

Student Essays on Development
Collective Volume

Czech Republic – Hungary – Poland – Slovakia

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Introduction – About the Project

This anthology was produced as part of the international project **To Act You Have to Know**, implemented jointly by the Czech **People in Need (PIN)** foundation, the **Polish Humanitarian Action (PAH)**, the **Hungarian Foundation for Development of Democratic Rights (DemNet)**, the **Partners for Democratic Change Slovakia**, the Slovak **NDGOs platform (PMVRO)** as well as the Dutch **European Journalism Centre** for educating journalists.

The **To Act You Have to Know** project seeks to strengthen the role of Central European countries (Czech Republic, Hungary, Poland, Slovakia) within the context of European development assistance and international politics. This program also operates on a national level to instigate public debate on the problems of less developed countries and development cooperation.

The essays on relief aid and development assistance included in this anthology are extracts from **the winning works of a student competition** held within the scope of the project in the countries of the Visegrád Four group. University students from the Czech Republic, Poland, Hungary and Slovakia were encouraged to participate with their bachelor or master's thesis on development issues, which they defended between 2008 and 2010, thereby contributing to the debate on development cooperation. Two winning works per country were selected at each national level by a committee of experts representing academia as well as the state and NGO sectors.

DEVELOPMENT AID AND CHANGES IN RECIPIENT REGIMES

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Bachelor thesis, 2009

“Democracy alone can supply the vitalizing force to stir the peoples of the world into triumphant action, not only against their human oppressors, but also against their ancient enemies – hunger, misery, and despair.”

Harry S. Truman (Truman's Inaugural Address 1949)

Introduction

Since its official initialization in the late 1940s, foreign development aid has gone through many changes in terms of attitudes to and views of its proper aims as well as the issue of its real efficiency. The end of the Cold War was among the most important shifts. As the international environment was transformed, there were changes in individual regimes, referred to as the third wave of democratization (Huntington 2008), which had a significant impact, among other things, on

the form of foreign aid. The trend was observed especially in the recipient countries, while parallel changes in the foreign aid agenda were taking place in donor countries since supporting and promoting democracy was emphasized to the detriment of ideological interests.

Despite, or perhaps because of, the shifts it underwent, foreign aid poses a great mystery for researchers in many respects; due to its complexity, it seems very difficult to grasp it as a consistent issue and treat it as such. This paper focuses on a partial issue, with reflections on the effectiveness of foreign aid highlighting the concept of development aid selectivity as a central topic. Depending on the political regime and its changes in the recipient country, the relationship between democracy and foreign aid was examined and verified through selectivity, explained below, based on selected case studies.

Defining selectivity as a theoretical framework

To study the given relationship, it is vital to focus on aid allocation, i.e. the stage when two basic questions are to be decided, based on actual determinants: Where to direct aid and in what volume? (Akram 2003, 1351).

In theory, allocation may be conditional on, for example, aid effectiveness; however, the extent of the absolute validity of this claim is controversial because some donors determine aid allocation with a stable environment in the recipient country, while others take into consideration primarily the poverty of the recipient and still others allocate aid with no respect to any of these factors or, alternatively, strive to strike a balance between them and to stress both in order to maximize foreign aid effectiveness (Dollar and Levin 2004, 13). But since approximately the mid-1990s, good policy/good governance is increasingly emphasized when allocating aid to a recipient country (for more, see Crawford 2001, 11–15).

Within a few years, the preference for proper conditions in the recipient country, widely known as the concept of selectivity, evolved under the influence of several influential works into a *de facto* paradigm with a major impact on the whole development community. As conditional effectiveness was elaborated, several indexes to evaluate countries and their environments were created, while

the trend responsive to institutions and governance, rather than macroeconomic indicators, gradually took hold.

Considering aid allocation and its conditionality on effectiveness, we can distinguish two general trends in aid distribution. Firstly, foreign aid is seen as fueling democracy, or rather democratization, and change in politics, which is almost identical with conditionality when a country is allocated more aid *ex ante* based on the recipient's promise to implement reforms and hold free elections. Secondly, evidence points at the fact that democratization fuels aid. This trend of diverting from macroeconomic indicators towards political and social aspects is clearly described, for example, in Crawford's statement about a shift from economic conditionality towards political conditionality (Crawford 2001, 2–3). In other words, if a country's regime changes and democratization improves at least its institutional aspects, donors will mirror the situation, due to the current belief in the efficiency of selectivity, and they will grant the recipient an increased amount of aid.

We can thus discern a bidirectional, yet still relatively broad relationship between democracy and development aid although it is only the second point of view, i.e. that democratization fuels aid, that is central for this paper. This causal relationship with an independent variable (democratization) and a dependent variable (development aid) is verified within the framework of selectivity. In this paper,

selectivity serves as a theoretical framework to explain foreign aid increases after the regime is democratized and to verify (and, to a limited extent, describe) the causal relationship between the variables, i.e. between democratization and a change in the volume of aid. In other words, even practical development policies of donors make it clear, as confirmed, for example, by David Dollar and Victoria Levin (2004) or Jakob Svensson (1999), that it is through selectivity as a dominant paradigm that foreign aid reacts to democracy and regime change so that it can translate the causality, supposing it exists, into reality.

Operationalization of hypotheses

With the aforementioned facts in mind, three hypotheses were formulated and then verified in the practical section. The first hypothesis claims that “the volume of development aid increased following the democratization of a political regime”. To confirm or refute the hypothesis, we primarily need to ask whether an increase of aid can be observed after free elections have been held and, thus, the process of democratization *de facto* initiated. If/when this hypothesis is confirmed, we will have the elementary presumption to explore the causal relationship; the presumption that there are parallel changes with both variables and moreover, that these occur in a logical time sequence.

The volume of aid distributed in a country within a time interval in relation to the election dates was used as an indicator of a real change and the results were compared with the global trend in the change of aid volumes. Similar procedures to determine the time frame and to compare results with the global trend were chosen for all hypotheses.

The following hypotheses arise, to a large extent, from the first one; nevertheless, they have their own informative value. They deal with individual donors in more detail and work extensively with the output from a study by David Dollar and Victoria Levin, *The Increasing Selectivity of Foreign Aid, 1984–2002*, especially its indexes, rankings, and evaluation of individual donors’ attitudes to selectivity.

The second hypothesis postulates that “there are significant differences between the changes in aid provided by bilateral and multilateral donors, while a greater increase of aid can be expected from bilateral donors”. The third hypothesis looks at major bilateral donors and considers especially their real development policy towards selected countries and postulates that “major bilateral donors show large differences in the volume of aid they distribute after democratization in the recipient regime, based on an assessment of their attitude to selectivity”.

The primary aim of this paper is to prove the existence of causality in the relationship between democratization and development aid. Such causality may be

confirmed precisely through selectivity for which it is necessary to gain more detailed knowledge of individual cases of democratization in recipient countries. The informative value associated to meeting the primary aim refers, most importantly, to donors' reactivity and ability to reflect changes on the recipients' sides in a positive way. First and foremost, it will ensure awareness of whether democratization translates, as stated, into conditional effectiveness and donors' effort to advocate and promote democracy and law and order. Nevertheless, our ambition is not to declare the existence of causality as universally applicable; on the contrary, our attention is solely focused on selected countries. By outlining some endogenous and exogenous factors at the end of this paper and by reference to the case studies used, we will be able to show, to a certain extent, the level of uniqueness among individual cases. Case studies provide a better opportunity to clarify the chances of eliminating these factors or variables, and so to suggest the direction of further research.

Case studies

Indonesia, Peru, and Kenya were selected as sample recipient states for case studies as they share a common leaning towards democracy in a comparable period from 1998 to approximately 2003. Concerning transition to democracy, all these countries show common qualities in this respect because

their first free and fair elections (Indonesia 1999, Peru 2000, Kenya 2002), ending a period in which they were governed by authoritarian presidents, appear as the most certain defining moment for all of them to distinguish between two periods of different levels of democracy. Databases and criteria from Freedom House, Polity IV Project (Marshall and Jagers 2007), and Human Rights Watch reports, which, however, are more qualitative in character, were used to determine significant democratization. For illustrative purposes, graphic representations of regime changes, found in Polity IV Project, are provided for each country.

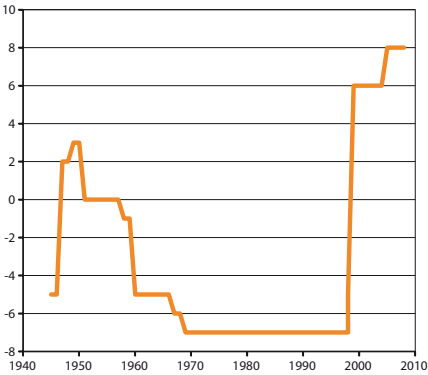
Nevertheless, each country is affected by specific endogenous and exogenous factors that can also influence aid allocation to a certain extent and, therefore, proving the causal relationship may differ in terms of unambiguous results in individual countries. Endogenous factors include, for example, corruption, human rights abuses, or tensions and conflicts, i.e. factors whose causes and origins are found within the country. Even democratization of the regime is thus an endogenous factor. On the other hand, sources of exogenous factors are outside the recipient country. The 9/11 terrorist attacks and the declaration of the Millennium Development Goals (MDGs) are the most important exogenous factors taken into account in this paper.

Given the limitations of this paper, it does not quote the data source or its subsequent graphical or tabular representation

in each case, however, the bulk of the key data was drawn especially from the Organization for Economic Co-operation and Development (OECD) statistics that monitor the flows and forms of bilateral and multilateral aid in detail, absolutely sufficient for this paper. The case studies refer to Official Development Assistance (ODA) and, especially, its Net Disbursement and, in some cases, commitment or aid promised by donors.

Indonesia

Chart 1: Polity IV Project: Evolution of the regime in Indonesia.



Sources: Marshall, Jagers 2007

Indonesia, the largest Muslim state in the world, where a small-scale internal conflict took place and human rights were abused, represents a rather unique and certainly the most complicated case. Indonesia was the first country where causality was investigated through

selectivity and we cannot rule out that, back in that period, investors might have not emphasized it so heavily or taken it into account so clearly.

