optimistic and believes that poverty can be eliminated by 2030 if there is genuine commitment readiness to do so by the rich countries (J. Sachs, personal communication, n.d).

Collier, P. (2007), in his book, *the bottom billion*, believes that in the absence of private capital, aid can play a big role in helping the one billion people in 60 low income countries that are left out of prosperity so that they can narrow the development gap with the developed world with a strategically designed and targeted aid. Collier thinks besides making sure these countries have a stable security, good governance and favorable trade policies, aid is the other way we the rich countries could help them (Collier (2007). He argues against those aid

opponents who believe that these countries should generate resources from domestic sources because Collier says these countries have to cut deep into their consumption to that but he notes that they are already living on the margins so it may exacerbate their condition farther.

1.4. Thesis Statement:

Eritrea government significantly scaled down or in some cases, stopped receiving foreign aid since 2005 believing it undermines the country's policy of "self-reliance" and that it breeds culture of dependency. However, no detailed explanation has been provided by the Eritrean government to support the claim. This necessitates a deeper study into the way aid was channeled to Eritrea and the degree to which the country has had ownership on the issue of aid delivery which is closely related to self-reliance.

1.5. Statement of a Problem:

Although, in principle, Eritrea is not against international assistance, the government was not content with the delivery mode and the motive behind some donors. Consequently, it has refused to accept foreign aid since 2005 and has been suspicious of the activities of aid agencies thus limiting and restricting them from fully functioning in the country, or in some cases forcing them out. This has brought the country into conflict with many donors and it went beyond just the issue of aid to the extent of severing Eritrea's diplomatic relations with most of its former development partners.

1.6. Research Questions

This research will answer two main questions:

1. Was aid delivered in a way that strengthened or undermined country ownership and "self-reliance"?
 - Before 2005?
 - After 2005?
2. How can cooperation between the Eritrean government and donors be attuned in a way that can enhance ownership and "self-reliance" for Eritrea?

1.7. Hypothesis:

Despite officially claiming foreign aid has not helped the country, Eritrea has witnessed some admirable achievements in some sectors where aid was allocated. Aid delivery and development cooperation approach did not seriously undermine Eritrea's "self-reliance". Nevertheless, steps could be taken by both government and donors to further enhance "country ownership" and encourage "self-reliance" of Eritrea.

1.8. Objective:

The objectives of the research are:

- To take a closer look at the aid policies and procedures of Eritrea's donors and find ways whereby these policies can best fit into the policy of "Self-reliance" of the country.
- To try to separate political decision from technical aid problems so that the Eritrean government as well as donors can, objectively assess and revise their policies based on purely aid effectiveness metrics.
- To put forward some recommendations for a better cooperation between Eritrea and donor countries in the future based on the findings of the research.

1.9. Research Methodology:

➤ **Time frame:**

The study will stretch from 1993 (Eritrean official Independence) up to present with the year 2005 as a reference year because it was a turning point in issues related to aid to Eritrea and it was the year where regulations governing NGOs was released pushing most of them out of Eritrea.

➤ **Data:**

For a deeper and extensive analysis, the research will be conducted based on both primary and secondary data. The researcher will collect primary data by interviewing and distributing questionnaires to key informants from the Government of Eritrea (mainly depending for qualitative data) as well as dig into official documents on the subject. For the donor side of the story, official documents will be referred. Collection of secondary data will be based on

various books, articles, magazines, electronic readings and websites.

➤ **Limitations:**

This research will only analyze the issue of country ownership in the Eritrean case and therefore is limited in its scope as it will only see at a part of what makes aid effective. The research will also only assess the Official Development Assistance (ODA) from the OECD countries (with the exception of Japan) because it is with these set of countries that Eritrea had a rocky relations over the years. The data for this research is qualitative and nature and is less suitable for empirical analysis.

➤ **Country ownership metrics:**

There are multiple ways and metrics where by aid effectiveness is measured. One such metrics was developed in 2005 in the Paris Declaration of aid effectiveness. Most of the elements of Paris Declaration were re-emphasized in 2011 in Bussan, South Korea. For this purpose, the following metrics will be studied as measurements of country ownership in the case of the State of Eritrea.

Ownership of Priorities: this will assess Donor Adaptability to Country Needs, and Donor Alignment with Country Development Strategies.

Ownership of Implementation: will see if Local Procurements and Local Systems have been used over the years.

Ownership of Resources: Domestic Resource Mobilization and Local Co-Financing as well as integration of External and Local Funding to Increase Sustainability will be looked at here.

Policy conditionality: The number and degree of enforcement of policy conditions will be analyzed.