The Indonesian case thus helps clearly show the practical difficulties and problems that can crop up when investigating a causal relationship. When a state that has obviously democratized itself and has a huge strategic importance tolerates human rights abuses during a limited internal conflict on its soil, there is a clear contradiction in factors that influence allocation of aid. The contradiction appeared so strong in this case that proving the existence of a causal relationship between democratization and the shift in aid, even to a limited extent, is impossible. Last but not least, the aforementioned contradiction was exacerbated by a small and insufficient 6% increase of total aid (i.e. dependant variable change), which under the first hypothesis would normally constitute a substantial prerequisite for proving causality.

Table 1: Comparison of total volumes of aid distributed in Indonesia in the periods monitored, shown as a percentage.

	Indonesia	World
Net Disbmt	Up by 6%	Up by 14%
Commitment	Down by 2%	Up by 10%

Source: OECD Statistics: International Development Statistics

Concerning the second hypothesis, which compares the inflow of bilateral and multilateral aid, the situation was

contrary to what was expected and only aid from multilateral donors very markedly increased.

Table 2: Comparison of volumes of bilateral and multilateral aid distributed in Indonesia in the periods monitored, shown as a percentage.

	Bilateral (DAC) ODA	Multilateral ODA
Net Disbmt	-3%	125%
Commitment	-9%	147%

Source: OECD Statistics: International Development Statistics

The third hypothesis, which reflects bilateral donors and their relationship to selectivity (Group 1 consists of states that take into account selectivity with respect to the Democracy Index, while Group 2 consists of those that should not), was not vindicated either because a marked drop was recorded even in Group 1.

Table 3: Changes in volumes of aid distributed in Indonesia by bilateral donors in the periods monitored, shown as a percentage.

Group 1	Group 2
(1) Denmark 3%	(25) Germany -97%
(3) Netherlands 367%	(27) Spain -23%
(4) UK -30%	(23) Australia -10%
(5) Sweden 499%	(42) France -54%
(6) Japan -50%	
(7) Norway -38%	
(8) Canada -8%	
(13) Switzerland -67%	
(16) US 720%	

Source: OECD Statistics: International Development Statistics

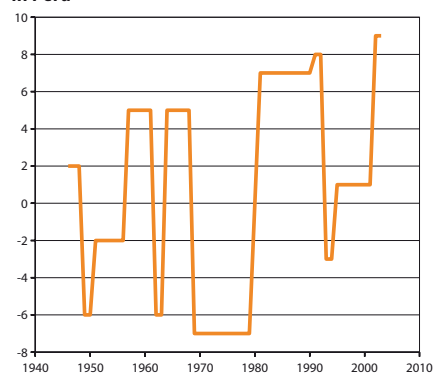
Table 4: Changes in volumes of aid distributed in Indonesia by bilateral donors in the periods monitored, shown as a percentage. The table reflects donors' Democracy Index rankings that show their readiness to reflect the level of democracy, while the higher the ranking, the stronger their accent on political conditions in the recipient state.

Indonesia	World	Democracy Index	Donor
-23%	30%	27	Spain
-30%	92%	3	UK
720%	86%	16	US
-54%	-29%	42	France
-10%	5 %	23	Australia
367%	18%	3	Netherlands
-97%	19%	25	Germany
-50%	-17%	6	Japan
-67%	21%	13	Switzerland
-38%	32%	7	Norway
499%	22%	5	Sweden
-8%	8%	8	Canada
3%	11%	1	Denmark

Source: OECD Statistics: International Development statistics,
Dollar, Levin (2004, 26)

Peru

Chart 2: Polity IV Project: Evolution of the regime in Peru



Sources: Marshall, Jagers 2007

Peru lies midway between Indonesia and Kenya in which exogenous and endogenous factors have had a strong influence on allocation of aid through incentives to donors. Compared to Indonesia, Peru, a major Latin American country, did not attract so much attention, even though its democratization was substantial and obvious. Indeed, democratization dominated the factors determining allocation of aid, followed by problems coping with the crimes of the previous regime, corruption, and protracted social problems.

Even though the second and the third hypotheses were confirmed, causality was could not be proved here either, due to the lower (14%) increase of foreign aid. With Peru, the clash between factors that play important roles in aid allocation was thus significantly reduced but the problem of insufficient aid increase remains.

Table 5: Comparison of total volumes of aid distributed in Peru in the periods monitored, shown as a percentage.

	Peru	World
Net Disbmt	14%	64%
Commitment	-41%	51%

Source: OECD Statistics: International Development Statistics

The second hypothesis may be considered valid for Peru since an increase of aid from bilateral donors occurred, as opposed to a decrease of aid from multilateral donors.

Table 6: Comparison of the volumes of bilateral and multilateral aid distributed to Peru in the periods monitored, shown as a percentage.

	Bilateral (DAC) ODA	Multilateral ODA
Net Disbmt	Up by 17%	Down by 10%
Commitment	Down by 41%	Down by 38%

Source: OECD Statistics: International Development Statistics

Even the third hypothesis appeared as valid, despite a few exceptions, as there are differences between donors based on their group classification, while the distribution of aid largely corresponds with their categorization and assessment.

Table 7: Changes in volumes of aid distributed in Peru by bilateral donors in the periods monitored, shown as a percentage.

Group 1:	Group 2:
(3) Netherlands -50%	(25) Germany -40%
(4) UK 243%	(27) Spain 107%

(5) Sweden 4%	(28) Austria -17%
(6) Japan -36%	(42) France -30%
(7) Norway 69%	
(8) Canada -7%	
(11) Belgium 262%	
(13) Switzerland 59%	
(16) US 72%	

Source: OECD Statistics: International Development Statistics

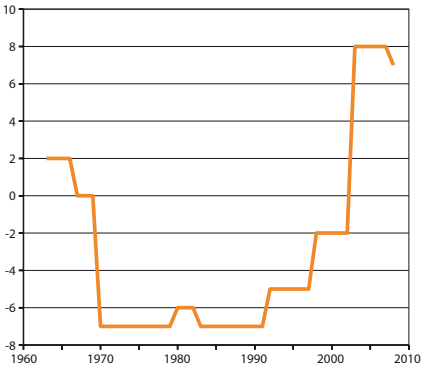
Table 8: Changes in volumes of aid distributed in Peru by bilateral donors in the periods monitored, shown as a percentage. The table reflects donors' Democracy Index rankings that show their readiness to reflect the level of democracy, while the higher the ranking, the stronger their accent on political conditions in the recipient state.

PERU	WORLD	Democracy Index	Donor
-7%	65%	8	Canada
-30%	36%	42	France
-40%	46%	25	Germany
-36%	-16%	6	Japan
-50%	46%	3	Netherlands
72%	175%	16	US
243%	173%	4	UK
59%	69%	13	Switzerland
4%	70%	5	Sweden
107%	86%	27	Spain
69%	76%	7	Norway
-17%	98 %	28	Austria
262%	138%	11	Belgium

Source: OECD Statistics: International Development statistics, Dollar, Levin (2004, 26).

Kenya

Chart 3: Polity IV Project: Evolution of the regime in Kenya



Sources: Marshall, Jaggers 2007

Kenya represents the least complicated case of the three countries investigated, for the following reasons: the election date needs to be considered; in 2002, the influence of selectivity and the accent on proper political environment might have been stronger compared to earlier years, especially due to donors' progressive leaning towards selectivity, which occurred within several years, rather than all of a sudden. Even though problematic factors, in the form of wide-ranging corruption, colonial history, or limited human rights abuses on the borders of the country need to be acknowledged here, the overall increase of aid as well as the increase of aid from individual donors reliably and easily confirmed all three hypotheses. The contradiction with positive and negative factors influencing aid allocation is thus minimized.

Kenya therefore appears as an ideal case to prove the causal relationship and to verify the applicability of the selectivity concept. The volume of foreign aid significantly changes (by 93%), which is, together with a logical temporal connection to the change of the first variable, the main requirement to prove causality. The influence of other variables is likely to be excluded as well. Given the relevance level of endogenous and exogenous factors, which is unique for each country examined, these do not have such a strong distorting impact when proving the causal relationship as in the two previous states.

Table 9: Comparison of total volumes of aid distributed in Kenya in the periods monitored, shown as a percentage.

	Kenya	World
Net Disbmt	93%	84%
Commitment	120%	71%

Source: OECD Statistics: International Development Statistics

As far as categorization of donors is concerned, aid from bilateral donors significantly increased, so the second hypothesis appears as verified as well.

Table 10: Comparison of volumes of bilateral and multilateral aid distributed in Kenya in the periods monitored, shown as a percentage.

	Bilateral (DAC) ODA	Multilateral ODA
NET disburs.	107%	73%
Commitment	165%	50%

Source: OECD Statistics: International Development Statistics

Despite some problems and obvious deviations, it can be concluded that both Group 1 and Group 2 countries affirm, through their aid increases, their division into these groups according to the rankings based on selectivity reflecting democracy through selected indicators.

Table 11: Changes in volumes of aid distributed in Kenya by bilateral donors in the periods monitored, shown as a percentage.

Group 1	Group 2
(1) Denmark 166%	(25) Germany 19%
(3) Netherlands 54%	(27) Spain 140% / -32% ¹
(4) UK 87%	(28) Austria 33%
(5) Sweden 166%	(42) France 509%
(6) Japan 98%	(23) Australia -19%
(7) Norway 228%	
(8) Canada 202%	
(9) Finland 112%	
(11) Belgium 50%	
(12) Ireland 295%	
(16) US 600%	

Source: OECD Statistics: International Development Statistics

¹ In 2007, Spain distributed USD 44.85 million, which represented almost 10 times the previous sums; the second number (-32%) therefore represents the period from 1998 to 2006.

Table 12: Changes in volumes of aid distributed in Kenya by bilateral donors in the periods monitored, shown as a percentage. The table reflects donors' Democracy Index rankings, which show their readiness to reflect the level of democracy, while the higher the ranking, the stronger their emphasis on political conditions in the recipient state.