1.10. Structure of Thesis:

This paper will be divided into six sections. The first section will consist of an introduction, literature review, structure, and objective of the paper. Second section will give an overview of the historical back-ground of “self-reliance in Eritrea”, focusing on its origins and how it affects Eritrea’s policy on foreign assistance. Section three will focus on Overview of Aid

Flows from 1993-2005 assessing the modalities of some donors and how these modalities fit into the Eritrean policy. The fourth section will be devoted to post 2005 aid disbursements with a focus on why or how it was different from the previous aid disbursement mechanisms. The fifth section will discuss the results and make some analysis on the findings. The research will wrap up with conclusion of the main ideas as well as some recommendations of the researcher in section six.

CHAPTER TWO

HISTORICAL BACK-GROUND OF “SELF-RELIANCE” IN ERITREA:

“Self-reliance” is indeed a doctrine of the Government of the State of Eritrea and is a very popular concept in the country. But it is also a controversial issue for it was taken to mean “isolationist” and an “empty slogan” by Western donors. The idea of “self-reliance” in the Eritrean context first appeared during the country’s liberation struggle (1961-1991) not for political reasons but out of need.

Eritrean liberation struggle can be considered quite unique considering it had no support from neither of the cold war camps. Having little else than human resource, it had achieved so much and won over a big “enemy” that was supported by super powers at the time. Mr. Samsom Berhane, director of international cooperation in the Ministry of National Planning and Development interprets the idea of “self-reliance” as something that carries a strong willpower to be in control of “structural and social developments” and rely on one’s human and natural capital. Mr. Berhane adds that it also means being in control of one’s own matters, goals and decision. For the most part, this issue has been “controversial” at best as it was interpreted as ‘isolation’ and that it was unrealistic. The fact that the Eritrean liberation struggle was on its own for 30 years, has developed a deep sense of “self-reliance” but at the same time, it seems that it developed a sense of skepticism towards the international community.

Eritrean government claims that it welcomes it whenever development assistance is required; however, compromising ownership of the program is not an option. Consequently Eritrea is in control of the managerial role of the projects in the county while benefiting from the

monitoring capacity of donors. Eritrea does not approve of the “donor-recipient” relations and thus gives so much emphasis to “partnership”. Mr. Yemane Ghebreab, Senior Political advisor to the President of Eritrea sums this notion as follows in an a live interview he conducted with ‘EritreaLive’;

“We believe that the donor-recipient paradigm has failed and is outmoded. Cooperation can only work if there are mutual interests. That’s why we focus on trade and investment and not on hand-outs which create dependency. Today Europe needs Africa, probably as much as Africa needs Europe. Unfortunately old habits persist and many European countries seem to live in the past”

(Dolce, 2013).

The GoSE development strategy emphasizes the creation of human capital, expansion of the infrastructure, and formulating environmentally conscious policies (GoSE, 1994, 1998). Eritrea’s development priorities are well elaborated in its human resources, infrastructure and food security programs and policy statements (AfDB, 2012). The government gives much attention to “self-reliance” to the extent “not seen elsewhere in Africa” (Ibid). The GoSE argues that economic growth and development should not be founded on aid but rather on trade and investment from the economically advanced countries.

The government believes that ultimately, alleviating poverty depends in enhancing the skills of the citizens by way of education and training, and in creating jobs and income creating opportunities. The Eritrean development vision emphasizes empowerment of the people; in the belief that only if citizens have ownership will they reap the fruits of development.

2.1. Aid Policy of Eritrea: A Dream for “Quick Graduation”:

Eritrea’s admission into the aid world was described as a rare “expression of national ownership and sovereignty” (Anneke et al.2008). In 1994, the Eritrean government articulated a plan guiding the country’s international cooperation, emphasizing “long-term” relationships founded on a “partnership”, where the donors would work as “catalysts” with financial and technical support but not take the country’s development process in their hands (Ibid).

According to a Swedish country study of 1996, Eritrea was able to tell between “interference and influence”. The study witnessed that Eritrea said ‘no’ to donors who don’t fit into its models and priorities (Ibid). In short, Eritrea a clear vision for moving from dependency on grants to economic cooperation by means of loans and investments since 1994. This policy remains the same to date.

The GoSE is convinced that aid cannot be a remedy to all development bottlenecks in the LDCs. And the government argues that aid affects the beneficiary in a number of ways: firstly, the overdependence on aid renders these countries weak while bargaining aid (Ibid). The donors are believed to put forward a number of conditionality for supplying aid. The other problem is that donors get the chance to interfere in the recipient country’s domestic affairs like in the fiscal, monetary and development policies (Ibid). Finally, aid is said to burden recipient countries with debt and debt servicing situations.

2.1.1. Setting Priorities:

Eritrean government is well aware of the pitfalls of the above mentioned problems. As a result, the Eritrean insists on full responsibility for the development of sector policies, strategies, as well as program operation. Presence of long-term expatriate technical professionals is frowned upon. The ultimate goal of Eritrea, within a timeframe not more than 10 years, was to transfer from dependency on grants to typical economic cooperation that included trade and investment. In 1998, Eritrea voiced concerns over aid dependency and demanded that grants give way to loan facilities. The government also requested decrease in foreign consultancies and replace equipment and supplies at their expenses (Ibid).

The Eritrean leadership, having learned the hard way during the long years of war independence, was less than unconvinced that, aid with strings attached to it, was actually the solution for the country’s difficulties. The Eritrean government saw aid as provisional funds for “self-reliance”. Highlighting the critical importance of mutual foreign cooperation, many government officials in Eritrea stated that Eritrea needed people to work with her not to work for her.

The former late Minister of Health Mr. Saleh Meki, for example believes that, all projects be “nationally oriented” (Habtom, 2016). Mr. Meki insists on the country setting its own priorities and that foreign assistance be only complementary to the country’s broader development strategy. With that policy framework, international and national NGOs were welcome to take part in the public health programs according to Mr. Meki (Ibid). Aid is believed be more effective when it is aligned with development strategies of recipient countries. Today’s aid allocations modalities need change, and aid agencies in charge of the flows of financial and technical assistance-need to work in cooperation with policy tools of other agencies to ensure long term benefits.

In the last two decades the government has been regulating aid activities through different mechanisms; the table below outlines the steps taken to limit the activities of NGOs in Eritrea.

Table 1. Proclamations restricting NGOs in Eritrea:

Time line	Restrictions on NGOs	Consequences
1995	restricted local and foreign religious relief activities with proclamation no. 37/1995	_____
1996	Food aid replaced by monetization program.	_____
1997	NGO’s ordered to limit their activity on health and education sectors	Several NGO left
1998	government decided to graduate from humanitarian assistance and asked NGO’s to phase-out their program	Many remaining NGOs left the country
1998-2000	relaxed its policies because of border war with Ethiopia	Humanitarian assistance was provided for war displaced people.
2005	regulated NGOs activities in the country through proclamation 145/2005	only few financially established NGOs managed to stay in the country

Source; (GOE, 1995; EC, 2009), (GOE, 2005)

In May 2005, the government published a Proclamation barring NGOs, both domestic and foreign, from getting funding for “relief” or “rehabilitation” purposes from the United Nations, or other organizations, or with bilateral agreement (A Proclamation 145/2005, 2005).

The Proclamation defines an NGO as “an organization that engages in relief and/or rehabilitation work” (Ibid). Furthermore, the proclamation only allowed NGOs to work if they have “at their disposal in Eritrea one million US Dollars or its equivalent in other

convertible currency” (*Id.* at art. 8(1)(c).). Within ten months from the Proclamation in May 2005 and March 2006, the number of NGOs operating in the country dropped from 37 to 13. Due to absence of funding, the number of NGO operating has further diminished, and the U.S. Department of State reported that only 11 NGOs were operational in the years 2006 and 2007. (UN Office for the Coordination of Humanitarian Affairs, 2006)

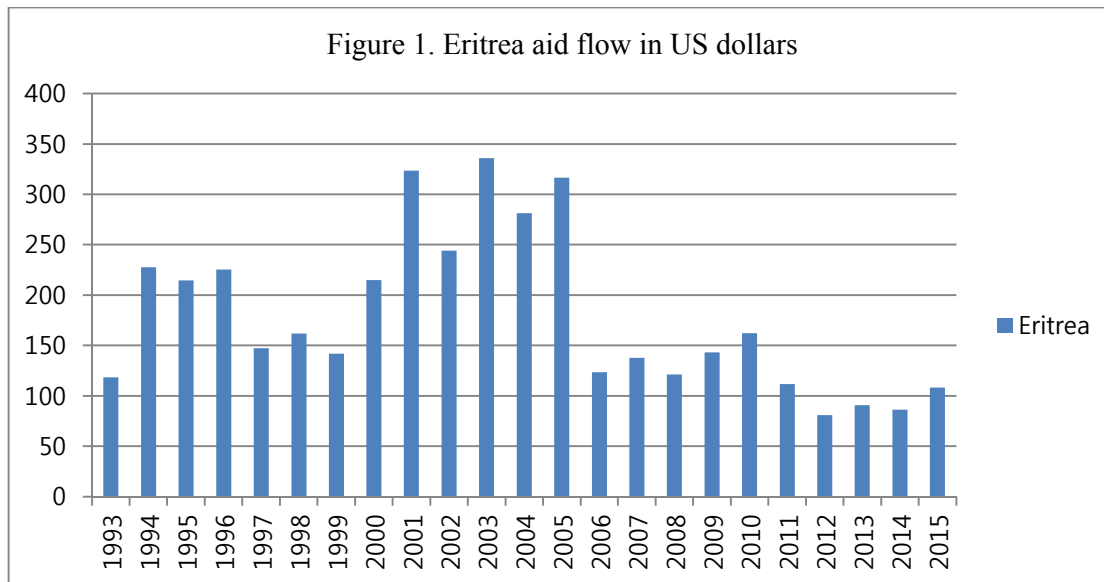
The Director of ‘International Cooperation’ at the Ministry of National Planning and Development Mr. Samsom Berhane, summarizes Eritrean fundamental principles of international cooperation policy as follow: one, respect of mutual sovereignty and values; second, genuine cooperation that neglects the donor-recipient nature of the partnership; third, prioritize trade and investment than development assistance; fourth, political and economic conditionality free cooperation; and finally avoidance of third parties or intermediaries in the development cooperation (such as NGOs and International Organization).