Kenya	World	Democracy Index	Donor
50 %	162%	11	Belgium
202 %	97%	8	Canada
166%	31%	1	Denmark
112%	114%	9	Finland
509%	74%	42	France
19%	90%	25	Germany
295%	269%	12	Ireland
98%	-19%	6	Japan
54%	66%	3	Netherlands
228%	113%	7	Norway
166%	104%	5	Sweden
87%	171%	4	UK
600%	189%	16	US

Source: OECD Statistics: International Development statistics, Dollar, Levin (2004, 26)

Conclusion

Despite the stated interest of key world donors in supporting and promoting democracy and democratic values through foreign aid, which, in theory, calls for positive reactions to regime changes in recipient countries, reality shows that aid flows frequently and substantially oscillate and

require a more comprehensive attitude to attempts to prove any relationship between aid allocation and democratization.

The answer to this paper's main question, i.e. whether democratization in a recipient country really results in, among other things, a change (an increase) in the volume of aid, is not a simple 'yes' or 'no', due to differing results from the case studies. However, it is abundantly clear that an increase of aid cannot be automatically expected after a recipient country democratizes itself. The concept of selectivity, employed as a way to prove causality in this paper, proved to be usable in a very limited extent, especially due to the complexity of factors and interests in foreign aid distribution. This means it cannot be automatically employed with each and every case. It seems optimal in relation to democratization that took place at a later stage in a rather stable country of relatively small importance, such as Kenya. It was precisely this country where the causality was almost unreservedly confirmed through the concept of selectivity. The advantage of the concept of selectivity seems to dwell particularly in the fact that once the assumption related to the dependent variable is confirmed, categorization of donors according to their attitudes to selectivity is able, relatively reliably, to suggest the existence or absence of causality.

The validity of the three hypotheses significantly differed in individual case studies; nevertheless, we can generally conclude that the confirmation of the main hypothesis was very limited but the results related to the second and the third

hypotheses, focused on categorization of individual donors, were much more interesting and may prompt to further investigation. Each state obviously constitutes an absolutely unique, *sui generis* set of factors impacting aid allocation, which is clearly proved in the particular case studies and also supports their usage in further research. Moreover, putting more emphasis on analyses of documents and other outputs from donors in relation to specific recipients would seem extremely useful in future research.

It is clear that nowadays development aid has grown into a significant phenomenon; however, the analysis of its components is difficult and restricted by certain limitations. Despite or perhaps because of the complexity of the phenomenon, the author of this paper, considering the initial findings and conclusions, does not regard examining particular issues of foreign aid flows and development policies among donors as useless. Precisely such efforts to generate partial findings can help us solve the puzzle that foreign aid allocation can, at times, present.

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THE URBANIZATION OF POVERTY IN DEVELOPING COUNTRIES

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Master thesis, 2009

Introduction

With the advent of the third millennium, the view on poverty in developing countries is shifting. It is becoming apparent that the traditional belief that poverty is a rural problem does not fully reflect ongoing changes. The rapid urbanization of the developing world is gradually moving an ever-increasing part of the poverty problem that affects developing countries into cities. The image of cities as socio-economic centers of modernization and prosperity is changing in many places, although average statistical indicators may not suggest this because they do not reflect the growing gaps among people in cities.

Urban poverty and its underestimation are, however, a specific problem and therefore require attention and effort. Interestingly, there are several

deep-rooted myths about differences between rural and urban areas. Even poor people in developing countries, moving in great masses from rural to urban communities, are often unable to judge real life conditions and perspectives in cities. Their dream of a better life is not always fulfilled, as their real life circumstances frequently deteriorate in cities. This leads me to give some thought to the urbanization of poverty.

Urbanization in a Global Context

According to existing estimates, we are currently approaching a situation in which more people will live cities than in rural areas for the first time in history. This is the result of a long-term trend, leading to expectations that the

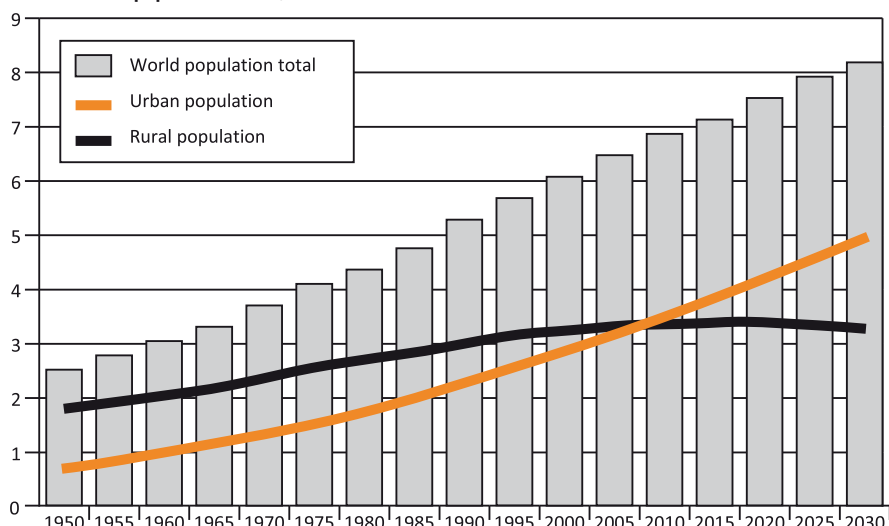
world's urban population will amount to four billion people in 2017. By 2030, around five billion people will live in cities, which will constitute roughly 61% of the world's population. Despite the process of rapid urbanization, there are still 3.3 billion inhabitants in rural areas, with 71% of these living in Asia (primarily in India, China, Indonesia, and Bangladesh). By 2030, however, the rural population is expected to settle at three billion (see Chart 1).

This growth is not occurring evenly, as urbanization in developing countries is increasing five times faster than it is in developed countries, which results from a large population base and a widespread low level of urbanization in developing

countries. While the populations of Europe, Latin America and the Caribbean, North America, Australia and Oceania are highly urbanized (over 70% of these populations live in cities), Africa and Asia are among the least urbanized regions in the world (38% and 40%, respectively). Nevertheless, it is precisely in these regions where the fastest growth of urban populations is expected, i.e. up to 50%, by 2030.

In a number of respects, the urbanization of the developing world differs from the process that started earlier in developed countries. The economic level of developing countries is far lower. Life expectancy, energy use, and levels of education are lower in these countries.

Chart 1: World population totals, 1950–2030



Source: United Nations Development Programme (UNDP) 2005

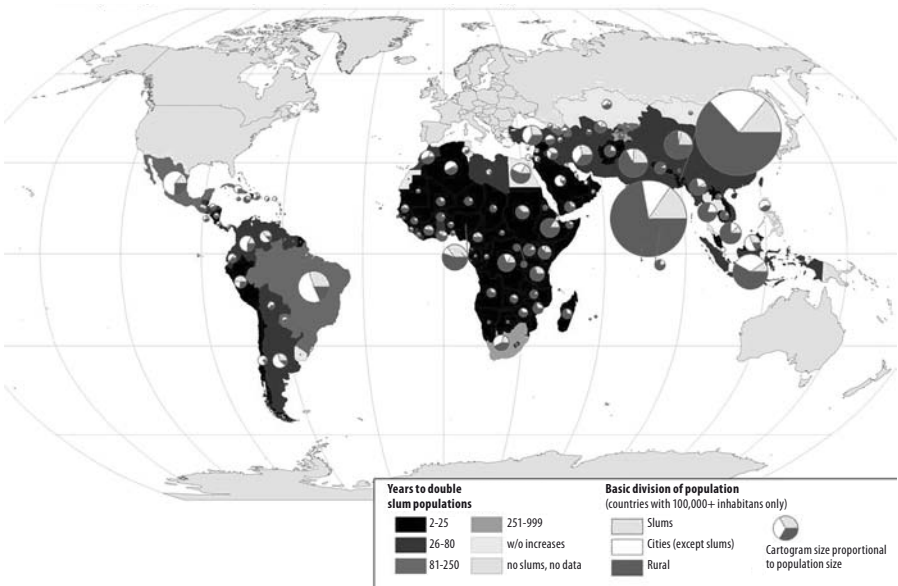
The urbanization process involves more people, and migration is larger and faster. Economic modernization is markedly lagging behind the urbanization rate, so most newcomers to cities have difficulty finding jobs. Spontaneous settlements in major cities usually take the form of large slums, which puts increasing pressure on social changes in the given society. Urbanization is not only triggered by economic development. It results from demographic, social, economic, political, technological, geographical, and cultural factors on both a local and global level (Pacione 2001).

Experts from UN HABITAT (2008b) estimate that three billion people inhabit today's cities, with one third of these people living in slums. Every day, 100,000 newcomers move into slums, so the migration rate is roughly one person per second. Assuming these conditions remain unchanged for 25 years, the population in slums will double (see Map 1). Consequently, by 2030, 80% will be in developing-world cities (CARE 2006).


According to Ravallion (2007), 75% of the poor live in rural areas in the developing

Map 1: People living in slums

The percentage of people living in slums per country (except North America and Europe)



Source: UN HABITAT (2003)



world, but the growth of the urban poor is faster than the overall population growth. The number of rural people living below the poverty line (i.e. for less than 1 USD per day) dropped by 148 million between 1993 and 2002, while cities saw their corresponding number increase by 50 million.

The Specifics of Urban Poverty

Differences between urban and rural poverty and the vulnerabilities of the urban poor

Cities are often seen as places of development, pinnacles of growth, or areas of concentrated prosperity. At the very least, they are viewed as places that offer chances to achieve these things. Poverty is, on the other hand, conventionally associated with rural areas. The rural areas of the world are predominantly agricultural, and alternative livelihoods are usually limited. Farming is usually physically demanding and badly paid. Other conventional characteristics of “rural poverty” include a lack of quality services, such as limited access to health care, a low level of education, and no access to electricity. Sources of drinking water are often far from people’s homes. The negative factor that economists tend to stress is low labor productivity. (Baker 2003, p. 238)

With urbanization underway in poor countries, the problem of “modern” urban poverty, which differs from “traditional” rural poverty in many respects, is gradually escalating. Cities are characterized by high population density, which, is often accompanied by high unemployment rates, which force the poor to resort to unofficial sources of income. Dependency on money noticeably increases in cities. A lack of land precludes subsistence farming and poor people need to buy as much as 90% of their food (Maxwell 1999). Other natural materials (such as firewood or timber), which can be utilized free of charge in rural areas, are not available either (NRSP 2006). To improve household incomes, a relatively higher number of women are employed in cities. Among other things, this can cause difficulties when it comes to raising children. Consequently, there is an increase in the proportion of children aimlessly walking the streets (Haddad 1999).