CHAPTER THREE

OVERVIEW OF AID FLOWS FROM 1993-2005:

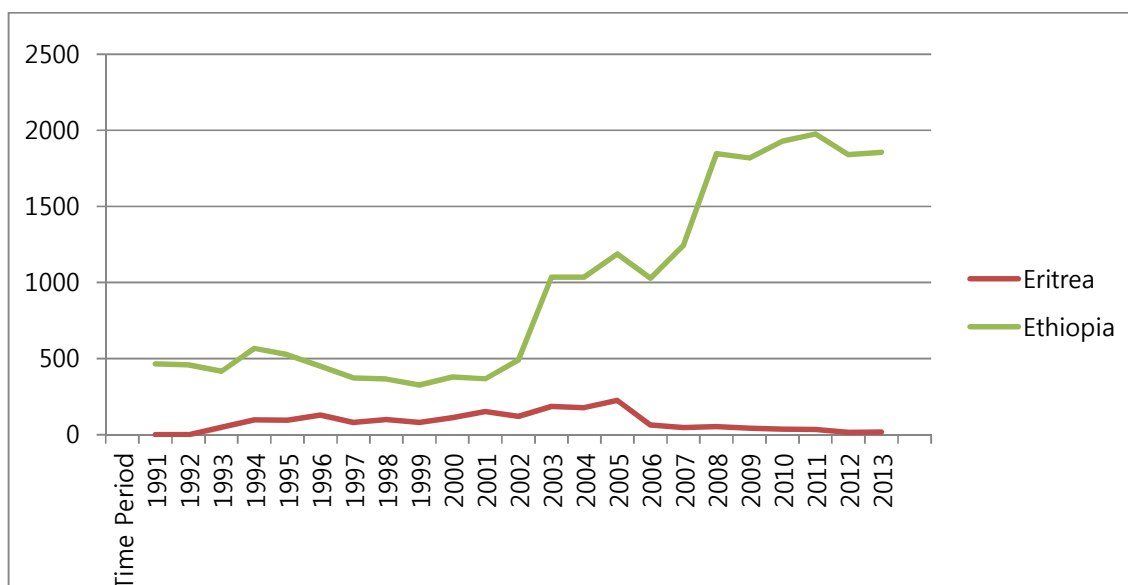
Eritrea, which was de facto independent since May 1991 from Ethiopia, was not officially recognized until 1993. Consequently, aid that was given to Eritrea in those first two years of Independence was merged with that of Ethiopia. Although one of the LDC, Eritrea’s dependence on aid has been dropping significantly over the years especially post 2005 when the Eritrean government published proclamation restricting NGO activities in the country.

The table below shows that foreign aid from OECD countries has been steadily increasing until the year 2005. Aid reached its peak in the year 2003 accounting around 37 of GNI in the country (OECD/DAC (n.d.) Retrieved October 15, 2015). After the proclamation of 2005 that restricted the activities of NGOs, aid flows to the country has dwindled significantly and most of what was coming came through UN agencies and less through bilateral cooperation.



The below (Table 2) shows that the aid that given to Eritrea and Ethiopia, although of different volume, was showing a similar linear increase up the year 2002. Aid flow after 2005 has sharply declined for Eritrea but shot up for Ethiopia. For some of EU countries, namely Denmark, the Netherlands, Norway and Sweden the cooperation with the government of Eritrea has started deteriorating as early as 2002 for political reason (). But the sharp decline from 2005 onwards has to do with the proclamation restricting NGOs in the country.