Because interactions in society work in limited or distorted ways, some individuals become socially excluded and traditional social networks disintegrate. Disenchantment with obvious differences between rich and poor citizens, which are perceived in a far more immediate way in urban environments, may contribute to increases in violence. Street children often form gangs. Slums frequently lie in polluted environments, which results in a higher incidence of disease (Beall, Fox 2007). Last but not least, a shortage of living space and shelter insecurity are major attributes of urban poverty. “Modern”

poverty is a process of increased dynamics, typically with a high susceptibility to risks, which can easily trigger a slump below the poverty line. The urban poor may have more opportunities (to find a job, for example) but in the real-life conditions of developing-world cities, these chances are merely theoretical. Consequently, a considerable proportion of people in cities in poor countries have limited opportunities to earn a living, so they became more vulnerable.

Although the aforementioned differences cannot fully cover all aspects of the distinction between urban and rural poverty, they provide a rather apt schematization of the actual situation. Baharoglu (2001, p. 127), for example, describes urban poverty as follows:

- **Migration is not the main explanation of urban poverty.** Many studies show that migration from rural areas to cities accounts for less than half of urban growth. The main reasons for increases are the natural urban fertility rate and city suburbs absorbing villages.
- **Urban conditions defy generalization.** Different kinds of cities face different challenges. Differences are found even among cities within the same country.
- **Heterogeneity is typical for the concept of a city.** Average indicators of prosperity cannot expose true poverty because the rich and the poor live together in cities. Manifestations of poverty are specific to individual locations and it is vital to know

the particular conditions of individual groups.

- **The poor are also a very heterogeneous group.** Their needs vary and they are exposed to various levels of risk. The most important differences include gender, physical and mental predispositions, ethnicity and race, and background.
- **The nature of poverty differs: either it is temporary, or long-lasting.** It is a dynamic process and people can slide down into poverty or climb out of it. Obviously, the gravity of the problem increases upon staying in poor conditions for prolonged periods, with parents passing poverty on to their offspring, etc. Under such circumstances, poverty becomes a certain “standard” and a culture of poverty emerges (see Lewis 1959).
- **Weak urban policies and unsuitable policy systems exacerbate the vulnerability of the urban poor.** Corruption, ineffective policies, unsuitable regulations, or, conversely, deregulation lead to various deficiencies, such as bad infrastructure or services, limited access to health care or education, or social exclusion. Better governance is needed in order to assist the poor and improve their chances and security.
- **The poor are able to help themselves.** They can actively participate in development provided that they are empowered and obtain the right to make decisions and take responsibility for their decisions.

The clash between urban and rural areas

Nevertheless, urban and rural areas are not two separate worlds; the issues of urban and rural poverty are interconnected. Entrepreneurship in cities depends on rural demand, while access to urban markets is vital for sales of farm produce. Within the dynamism of urbanization, the boundary lines get fuzzy; cities are firmly interconnected with large, densely populated areas, where farming mingles with non-farming enterprise. Particularly large areas of this kind can be found in Southeast Asia where they are sometimes referred to as “desakota” regions (Novotný 2004)². Consequently, this results in a dynamic clash of urban and rural activities in suburban areas. These are not physical zones on the edges of cities, but rather intersections of urban and rural ways of life. Without relocating, people in suburbs turn into city dwellers and rural people find themselves in suburbia. Livelihoods need to be adapted to specific conditions as they evolve. This results in major problems for the poor and often pushes them into even deeper poverty (Tacoli 2003).

Trade, where many women find employment, plays an important role in cities and suburban areas. Many people work as unskilled labor, most frequently on construction sites or in factories. The proximity of the city center reduces

dependency on natural resources, but this trend usually only applies to men. With respect to first-rate employment, women are significantly disadvantaged (Mattingly 2006).

Getting closer to job opportunities in a city may help the poor escape poverty, but setting up an alternative livelihood requires the investment of some basic capital and most poor people cannot afford this, so they actually slide deeper into the poverty trap (NRSP 2006).

Slum areas in Cairo, Ezbet Bekhit case study

Because of its location, Cairo, the capital of Egypt and the largest city in Africa, has been considered the most important centre in the region since ancient times. Currently, almost 12 million people live in Cairo, which accounts for 37% of the overall urban population in Egypt. The city's annual growth stands at 1.7% (UNDP 2007). The impact of migration from rural areas has weakened significantly. Natural growth accounts for 80% of its overall growth (El-Batran 1998).

During the 20th century, the growth of the metropolis accelerated considerably. The main reasons for this rapid urbanization include a concentration of job opportunities, economic activities and investments, and the centralization of the state administration. According

² The term comes from the Indonesian “desa” (village) and “kota” (city), while the actual process is usually called “kotadesasi” (see McGee 1991).

to Radwan (2005), urbanization growth substantially intensified differences in living standards among city dwellers. Unsuitable policies and the neglect of city issues significantly contributed to this disparity.

The state provides housing through mass construction and brand new exurbs are emerging around Cairo. Nevertheless, as Fahmi (2008) points out, this policy does not solve the poverty problem because the poor cannot afford this kind of housing. As a result, hundreds of thousands of apartments remain vacant in Egypt.

El-Batran (1998) describes factors that influence the territorial development of cities:

- Rent control – under old laws, rents would be so low that they would not even cover maintenance costs. Such regulations discouraged investors from constructing apartments for rent and reduced lodgers' mobility. Little by little, landlords started demanding illegal extra payments, so regulations failed to keep prices low. De Soto (2000) provides an example from Cairo: legal tenants, whose rents were frozen in the early 1950s at a sum currently equal to less than one US dollar per year, keep on dividing their dwellings into smaller apartments to rent them for market prices.
- A lack of interest in the development of rural areas on a national level.

Frame 1: Land registration in Egypt

Anyone in Egypt who wishes to gain title deeds to make use of state-owned desert land and register it must undergo at least 77 bureaucratic procedures at 31 public and private agencies. This may take between five and fourteen years. Constructing a legal home on what used to be farming land would require six to eleven years of bureaucratic difficulties, if not more. Having completed an unofficial construction, should settlers decide to abide by the law and purchase the right to use their home legally, they would risk having their house demolished and being severely fined and imprisoned for up to ten years.

Source: De Soto 2000

- Disputes over land ownership are the major source of disagreements between the government and the inhabitants of unofficial settlements, often preventing projects in these areas from being finished.
- The absence of urban planning, very limited enforcement of city-planning laws.
- Red tape and an inadequate institutional framework (see Frame 1).
- High population growth in cities – 43% of all nationals live in cities, while Cairo accounts for 37% of all city dwellers (UN-Habitat 2008). Rapid population growth in Cairo is the biggest problem for national development policy.

According to several sources, perhaps as much as 80% of homes in the Cairo region were built in an unofficial way in

the 1980s and 1990s and more than half of the population lack proper access to basic services to this day (El-Batran 1998, Tag-Eldeen 2003, UN-Habitat 2008). The economic growth of the metropolis and money earned in the Persian Gulf states exerted upward pressure on real estate prices, forcing poorer classes to settle on the edges of the city, especially on farming land.

Unofficial settlements fall into two large groups. The first type evolves on private farmland, while the second one emerges on state-owned desert land. More than a half of Cairo's population lives in settlements on farmland (Sims 2003). These people buy land from farmers, but construction takes place without any official permission. The sale of land is based on personal trust and disputes that might arise are sorted out within the community (El-Batran 1998).

Settlements of the second type are residential sites that develop on unused state-owned desert areas (Sims 2003). People claim the land by simply occupying it. The evolutionary history of each settlement is unique. For example, Manshiet Nasser came into existence when poor people were evicted from the city centre. Ezbet El Haggana evolved as a village for families of the nearby coast guard. The cores of the settlements were allowed to be built, but these gradually grew without any official documents or any attention from the state. Generally speaking, living conditions in these villages are worse than in the first type

Frame 2: Dangerous cliffs

In August 2008, large numbers of rocks fell from cliffs at Ezbet Bakhit and limestone blocks destroyed about 50 houses, killing over 80 people and leaving hundreds more without shelter. A similar case of falling rocks had already occurred in the area in 1994, and experts from Egypt's National Geophysics Research Institute warn that this kind of tragedy can happen again any time due to the unstable cliffs. Poor people from the overpopulated settlement have nowhere to go, however, and keep on building their homes below the dangerous rock faces.

Source: Makary (2008)

and a ramshackle dwelling with a family squeezed into a single room is a more common sight in these places. Although the danger of being evicted is more acute on state-owned land, the population in such settlements is growing significantly, because farmland prices are rapidly rising (El-Batran 1998).

Ezbet Bekhit

Ezbet Bekhit is situated in Manshiet Nasser, one of the largest unofficial settlements in Cairo. It lies on less than 18 hectares with an estimated population of 28,200 people (GTZ 2001, Tag-Eldeen 2003). According to estimates, the number of households is 6,494, so, on average, each family comprises 4 to 5 people. The quarter is strategically located near a highway intersection, but the highway also separates it from other parts of Cairo

and impedes the further growth of the settlement. Steep hillsides and limestone cliffs block access from the south and west, due to the risk of falling stones (see Frame 2).

In the last few decades, population density in the region has grown rapidly. A great number of new homes have been built, which vary considerably, especially in terms of size and building materials used. Various kinds of homes reflect the socio-economic status of their inhabitants (see Frame 3). Buildings are erected without any planning and lanes form in a haphazard manner.

GTZ (2001) summed up the situation by saying that access to basic services is either insufficient or non-existent. According to GTZ estimates, 25% of the dwelling units have shared bathrooms and nearly 40% have no bathroom at all. 52% of the inhabitants are lodgers, 44% are homeowners, and 4% fall into the “Other” category.