Figure 2: Aid flow to Ethiopia and Eritrea;



3.1. Aid Modalities of EU & Selected Countries in Europe:

3.1.1. EU-Eritrea cooperation:

EU has been the biggest multilateral donor for the Government of Eritrea. Eritrea under EU's criteria, which focus on governance and institutional capacity, is not eligible for the relatively convenient aid system known as 'budget support'. Hence, it is dealing with a relatively rigid aid system known as 'program support'. This gives EU direct control in the program from the formation to execution including contracting, procurement and payments. As it requires the projects to be conducted as per EU's modality known as 'practical guide' (PRAG) it usually clashes with Eritrea's project implementing modalities. Consequently it causes delays in disbursement and implementation of the projects. EU's mid-term reviews (from 8-10th EDF) attribute these delays and poor disbursement to Eritrea's deficiency in technical capability and experts. Shortage in technical experts and weak institutions is something Eritrea cannot deny. At the same time the procedures Eritrea is required to follow in perusing projects are burdensome, and at times at odds with the domestic rules.

The major development program so far accomplished or underway of implementation through EU assistance to Eritrea are: one, post-war rehabilitation program (7th EDF); two, support to displaced people and demobilization of military personnel (8th EDF); three, education and infrastructure (9th EDF); and four, food security, legal and public service (10th EDF) (European Commission, 2002 & 2009). In principle the CSPs and National Indicative Program (NIP) that brought the above projects are prepared by the government of Eritrea. However, as any program cannot be guaranteed fund unless designed along the general priorities set in CPA and endorsed by EU, it doesn't necessarily mean they reflect the priorities of Eritrea's government. Hence, Eritrea's terminations of the road maintenance project from the 9th and 10th EDF and later the whole package of 10th EDF (though restored through negotiation) attribute to the question of ownership of the program.

EU's stand to elevate NSA's and particularly NGO's role in the formulation and implementation of program is also amongst the contentious areas in the partnership. Eritrea's choice of independent line, full ownership of its development policies and activities, and the continuous endeavor to graduate from aid challenged EU's mechanism of channeling development assistance through NGOs. The successive government's proclamations and

policy reformations in the endeavor to graduate from humanitarian assistance and to advance the notion of developmental state have reduced the number of foreign NGOs in the country. This gradually limited European Commission Humanitarian Organization's (ECHO) counterparts in the country and widened the policy rift of EU and Eritrea in that regard (EC, 2009). Despite the difference in approach between the two counter parts, engagement still continues and the EU remains one of the biggest partners of Eritrea. This could be considered a win to Eritrean government because it did not give in too much in terms of country ownership of assistance.

3.2.1. Denmark, Netherlands, Norway & Sweden:

Eritrea formulated its aid policy shortly after its independence. The policy was powerfully articulated in aid negotiations. The policy reflected the countries desire for long-term reliable programs, while targeting “quick graduation” by gradual phasing out of assistance. Denmark was the most willing to supporting Eritrea’s development goal. Consequently, sector program agreements were developed in agriculture and education. The program was long-term commitment spanning for 13 years portioned into three phases (three years, five years, five years) (Anneke et al.2008), with the last phase being agreed as a “phase out”.

Unfortunately for the government of Eritrea, Denmark decided to pull out its support to the agriculture sector in 2002, despite the ASSP having been described a success stories of Denmark’s sector support program partnerships. No arrangement was made for phasing out, leaving the agricultural sector in Eritrea with a 40 percent deficit in budget and without alternatives funding (Anneke et al.2008).

Table 2. Aid modalities of selected countries:

	Denmark	Netherlands	Norway	Sweden
Political ties	Closed 2002	Closed in 2007	closed	Liaison office
Trends in aid volume	Rapid increase until dramatic fall in 2002	Rapid increase until dramatic fall in disbursement in 2002	Reduced during war with Ethiopia and again increased after 2002	Ups and down 1995/6 and 2002
Main sectors	Agriculture, Education	Governance, agriculture, Education, fisheries	Governance, humanitarian	Energy, education research
Aid	Project and	Project support	Project support	Project support

modalities	program support			
Non aid relations	Total disengagement	Retained embassy until 2007	Total disengagement	Embassy open but ambassador in Stockholm

Danish cooperation from 1993 to 2002 with Eritrea was considered “ideal” by GoSE and a case of a “true partnership” (Ibid). In its support of agricultural sector, Denmark provided a kind of “mini” budget support which is way advanced means of support compared to the normal program support other donors gave to Eritrea (Anneke et al.2008). The support to the education sector (1996–2005) was no different with the Ministry of Education (MoE) being mostly responsible for program execution, and with almost no interference from foreign advisors.

Denmark’s exit from Eritrea in 2002 was clearly political. Denmark mentioned lack of “democratization” and “economic liberalization” as the primary reasons for ending the partnership. Nevertheless, the cooperation was thought to satisfactory (Ibid).

Netherland and Eritrea partnership was project support and less developed compared to the budgetary support of Denmark. Netherland began assisting Eritrea in the Agriculture, Education, Fisheries, and governance sectors as early as 1993 and the engagement showed progress until it was suddenly downsized in 2002.