According to GTZ (2002), the basic socioeconomic characteristics of Ezbet Bekhit are as follows: a high proportion of young people, a high illiteracy rate, a low standard of education (poorly equipped schools), more than two thirds of the inhabitants below the poverty line, casual workers without long-term jobs, a high rate of child labor (in poor conditions), social problems (early weddings, domestic violence, drug addiction), a location in Cairo offering good job opportunities.

Frame 3: Types of homes in Ezbet Bekhit

Homes in Ezbet Bekhit fall into three categories. The first one is single-storey houses made of low-quality materials. Each room is occupied by a family of four to seven people on average, usually lodgers. These houses ordinarily have just a single restroom and they often lack any connection to all kinds of services. The second category comprises two- or three-storey houses. The ground floor is usually inhabited by lodgers in conditions similar to the first category. The owners of the houses usually live in the upper floors with better living conditions (larger rooms, better airing, separate restrooms, etc.). The last category consists of the most moneyed inhabitants living in newly built three- to five-storey houses, connected to all services. These houses were usually built using money earned in the Persian Gulf states.

Two thirds of the population are self-employed and over 55% work in Manshiet Nasser. The most frequent jobs are hand-crafts, selling craftwork, and running cafés. Cafés are one of the few places to spend one's leisure time.

Conclusion

The changes that the developing world or, in fact, the whole world will experience at the onset of the third millennium are likely to be very serious. As this paper shows, this is particularly true of the situation that is being dealt with here. High urbanization rates shift an increasingly large proportion of

poverty into cities at a pace that overwhelms efforts to fight it.

Whereas rural poverty is only growing on a modest scale, and is about to stagnate globally, urban poverty is an increasingly serious problem. Urban poverty poses a greater risk for those whom it affects. Consequently, in many respects poor people in cities are more vulnerable than poor people in rural areas. Their monetary dependence may lead to a rapid slide below the poverty line. It is true that the urban poor are usually closer to health care, education, and other services, but they are often unable to afford them, so their real situation is not any better. Traditional social networks weaken, and violence and crime increase in cities. Even though theory often regards migration from rural to urban areas as the main cause of rises in urbanization, natural population growth plays a more important role, especially in connection with increases in urban poverty. High natural population growth results in a high proportion of young people in the population, leading to high unemployment and the emergence of a large black market or unofficial economic sector. The unofficial colonization of cities is another impact resulting from these population trends.

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CIRCULAR MIGRATION AS A DEVELOPMENT TOOL

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The words migration and development are not often linked together even though they are very closely related and interconnected. The following text shows how a specific type of economic migration may positively impact developing countries without posing a threat to the receiving countries or the migrants themselves. The model of regulated circular migration liberates labor markets and, when set up right, it creates opportunities for economic progress in both developing and developed countries. In the future circular migration could become one of the most essential development tools and an example of how market liberalization may positively stimulate economies. Circular migration should become a foundation for the future common immigration policy of the EU and might serve as a great example for liberalizing otherwise restrictive policies such as the Common Agricultural Policy.

Circular migration is a sustainable model with ambitious goals. It aims to provide certain type of development to

three participating parties – the sending country, the receiving country, and the migrant himself (UN General Assembly 2001). This model could prove to be the answer to most problems faced by all participating parties. Circular migration offers a solution to serious problems related to migration movement.

Circular migration is a model in which migrants are selected and their entry into Europe is regulated. The migrant is given the right to work and reside in the target country. Countries accept such migrants depending on local labor market shortages. Migrants fill vacancies in the labor market. Their stay is not long term, however, and after a certain period, they must return to their original countries only to be able to come back again and work in the target country later. This creates an imaginary circle, in which migrant circulates between two countries at different time intervals. At the same time the model offers benefits to all participating parties (Graeme 2003).

Most global but also local organizations dealing with migration search for answers and solutions to migration challenges. Based on the information from the World Bank (WB), the International Organization for Migration (IOM), the United Nations (UN), the European Union (EU), and the Organization for Economic Co-operation and Development (OECD), one such possible answer might be circular migration in the form of circular movement of workers between two or more countries. This model could offer benefits to all three involved parties and in doing so contribute to global growth and fight against poverty (European Commission's Delegation 2007).


No doubt the sending country benefits from the remittances which it receives from workers abroad unable to use them in the local market. This may be considered one of the most important advantages of migration for the sending country. In 2007, remittances totaled USD 370 billion per year. As much as USD 281 billion moved into developing countries. The interesting fact is that of this amount only USD 17.5 billion was sent to the least developed countries. These numbers reflect official flows of remittance with the total amount reaching developing countries as high as USD 300 billion (Ratha 2009).

The advantage for the receiving countries lies in the economic growth driven by new workers willing to accept low wages and filling in shortages in labor markets. Take the economy of Spain as an example – in the pre-crisis period it grew by 2.6 per cent annually. Without immigrants and their

contribution to the economy, the economy of Spain would go down by 0.64 per cent annually. Similarly, migrants contributed to the economic growth of the European Union. In 1995 to 2005, migrants' share in the annual economic growth in the EU was 0.23 per cent (Molina 2007, 113).

The third party to enjoy benefits would be the migrants themselves who would not be leaving their home countries permanently. They would receive temporary working and residence permits requiring that they return to their countries of origin. Their stay abroad would be temporary but could be repeated at certain time intervals. The migrant would have an increased income but would not lose social ties with his own country. Also the migrants would not have to worry that, after leaving the receiving country, they would be unable to get back there and the sending country would not worry about permanently losing a qualified person. On the contrary, the migrant would be guaranteed the option of coming back and working again. Migrants would lose motivation to enter target markets illegally. The length of their stay could be increased with the number of such stays. A migrant who comes back into a country several times knows the country well and should not find it problematic to accept its rules (Graeme 2003).

To create an effective system which would maximize the benefits for the participating parties, the model of circular migration would need to be supported by the countries themselves. A regulated system of circular migration could lead to an increase of



funding available for the economic growth of developing countries. Also, temporary migration will not cause permanent separation of the migrant from his country of origin but rather will guarantee that social and economic ties will be retained. Social impact on the migrant will be reduced as the migrant will keep ties with his family. Circular migration may also offer an alternative to the issue of brain-drain: transforming brain-drain to brain-circulation.

The system of circular migration

The migration in Europe today is dealt with by the immigration policies of individual countries. Their level of strictness or liberalism determines the number of migrants who are allowed to enter a country from among all applicants. They also greatly influence the number of illegal migrants. Countries which are attractive to migrants but whose migration policy is restrictive create conditions for migrants to enter the country illegally. The strict and restrictive immigration policies of some European countries make the model of circular migration impossible to implement, since migrants do not have the opportunity to enter the country even once, let alone repeatedly. Nowadays European countries face similar problems and look for common solutions to common problems (Cuschieri 2007). Systematic pressure should be applied to develop a Common Immigration Policy for Europe.

European countries may be divided into two groups – traditionally immigrant countries and countries for whom immigration is a new phenomenon. Until now, immigration was addressed at a national level by individual countries. The present conditions require a coordinated approach primarily because a common migration system is simply more sustainable economically but also politically. Creation of a common immigration policy would simplify the process of receiving migrants while leaving space for individual national immigration agendas – particularly in defining the migrant structure. (Cuschieri 2007)

If countries decide to apply circular migration as a model for their migration policy, it is important that they do not focus their attention only on the second part of the circle – the return of migrants to their home countries. Hains De Haas, the Dutch expert in migration, claims that disproportionate focus on departure of migrants from the country could become a threat. Dutch authorities offer temporary work stays and training to health care personnel from Ghana, while giving greatest emphasis on the second part of the circle. In the short term, such a system may be beneficial to the governments of both Ghana and the Netherlands, but from the long-term perspective it does not establish a model for long-term cooperation and therefore threatens long-term sustainability (Mazzucato 2005). Migrants lose the feeling they are free to return into the country and such types of migration could be considered a kind of seasonal work – certainly not a form of circular migration. This model fails to


create long-term ties and over the long term it fails to fill in shortages in the receiving market. It does not minimize brain-drain or maximize remittances and such points may be considered key factors that circular migration should fulfil.

An immigration policy's strictness impacts not only the receiving country but may also have a significant impact on the development of sending countries. Valentina Mazzucato explains that strict immigration rules and conditions may get migrants into problems, which in the end reverse the flow of remittances. If a migrant gets into problems in the receiving country but does not wish to leave it for the fear of not being able to return, he asks for help from his friends of family through social ties. Such situations drain capital from the originating country and therefore decrease investment for economic growth (Mazzucato 2005).

A similar type of migration is currently being experienced in Canada, which hires seasonal workers from Mexico. The number of Mexican immigrants in Canada doubles on average every five years and this difference represents – in absolute numbers – the highest increase of migrants from any country sending workers to Canada (Mueller 2005). For such workers Canada developed a special program which allows them to return if they act fairly. Fair behavior means that the migrant works legally, fulfills all his duties according to his residence permit and currently valid legislation, and under no circumstances exceeds the permitted length of stay. The program follows not only migrants but also employers of these migrants. After

a working permit expires, the migrant must leave the country and, if he does not do so and remains in the country illegally, he loses the right to return to Canada (O'Neil 2003). With this program, Canada attempts to compensate for its diminishing productive population, a consequence of low birth rate. The Canadians have on average 1.68 child/couple.

The circular migration model with its triple advantages appears to be the answer to many problems. However, it will only work if present obstacles are removed, i.e. the restrictive immigration policies of individual countries. Circular migration should not be mistaken with temporary migration. A circular migrant is allowed to enter a country and is free to leave it and return. Other forms include forced or severely enforced temporary stays of migrants. Circular migration should learn from the mistakes of previous attempts in Europe such as *gastarbeiters* in Germany and in doing so prevent social tensions. Previous models were based on the assumption that migrants are going to return into their homelands even in the absence of economic incentives for doing so (Sen 2002). The model of circular migration avoids this and even encourages migrants to go back and come again. This is possible also thanks to current situation which makes mobility simpler and more accessible. Also thanks to this we are able to say it is no longer the rule that a migrant wishes at all cost to stay permanently in the target country after its entry. Today migrants are free to use the advantages of both “worlds” – they may earn a high income in the receiving country and spend it in the country



of origin where prices are low. There is no doubt that this fact naturally leads us to a new understanding of the transnationalism of migration processes.

The transnational aspect of circular migration

The basic precondition for circular migration to create a win-win model (for both receiving and sending countries) is to allow migrants to come and leave. This voluntary aspect changes the current perspectives on migration, which can be divided into two types: migrants were allowed to come and stay, or to come and leave. A number of migrants today are involved in international social networks, speaking several languages, living in several societies, having several identities and therefore represent a transnational element which requires a transnational solution.

The concept of transnationalism appeared in the early 1990s, particularly in the work of scientists such as Steven Vertovec or Valentina Mazzucato (Vertovec 2004). Transnationalism defines migration as a constant movement not only of persons but of their property, capital and skills between country borders with the subsequent creation of economic, social, political and cultural ties (Levitt 2004). This transnational view of circular migration shows that migrants are going to play an important future role in the process of influencing and developing immigration policies. Moving

migrants live in two worlds – the developed world and the developing world – and create a strong tie between them.

This new status of migrants has a new impact on countries. Developing countries can use their enclaves abroad and promote circulation of brain power at home. Receiving countries must consider what political rights to give to immigrants. Today there is discussion about the period after which a migrant becomes a citizen – in the case of circular migration this is unnecessary. The migrant should remain a citizen of the originating country – naturally, that applies to a circular migrant. A certain kind of partial citizenship could be formed, however, which would be a declaration that the migrant belongs to the target country to which he returns repeatedly and in which he has legally spent several years, whose language he can speak, and whose culture he knows. Such partial citizenship would give the migrant certain rights guaranteed by the receiving country as rights ascribed to a person contributing to its development. The issue of citizenship for long-term migrants is no doubt a sensitive one in almost all EU countries. Circular migration does not have to guarantee full citizenship to immigrants and could offer them only a minimum set of political rights. Migrants would not have voting rights considering they are staying in the country for only relatively short periods at a time. Of course, social rights cannot be denied them. But even those could be modified without being discriminatory. For example – giving the migrant full pension payments based on the number of

years worked in the receiving country with the condition that the pension payments will be received in the country of origin. This would be fully in line with the concept of circular migration and migrants should be well informed about everything in advance. As a rule what the migrants should not be denied are the benefits related to direct payments such as health insurance, pension payments or other guarantees.

The concept of transnationalism provides answers to some problems related to circular migration. Migrants always stay in a country for a limited time only. After their residence permit expires, they must return to the country of their origin. The question is, will efforts for their integration into the new society be destroyed if they know they will not be staying permanently? This may not be the case. Migrants know that they have to leave the country for some time but they also know they will be coming back. It is therefore important to them that they use their stay to improve their language skills, increase their qualifications and also try to integrate in some way. All these factors may affect their income in the future after they return into the receiving country.

Regulation of circular migration

Modern market economies are based on the free market principle. An effectively functioning market is characterized by

minimal interference by the state. The state defines and guarantees the rules of the game that the market adapts to and works within their borders. Free movement of goods, services, capital and persons represents one of the principles on which the modern European Union tries to build its economic growth. Circular migration may be considered a model derived from the free movement model. Foreign workers could be more free to enter the markets of Europe and so contribute to the values and principles of market economy. There is no doubt that circular migration has its limitations and – in the end – it will approach free movement only as a concept present in the society. Programs to manage circular migration are going to require interference from the state and limitations by the market. A process must be created for the selection of workers, their stay in the country and the process of returning home. Just like the capital market is being liberalized under the pressure of globalization, so should the labor market be liberalized also.

Managing the system of circular migration will require a very close cooperation of European countries but also a coordinated approach to third countries. Cooperation among EU countries should be based on the specific needs of individual EU country labor markets. Consideration should also be given to the needs of sending countries. Some of them suffer from labor shortages in certain industries. As a result, it is important to inspect the conditions of individual markets in countries

supposed to be sending countries and to find a solution possibly offered by circular migration (Zoomers and van Naerssen 2006). The existing bilateral agreements among some countries could serve as the starting point.

Migrants should be selected according to the needs of both sending and receiving markets. Sufficient information about the migrant should guarantee that he will be properly placed in a labor market and properly checked afterwards. If a migrant commits a willful criminal offense, he should lose the right of return to the target country or should be subjected to stricter control during his stay there. The departure of migrants could be regulated, for example through the pension system. Circular migration aims that migrants of post-productive age do not remain in the territory of the receiving country. This could be achieved, for example, by the condition that a migrant will receive pension payments depending on the number of years previously worked in the receiving country only if residing in his country of origin.

The greatest criticism of circular migration is the fact that a migrant will have no choice in the future if he gets to Europe as part of this system regulating circular migration. There is a risk he will decide to live in the target country. Migrants will have to leave the country and will be allowed to stay only in precisely specified cases. Another negative aspect of circular migration is the political feasibility of this policy. Immigration policies are

widely different in the 27 EU countries, with a mixture of traditionally open and traditionally closed countries. It will be extremely difficult to reach political consensus on a common immigration policy and there is a risk that the new policy will be very vague at best.

Conclusion

Economic migration is the movement of labor from poor countries to rich countries. On the other hand there is also an opposite movement. Great amounts of capital flow from rich countries to the countries of migrants' origin in the form of remittances. These funds may be considered one form of investment in developing countries. On the other hand, the receiving countries also benefit from migration. Demographic changes currently happening in EU countries are causing labor shortages in the EU labor markets and migrants represent a suitable alternative for malnourished labor markets.

Circular migration is a model which offers a solution to a number of migration-related problems. A coordinated and common immigration policy of EU countries may create a functional system to offer benefits to all participating parties: the sending country, the migrant himself, and the receiving country (win-win-win model). A well regulated system, which would allow for easier entry of migrants into a target country,

would help both the receiving and the sending countries. Migrants could earn income in countries with high income and then spend their savings in countries with low costs. Countries with poor demographics would acquire a new labor force in a controlled manner and limit illegal migration while not making the gap between rich and poor countries even wider. Poor countries would then acquire this highly qualified labor force.

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THE PROVISION OF HUMANITARIAN AND DEVELOPMENT AID BY SLOVAK NON-GOVERNMENTAL ORGANIZATIONS

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Introduction

To the Slovak public, humanitarian and development aid work is often known only from their television screens, in cases of natural disasters or through images of little African children suffering from malnutrition. For most people, these terms are connected to collections of funds by organizations helping unfortunate adults or children. However, not many people show a further interest in the activities of these organizations, in the specific purposes of the collections or the later fate of the people shown on the television screen. This has to do with the fact that in Slovakia development education is still a new concept, which is only slowly entering people's awareness.

Humanitarian and development aid agencies continue to focus on this area and even expand their activities and projects year by year, achieving relatively good

results. Neither do they overlook the needs of Slovak citizens; they typically have enough projects running also in Slovakia. They make the effort to educate not only students in schools or universities, but also the general public about their activities.

I myself am active as a development worker and therefore one of my main reasons for writing my thesis and this article is to raise awareness about the work of Slovak non-governmental organizations and other agencies working in this field. Information on their activities is lacking not only to the public but also among experts.

Humanitarian and development aid

The essence of humanitarian aid lies in showing solidarity with people in need

through aid, support and rescue operations aimed to help people regardless of their ethnic origin, religious views or political convictions. Most importantly, it should be directed at the most vulnerable citizens of developing countries and victims of natural disasters, man-made crises and situations such as lack of food or other emergencies.

In this sense, an emergency is perceived as a condition created by an unusual event, which a country is unable to solve using its own resources and which results in human suffering and the loss of human dignity.³

Humanitarian aid is provided in cases of acute crises such as war conflicts or natural disasters. Besides rescue operations, victims are also provided with material assistance – food, water, medications, blankets, tents, to be later followed by temporary shelters, psychological and social counseling, health care etc. Humanitarian projects are more visible to the public because they are covered in the media, their results are more tangible and quickly demonstrable and it is easier to convince donors to help finance such activities (Beňáková and Najšlová 2006).

On the one hand, development cooperation is a sign of solidarity between the developed countries and those less developed, and on the other hand it is a tool to implement donors' foreign policy goals.

Economically developed countries try to compensate for the negative impact of uneven economic development and also try to gain economic and political influence in the developing world. Consequently, from the perspective of the donors, official development aid is determined by certain moral obligations to help weaker and less developed countries but also by their own state interests (Szép 2005).

With regard to development projects, these obligations include long-term improvement in the quality of life in a developing country. Projects may concern involve areas of life such as the education system, health care, supporting entrepreneurship and economic development, developing the infrastructure, building institutions (whether state-related or not) and strengthening democracy and human rights (Beňáková and Najšlová 2006).

Slovak non-governmental development organizations

Non-governmental organizations are part of the third, civil sector, which has been developing gradually in Slovakia since 1990. The total number of non-governmental non-profit organizations registered in Slovakia has now exceeded 25,000 organizations. Non-governmental non-profit organizations belong to the most trusted institutions in Slovak society.

³ <http://www.mvro.sk>

They achieved this position thanks to their positive impact, which was significant particularly in the social transformation in Slovakia in the past 20 years; however, their mobilization role before Slovakia's entry into EU also cannot be overlooked. Slovakia's acceptance into OECD and later accession to the EU brought new opportunities and challenges for them (Bútorova 2004).

Slovak non-governmental development organizations (NGDOs) work under the umbrella of the Platforma MVRO (NGDO Platform) which in 2009 represented 32 Slovak non-governmental organizations (25 full members and 7 observers). These organizations deal with foreign development cooperation and humanitarian assistance. The NGDO Platform is a direct agent in policy-making in the area of foreign development and humanitarian aid. Its representatives are involved also in approving development projects funded by the Ministry of Foreign Affairs of Slovakia.⁴

The NGDO Platform therefore represents the voice of the non-governmental development organizations, with their irreplaceable position providing humanitarian and development aid in both their home country and abroad.