Norway’s engagement with Eritrea was no different. It started in 1993 as a project support in Governance and humanitarian assistance. The engagement continued until 2002 although it was reduced during the war with Ethiopia between 1998 -2000. Like that of Denmark and Netherlands, Norway’s exit from Eritrea was also for political reasons. In my interviews with officials of the Ministry of National Planning and Development, Denmark, Netherland, Norway and Sweden scaled down or stopped their support to the Eritrean government after the expulsion by the Eritrean government of Italian Ambassador in October 2001.

Sweden and Eritrea cooperation has seen ups and down in 1995/6 for disagreement regarding asylum issues of Eritreans. But it continued nonetheless until 2002 when as a project support

in Education and Energy. In the year 2001, disagreement began to show when Eritrean authorities jailed an Eritrean-Swedish journalist and engagement was sharply scaled down in 2002. Unlike the other three, Sweden still maintained a liaison office but bilateral cooperation is almost nonexistent.

CHAPTER FOUR

AID FLOWS AFTER 2005:

The year 2005 was a turning point in terms of Eritrean relations to the donors. After the proclamation 145/2005 that severely restricted the activities of NGOs in the country, many NGOs including USAID had left. Relations with most European countries were strained and Eritrea voiced concerns since 2009 over the procedures of EU funded projects in the country. Consequently in the same year it unilaterally terminated EU funded Road Maintenance project. In 2011 it similarly interrupted EDF 10 with its €120 million volume and asked UN agencies to phase-out their projects. The then Minister of Finance, Mr. Berhane Abrehe's, official letter to UNDP in January 2011 said: "aid only postpones the basic solution of the crucial development by tentatively ameliorating their manifestations without tackling their root causes. The structural, political, economic etc. damage that it inflicts upon recipient countries is also enormous" (Ministry of Finance, 2011). Nonetheless, both EU and UNDP activities returned to normalcy after both sides agreed with the government of Eritrea to streamline their activity with the government's development plan in 2012.

The other characteristics of post 2005 cooperation was that most European countries stopped cooperating directly with the Eritrean government but rather opted to work through the EU or through third part like UNICEF and UNDP. The assistance given to Eritrea after 2005 did not fundamentally change its modality-project support and most of went the Education and Health sectors. Between 2014-2015, 43% of assistance went to the Education Sector and about 10% went to health, while only 3% went to the production sector. (OECD - DAC: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/aid-at-a-glance.htm>). Eritrea's achievement in some of the MDGs, especially in health and education sectors shows that the country can make a good use of assistance if let set the priorities and

have full control over the project implementations.

4.1. The Paris Declaration and MDGs:

The Paris Declaration (PD) in many ways fits to the model Eritrea aspires aid should be delivered. Eritrea emphasizes “partnership rather than “donor–recipient” relationships. The PD encourages Donors and beneficiaries to cooperate on “partnerships” basis in which they have distinct roles as well as joint responsibilities”

In the thematic meetings of MDGs which intends to tackle poverty, provide basic needs in education and health, as well as with gender equality and environmental sustainability, the PD shoulders developing countries the responsibility of taking the primary role of defining “their own development priorities”, as well as “formulating their policies and strengthening their institutions”. PD further underlines popular participation in development processes of their countries.

Very much in tune with the Eritrean Government’s rhetoric, PD also described aid as one factor to development and that it should be viewed as a facilitator rather than the main development input. The PD further urges donor countries to support the priorities of beneficiary countries and respect their national planning and organizational, capacities.

All in all the MDGs were founded in a way countries assume central position in their policies and this was a total policy shift from the 1980s where states were largely by-passed. In the PD, policy conditionalities that were the essence of the SAP gave way to “selectivity” and to focusing on results. For better results, it was emphasized that Partner Countries develop strong institutions, good policies; and good governance that are supported by their own citizens. Avoiding corruption and maintain the rule of law and human rights was also given center stage.

The PD also urges donor countries to avoid national strategic interests and commercial goals in their cooperation with beneficiaries. To minimize the administrative burdens, and to have accountability, policies were urged to harmonize and aligned (Habtom, 2016).

This notion of country ownership and being in control of policy matters was very much in line with Eritrean Government's own vision. Of the 7 MDGs, Eritrea has achieved goals number 3, 4 and 5 in the health sector. Eritrea has registered an exceptional achievement in reducing infant mortality rates per 1,000 live births from 92 in 1990 to 58 in 2000, and to 37 in 2012 (WHO, 2014). Under-five mortality per 1,000 live births was cut from 150 in 1990 to 89 in 2000, and to 50 in 2013 (UNICEF, 2014). MDG 4 calls for cutting under-five mortality by 2/3 between 1990 and 2015. The MDG-4 target for Eritrea for 2015 was 50. Eritrea has achieved MDG-4 two years ahead in 2013 (Ibid).