The topic of development and humanitarian aid is a new area for Slovak non-profit organizations, one in which they had not been active previously. Most

members of the NGDO Platform have been using their experience gained in Slovakia in development projects over the past 5 to 10 years. Slovakia has started to build its position as a donor only after 2000, and particularly after its accession to EU in 2004. Implementers of aid as well as the political and donor environment may be considered as not established but rather developing. The demands put on implementers by the development cooperation and humanitarian aid often clash with their lack of capacity or ability.

We were interested in finding out about the reality of and work conditions in Slovak non-governmental development organizations. To be able to find ways of raising the quality of their work, we need to have a better knowledge of the gaps and shortages they face.

The provision of humanitarian and development aid by Slovak non-governmental organizations

Aware of this fact, I conducted research aimed to *learn about activities of Slovak non-governmental development organizations and other agencies in the provision of humanitarian and development aid in Afghanistan, the countries of former Yugoslavia and in Kenya, which are high-priority territories*

⁴ <http://www.foreign.gov.sk>

for official development aid from the Slovak Republic. The main reason was that the Slovak public had insufficient information about the activities of Slovak development organizations in the above mentioned developing countries. Through sharing more information about these activities I wished to create a kind of summary of what organizations active in this field do and to show both their strengths and weaknesses in providing development aid. Through my research I also wished to make some recommendations.

As part of this goal I inspected eleven areas/topics where these organizations work. Working with them I tried:

- To learn what criteria these organizations apply when selecting their workers and about the readiness of these workers to undertake humanitarian and development missions
- To learn how collaboration works on-site during the project, about the selection of the local partner and how much cooperation there is among Slovak organizations active in the same developing country
- To learn what organizations' consider to be the positive and negative aspects of the projects they run in developing countries


As a research sample, I chose 11 program managers, of whom nine represented non-governmental organizations and two represented Trnava University

and St. Elizabeth University. These non-governmental organizations are registered as full members of the NGDO Platform. Along with other agencies, they run activities in the selected countries of Afghanistan, the countries of former Yugoslavia, and Kenya. They directly plan, implement and then evaluate projects in developing countries and they have very frequent practical experience of directly implementing specific projects in these developing countries. They rank among organizations working in this field in the long term and can therefore offer a picture of development aid provided within the Slovak non-governmental sector. Interviews were conducted with the following organizations: Adra, People in Peril, eRko, ECAV, Integra Foundation, Pontis Foundation, Savio, Slovak Foreign Policy Association, and Tabita.

I offer several findings from this research to illustrate the standard of provided aid:

Criteria for humanitarian worker selection

Almost all organizations had as one of the main requirements **knowledge of foreign languages**, with minor differences: some NGDO representatives considered knowledge of one foreign language sufficient (in all cases it was English) while others emphasized the need to know other languages as well such as French, Russian



or Spanish (for projects running in Latin America, Cuba, some African countries or Siberia).

Requirements on **education** differed primarily by the area of study. In some cases some representatives of non-governmental organizations considered it necessary for workers to be qualified in medicine, social work, or public health; others required mostly general understanding of the given area without putting too much emphasis on the topic of formal study at the university. For example, the representative of Adra said that only “tailored” workers are sent out for certain projects: in the case of a project to develop the education of people with hearing and sight disabilities, a specialized teacher, himself with a hearing impairment, was sent out. On the issue of education, almost all organizations agreed that only people with relevant qualifications should be sent into the field and almost all organizations conduct personal interviews to learn about general knowledge of the applicants.

One very specific criterion used to select workers was **personality traits**. Most organizations understood this term to mean flexibility but their definition varied from then on. Some mentioned the ability to work in teams, in an unknown environment, under work-related and emotional stress; sensitivity to local conditions; respect for rules and the ability to respect authority (in case of volunteers); managing a high

workload and the willingness to learn; organizational and communication skills; and the ability to act on one’s own initiative. In the case of People in Peril Association, one research participant mentioned the fact that the organization typically develops a psychological profile of workers. Naturally, many times it is exactly the workers’ personality traits which are the source of misunderstanding and complications in projects. This is caused by insufficient training before the project and the absence of psychological interviews in many organizations.

Other requirements mentioned by organization representatives included the workers’ **experience**, either through qualifications in development or in development work itself. Of course, most organizations understood this term to mean applicants’ practical experience in development work, whether gained through volunteering or professional experience gained through previous projects. Another requirement which was mentioned was obvious **interest in development issues**, which was naturally reflected in the general knowledge of the person applying for the position of a humanitarian/development worker.

Specific individual requirements mentioned by participants included, for example, **good physical and mental health condition**, **age** (21 to 30 years of age) and at least one year’s participation in the Good News **Christmas carol fundraising event**.


Training of humanitarian workers before sent out to missions

Training workers for development projects is necessary in light of the peculiarities of individual countries and the risky conditions they have to handle. Organizations with projects running in unstable countries would put emphasis also on security and protection of their workers during project implementation.

Yet many organizations overlook this fact or the quality of the training is not sufficient, with the end result that projects in developing countries suffer.

When evaluating the collected data, I found that of the 11 organizations, workers are trained in eight of them; three organizations do not train their workers; two of them said their activities do not require such staff and therefore they do not send out workers to their projects. One organization said it always sends out only “ready-made” persons with direct

Organization	Form of training of humanitarian/development workers and volunteers
Adra	No specialized training (brief training on working methods or “analysis” of individual aspects of a project)
People in Peril	Personal interviews
ECAV	No information provided on this topic since this organization does not send out its workers to development projects
eRko	Personal meetings over a period of two to three months; weekend stays
Integra Foundation	No information provided on this topic since this organization does not send out its workers to development projects
Pontis Foundation	Training before departure, provided by external experts (training on security for projects in Cuba and Belarus)
Savio	Intensive preparation of several months provided by people previously participating in development projects and experts on individual skills (education and psychology related)
SFPA	Internal briefings and planning meetings to analyze project implementation in the given country, specific tasks and the situation in the country itself
Tabita	Mandatory participation in two preparation seminars (five days); preparation through individual consultation
Trnava University	Personal meeting before departure to project site; one week preparation and learning about the project on-site
St. Elizabeth University	Preparation course for non-medical workers (length: once a week meetings over a period of one month); tropical medicine course for medical personnel



experience. Only a short training session is organized on working methods and a joint analysis of individual project aspects.

Then I focused on collecting information about what exactly constitutes the training and whether prior to their departure, workers or volunteers take any special courses or seminars. I also inquired about the duration of the training on the security issues or even possible exposure of humanitarian workers to unforeseen danger.

In this regard I have also made effort to get information on security during project implementation. I was primarily interested to know if during the project implementation these organizations' workers had found themselves in danger and how such situations had been handled. The goal of this part of my research was to find out about security during project implementation and the handling of risky situations in this profession.

Of the total number of 11 organizations, six had faced an unforeseen "conflict" or risky situation in practice. The solutions to the situations were essentially very similar. Of the five organizations working in Kenya at the time when violence broke out after the presidential election in December 2007, three worked directly in Nairobi and they resolved the situation in the same way since they worked together at the site of the project. Workers of all three of these organizations withdrew into Uganda where they waited until the

wave of violence related to their partner projects ended. When the situation became stable, they returned to Nairobi to continue their development work.

Humanitarian/development workers in the field

In this topic I was interested to know if the given non-governmental organizations have humanitarian/development workers or perhaps volunteers whom they send out into the field. When processing the answers received, I learned that of the 11 non-governmental organizations, only nine organizations were actually sending their staff into the field, as three organizations base their development work on volunteers and therefore have no real employees available for work in the field. Only six organizations send both their humanitarian/development workers as well as their volunteers to developing countries. In two organizations, these are very short-term stays specializing in monitoring and training activities.

Strengths and weaknesses of non-governmental organizations

Knowing their strengths as well as weaknesses is important to the future of the

organizations, since each organization should continuously try to address and at least minimize its weaknesses, review and monitor its activities to avoid possible inefficiencies, and to build on its strengths. An organization capable of assessing or determining the positive aspects of its projects is more flexible and more experienced when planning new projects.

Generally, the most frequent weaknesses include administrative and bureaucratic problems on the part of the developed countries, connected on one hand with cultural differences in developed countries as well as by their entirely different system of functioning. On the other hand there are various individual problems that are considered by organizations as their weaknesses, such as the failure of projects after volunteers arrive or insufficient fundraising efforts etc. Yet generally we can conclude that major weaknesses in Slovak organizations providing aid relate to the administrative systems of recipient countries and frequently also an insufficient ability to work in the context of a different culture.

As for strengths, many organizations provided similar responses. They considered their strengths to lie in cooperation with local partners, which was perceived very positively because it satisfies the needs of the local community, especially because aid has specific recipients. The positive impact or long-term effect on the local community was also seen as a positive aspect of aid in some cases.

Every year Slovak NGOs try to expand their activities, their work and to get involved more effectively in humanitarian and development issues. It is demonstrated not just by the growth in their activities and number of projects in the developing world, but also within Slovakia. They pay attention primarily to countries most affected by civil or war conflicts, poverty and low levels of education.

Yet provision of humanitarian and development aid is not simple. It requires that organizations respond with flexibility to current events, that they use certain creativity in providing aid and monitor that their aid is targeted.

From the research I conducted with 11 NGOs, I would like to point out areas that I consider present the greatest future challenges in providing Slovak development aid effectively.

■ **Worker training** – training before departure for a mission is often insufficient and its quality is mostly poor, which naturally becomes apparent later in project implementation and it shows in the project quality in the developing country. Many projects recruit people who are not sufficiently fit for development work, which in most cases becomes apparent only on-site during project implementation. It is ineffective to send people out to projects who are not ready or mature enough and then bring them back. The training of a person selected for a project should be planned and scheduled in advance and should include

not only theoretical knowledge but also practical experience as well as, naturally, security training.

- **Number of humanitarian and development workers in the field** – the actual number of humanitarian workers in the field is low in light of the number of organizations. Most organizations which publicly report a great number of activities in developing countries have actually no workers in the field and their activities mostly constitute giving financial support directly from Slovakia through cooperation with a local organization. In many cases, people responsible for given projects in developing countries have only theoretical knowledge and actually lack practical experience. Many organizations base their work only on volunteers who are sent out to developing countries for only a very short and limited time (two to three months) so many projects are lacking in professional quality. To increase their effectiveness, I believe it is necessary that trained humanitarian or development workers are regularly sent out to implement existing development projects because their presence on-site increases the quality and effectiveness of project implementation and leads to regular monitoring.