Eritrea has learned good lessons and applied a number of strategies in realizing this landmark. The GoSE recognizes the participation of rural communities as an effective and economically affordable tool in alleviating disease and promoting primary health care. Communities have been educated to raise their awareness, and this resulted in "improved health-seeking behaviors". Health services were also taken closer to the community (Ministry of Health 2004).

WHO Statistics Report of 2014 indicates that the maternal mortality ratio for Eritrea dropped from 1,700 per 100,000 live births in 1990 to 670 in 2000 and to 380 in 2013. The 2015 target for Eritrea (425 per 100,000 live births), was met a year before the due date of 2015. Dr Giorgis Tesfamichael, Minister of national Development of the State of Eritrea admits that foreign assistance played a role in achieving some of the MDGs by saying; "The impact on the daily life of the people is significant and has been reflected in the achievement of certain millennium development goal (MDG) targets, as evidenced during a meeting in the margins of the United Nations General Assembly in September 2014".

Although foreign assistance was very important here, a strong Government that was able to mobilize people behind a goal was also important for these achievements. Public partaking and involvement in the health service delivery helps seal the gap in skill deficiency and takes, services closer to the beneficiary community. Despite the achievements in health and education, the other MDGs especially reducing poverty did not show significant progress.

CHAPTER FIVE

RESULTS AND DISCUSSIONS:

The results from the documents referred and the interviews conducted could not lead to conclusive evidence as to what the Eritrean government claims of aid creating dependency or “crippling society”. This evidence is on the whole encouraging. The Eritrean government has a strong control on setting priorities and owning the whole development policies of the country. This is not to suggest that more cannot be done to improve the relations of the government with the donors. One area that can be improved is the avoidance of mixing political interest with aid technicalities on the side of donors. The Eritrean government also needs to focus more on institution capacity building so that aid is absorbed more easily.

All my interviewees from the government side seem to display an exaggerated sense of skepticism about the intentions of western assistance. Another finding is that aid almost always falls short of the required amount and takes too much time to be delivered which frustrated the government of Eritrea at times.

The trends also shows that Eritrean government grew bolder and bolder with time when negotiating aid cooperation and rarely seemed to compromise on the fundamental principles. Thus Eritrea was prepared to deal with SAPs and PRSPs requirements of the agreements with its own approach without compromising its developmental principles. Accordingly, Eritrea has been implementing programs that do not compromise its developmental state aspiration and filter programs that don't fit with its policy framework.

In the last two decades the aid regime of the partnership has been the source of friction between the EU and Eritrea. Though EU remains to be the largest development cooperation partner of Eritrea, the size and focus of its aid on poverty alleviation has been questioned by the government of Eritrea. Throughout the last 20 years EU has committed to Eritrea €280.2 million and disbursed €168 million in total (from 7th-10th EDF) (European Commission, 2002, & 2009). This is €14.1 million a year while the actual disbursed amount is €8.4 million. It should be admitted that there were also some bilateral supports from EU member states. This amount has never proved to be large enough to instigate the needed “big push”.

One problem was that aid delivered was fragmented and was delivered in small slices. This is despite the OECD warning against “aid that comes in small slices from too many donors”.

This is believed to create unnecessary costs (Ibid). In my interview with officials of the Ministry of National Planning and Development, I found out that there was lack of coordination among aid agencies, and rarely did they share lessons and experience.

One issue that was not a big problem for the Eritrea government was the noninvolvement or minimal involvement of Non-government organizations and charities. These organizations are said to undermine the host government's "self-reliance" when they act on behalf of the host government (Habtom, 2016).

Unlike many SSA countries, the government of Eritrea strictly instructs donors not spend more than 10% of the total project costs for administrative expenses. The government allows expense only if they inevitable and directly connected to the project itself. The other rather unique experience is that the number of expats be as few as possible so as to avoid additional expenses.

Despite the strict control and strong ownership by the Eritrean government, most donors' decision to withdraw cooperation from Eritrea was not triggered aid related technical issues. Sharp scaling down started in 2001 and was mostly caused by the donors' political view of Eritrea. The war with Ethiopia also reversed many of the macro-economic improvements that had been registered by Eritrea; creating a serious strain in the bilateral relations with the western donors.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS:

6.1. Conclusion:

The Eritrean government came late to the International aid system and has tried its best to learn from the mistakes of the other fellow SSA countries and the Structural adjustment programs of 1970s and 1980s. When Eritrea joined EU-ACP partnership in the summit of Lomé IV, the aid regime of the partnership was already adjusted along the global consensus of donors on neoliberal terms. So if the newly independent Eritrea was to benefit from international aid and finance, it had to design its development program along SAPs and later on PRSPs principles. Furthermore it had also to accept human rights, democracy, and rule of law, good governance and mandatory political dialogue as components of the development program. Considering the lack of clear mutual understanding on the terms of human rights and democracy in the agreement documents, it was to be expected that problems would emanate or misunderstanding and misinterpreting of the texts would occur.

Eritrea's focus on sustainable development and social justice concur with the socio-economic rights enshrined in the UN Charter of Fundamental Rights of Human Beings. Accordingly it believes achievements in the social-economic rights could easily lead to achievements on political and civil rights. [(E-SMART, (2013)]. On the other hand, EU emphasis is on the political and civil rights. Although these two philosophies are not fundamentally conflicting, the priority given to them and the argument of which comes first was different for either side and it proved to be a source of disagreement at times.

Moreover, EU's emphasis on aid as a poverty alleviating mechanism both in Lomé IV and CPA does not always coincide with Eritrea's view of development. For Eritrea, as expressed in the National Charter, Macro-economic Policy and Constitution, foreign assistance is not a development mechanism but an addition to the national effort, particularly in times of gap and crisis. According to the above mentioned policy documents and my interviews account industrialization and trade is the main mechanisms of poverty reduction and decisive factors for development in the Eritrean vision. Thus, EU's presentation to aid as a development mechanism and as the much needed "big push" model is more political and at the same time prone to corrupting recipient countries according to Eritrean government's view. The Eritrean

government believes that domestic resources mobilization is the only way forward if economic emancipation is to materialize.

Another important conclusion from this research is that aid is a “drop in the ocean” compared to the resource needed for making a major push to economic development. There are so many non-aid factors that affect these broad results, like international food and energy prices, commodity prices, world interest rates, trade wars between big economies and the like. Therefore, trying to detect the effect of aid becomes very hard. The Eritrean case is no different here. The results of aid effectiveness are mixed. Eritrean government’s characterization of aid as ‘crippling” can be considered an exaggeration especially considering the country’s achievements in some of the MDGs.

Eritrea can be considered one of the overachievers when it comes to the MDGs. It has achieved three of the MDG goals in the health sector. Foreign Aid has played a big role here, and this shows that Eritrea can make use of foreign assistance if the country could sort out its difference with the Western donors. It is true that aid cannot bear the weight of responsibility which many people would like to shoulder it. It is only one input into the development process. After all, it is only resource that many poor countries would need to fund projects. Taking aid to a particular country, it may be that some or all of it displaces domestic resources which would otherwise have been tapped - for example by higher taxation. In that case aid is effectively financing consumption.

In my interviews with the Eritrean government officials, mobilizing domestic resources was not believed to have hindered because of aid replacing it but rather because of war with Ethiopia and the subsequent “no war, no peace” situation that ensued after the war for almost 20 years. Although it is evident that aid was too little to get Eritrea out of poverty especially after its economy was devastated during the 30 years liberation struggle against Ethiopia and another two years border war with the same giant neighbor, there is no conclusive evidence that aid actually hampered development or weakened the country’s ownership of its development course. On the contrary aid has played a positive role and would have played even greater role had it not been politicized by both the Eritrean government and the donors.

6.2. Recommendations:

- Although Eritrea has showed comparatively strong ownership of the aid process and was considered one of the least corrupt in SSA countries (), aid has not always brought the intended results mainly because of weak institution and lack of absorbing capacity. The GoSE needs to work diligently to strengthen its institutions so as to adequately take advantage of the aid given to the country.
- The Coordinators in the Ministry of National Planning and Development witnessed that coordination among different donors was not an easy task. The main reason for that are the differing views about aid in the country. Foreign assistance is believed to be less effective when it is channeled through so many institutions. Harmonization of donors needs to be worked out in the future for better results.
- According to my interviews, countries of Asia such as China, Thailand, and Japan to a relative degree seemed to be more engaging with the government, and have more flexible approaches compared to most of OECD countries. To minimize these gaps in approaches and to better harmonize policies, it is essential to put in place a platform where donors can work towards common goals.
- Another Important lessons learnt by the GoSE are the necessity of having a binding agreements. Moreover, it is important to comprise more than one donor in the bigger sector programs because that helps sharing the risks. It is important to device better communication strategy with donors who planning to exit, especially when they exit suddenly. That can help finding a smooth and less harmful ways of exiting.
- Lastly, a key concern with the GoSE is that donor exits should be mainly based on development merits and not political calculations. It was evident that Denmark, Netherlands, Norway and Sweden's exit decision from Eritrea was more about political decisions and less about aid related considerations.

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Annex1



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