- **Duration of stay of development workers in the field** – in most cases development organizations send out development workers to the field for shorter periods from around three to a maximum of six months. Yet development work should be more long-term and its duration

should be one year minimum. It takes several weeks for a person sent out to implement a project to get familiar with the culture, the character of the given country, to understand the project and their own work assignment, to come to understand the local community, and to overcome the culture shock. Therefore sending such person for a period of three months cannot be sufficiently effective. To do development work effectively, workers should be sent out for longer periods, which is by no means easy for most organizations and will become a major challenge in the future.

- **Cooperation among Slovak NGOs on-site** – in many cases there is some rivalry on the site of the project between Slovak organizations and there is little or no cooperation between them. Personally, I consider this to be a negative aspect in the provision of development aid because teamwork contributes to achieving better and higher value results. I believe that high quality cooperation could lead to even better performance in development projects and to the stronger establishment of the Slovak non-profit sector.

Recommendations

On the basis of this research, conducted among Slovak non-governmental organizations, and previous questions addressed to these organizations, I would suggest

the following improvements/recommendations for the future:

- To provide better information about the activities of Slovak organizations through seminars, discussions, conferences, the use of mass media (television, press, radio, internet) and various other activities connected to humanitarian and development issues, with the goal of informing and involving the public, particularly young people
- To respond more actively to EU calls for proposals
- To diversify fundraising efforts, to try to be more effective and flexible in searching for and addressing potential local sponsors and donors rather than staying with one long-term donor
- To help volunteers grow professionally by actively involving them in activities which are the basis of many organizations' work in developing countries
- To work more intensively with Slovak organizations on-site where projects are implemented because working together allows for higher project quality
- To increase the duration of stay for development workers to a minimum of six months
- To raise the quality of education for workers and volunteers before their missions through training and sharing practical

information with participants of previous projects

- To monitor projects more frequently and more effectively in order to identify their weak points
- To increase the quality and depth of development education in schools, universities and for the wider public
- To start cooperating with other international organizations to increase the quality of their own activities

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THE EUROPEAN UNION'S AID STRATEGIES FOR ETHIOPIA

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Introduction

The relationship between Europe and Africa has deep historical roots. Colonization is an important factor that shaped it and has not left it unblemished. Today, the European Union, an institution promoting supranational interest, cannot be indifferent to the common past of Europe and Africa, and so has undertaken development action. What then is the role of the European Union in the development of Africa?

Nowadays, all actions undertaken by the European Union for the benefit of ACP states are coordinated by the European Commission. The Commission drafts plans of action and sets out the goals of cooperation for the whole group of African, Caribbean and Pacific states. Throughout the years, the relationship between Europe and Africa has evolved

under the influence of the various differing political and economic conditions on the two continents.

Terms of cooperation between the European Community and the African countries were first formalized in 1960s when the Yaoundé Convention was signed. The provisions of the first Yaoundé Convention covered mainly trade regulations and the distribution of financial support for the Francophone part of Africa. The Yaoundé Conventions expired in 1975 and were succeeded by the Lomé Conventions, which were revised four times. The provisions they introduced were much more critical than those of the Yaoundé Conventions. For the first time much broader issues than mere financial support were covered. The Lomé Conventions also examined the economic and political situation in Africa. By that time it had become clear that mere financial support was not enough to push

the African countries to the path of development. The Lomé Conventions were created to answer the growing problems.

In 1996, the European Commission published a green paper which summarized the relationship to date and identified areas of further cooperation. This document covered a broad global perspective, making reference to such processes as globalization, economic liberalization, technological progress, demographic and climate change.

On the expiration of the Lomé Conventions in 2000, another cooperation agreement was signed: the Cotonou Agreement. The main goal of the Cotonou Agreement was gradual reduction and eventual eradication of extreme poverty through the realization of the Millennium Development Goals. Despite detailed coverage of trade issues and identification of the most fragile countries with respect to economic growth and development, which was undoubtedly a positive side of the Cotonou Agreement, the document did not in fact introduce any changes in terms of financing aid in developing countries (von Moltke 2004, 2).


The EU Strategy for Africa was adopted in 2005 in Brussels and the revised Joint Africa-EU Strategy in 2007 at the Lisbon Summit. The EU Strategy for Africa was originally to describe or define the existing relationship between Europe and Africa. It referred to the Millennium Development Goals, and the European Union committed itself to doing its best

to ensure that the African countries achieve the goals.

It also emphasized the importance of peace and security, as well as the improvement of governance quality. Concerning the volume of trade between the African and European countries, it was the first document to take into consideration Africa's growing importance in the world; a very positive trend, especially in light of Africa's increasing integration into the world economy.

The Joint Africa-EU Strategy moved a step further forward. While the EU Strategy for Africa concentrated on the present state of relations with the African countries, its revision expresses an actual will to redefine those relations and underlines that Africa should be treated as a partner in economic relations rather than solely as a recipient of EU development aid. It highlights the importance of mutual efforts to improve the understanding of each party so that the integration process is more complete and straightforward. The Joint Africa-EU Strategy comments on the situation in Europe and its members' economic condition, which affect the level of cooperation. Another vital point is its reference to human rights and establishing their absolute observation as a precondition for dialogue. This condition is equally binding for both the EU states and the African countries.

The above documents together form a legal basis for cooperation between the ACP States Group and the European



Union. They define the most essential values that govern this cooperation and are to extend the African states' development capacity. Tracking the evolution of those documents allows us to identify the main changes taking place in the relationship between Europe and Africa, i.e. the increasing equality between the two parties.

Aid strategies for Ethiopia

The strategies of cooperation between ACP states and the European Union are incorporated in the following documents: Country Support Strategy (long-term) and Country Strategy Paper (short-term), created for individual countries respectively. These documents must adhere to the principles of the Cotonou Agreement and the strategies defining the rules of cooperation between ACP countries and the European Union. All actions taken in ACP countries are co-ordinated by the European Commission which operates through delegations sent to individual countries. The operation of the Commission's delegations dates back to the 1960s. Their function is representative, and their work boils down to monitoring and controlling development aid, which influences the allocation of financial means. The financing of EU development aid is handled by the European Development Fund (EDF). This body is independent of the general EU budget as the means are only raised from voluntary payments made by member states. This

excludes the EDF from the general rules governing the EU budget and ensures its independent management. The European Development Fund has a multi-annual financial framework for a period of 5 years. EDF 9 of 2000, which raised EUR 13.5 billion, established Ethiopia as the biggest beneficiary of the EU aid out of all ACP states. The second body financing the EU's development aid for the ACP countries is the European Investment Bank (EIB), which allotted EUR 1.7 billion for EDF 9 (EDF 2007). The development operation financing system is complemented to a smaller extent by means from the European Commission budget lines, which are allotted to food security, NGOs working in rural communities, agriculture, education, health care, water resources, human rights and democratization.

The EU's aid strategies for respective countries are based on two kinds of documents, long and short-term. The long-term document is Country Support Strategy (CSS). It provides the basis for drafting a long-term schedule of operations for individual countries. The CSS should be based on a detailed analysis of the conditions in a given country and the local government's objectives, whilst considering the principles of the Commission's development policy. When a compromise between the Commission's and the government's objectives is worked out, a development strategy is drafted. The Commission's development policy focuses on three main principles: (i) economic and social growth as means of development of

needy countries, (ii) gradual integration of the developing countries within the world economy, (iii) poverty eradication (European Commission 1999). These principles adhere to the provisions of the Cotonou Agreement and form the basis for the construction of a short-term document, i.e. a Country Strategy Paper (CSP).

Apart from covering a shorter period of time than the CSS, the CSP is also more detailed. It sets out a plan of operation consistent with the generally accepted directions of development for the whole region, and also concentrates on the particular needs of a given country. It is thus useful not only for the European Commission, but also for the government of the country in question, serving as a plan of operation and financial aid allocation. This, above all, increases the effectiveness of foreign aid. The last part of the CSP is the National Indicative Program (NIP), which contains operation guidelines.

CSP for the period 2008 – 2013


The ongoing CSP is more advanced than CSP 2002–2007. It discusses the same issues in a more scrupulous and detailed way. It also emphasizes the new role of the Commission in foreign aid administration. The Commission, being a member of the Development Aid Group (DAG), wishes to shift its position as a

donor⁵. First, the Commission resigns from the function of an individual donor and takes up the coordination of the donors' activity. This applies especially to the European Union member states, which apart from membership in the European Development Fund are also bilateral donors. In 2007, an agreement on development aid harmonization was signed. It mainly discusses synchronizing the development policies prepared by the European Union, its member states, DAG members and the World Bank.

CSP 2008–2013 is a high quality document consistent with the EU's development aid principles on economic and social growth, developing countries' integration into the world economy and poverty eradication. Also, the ongoing CSP complies with the directions of operation adopted by the Ethiopian government and ensures the adherence to the principles contained in PASDEP, i.e. the Plan for Accelerated and Sustained Development to End Poverty.

In CSP 2008–2013 a new way of aid distribution has been proposed based on intensified cooperation with the EU member states. It assigns each of the sixteen main areas of activity to particular donors; the number of areas of responsibility alone points to the greater detail of the new CSP. The areas in which the CSP discusses bilateral activity are: education, health, good and democratic governance, food security, rural development, private sector development, water and sanitation,

⁵ *Development Assistance Group Ethiopia*, available at: <http://dagethiopia.org>, (accessed on 03/05/08).



protection of basic services, civil society, urban development, hydro-geological studies, gender equality, humanitarian assistance, natural resources, social care and human rights. The above sectors are enumerated according to the number of donors working within them. The countries that are involved in the greatest number of projects are Italy and Ireland, active in seven sectors, followed by Sweden in six sectors then France and Germany in five sectors (European Commission 2007).

Despite the noticeable differences between CSP 2002–2007 and the latest version, the three focal sectors of development action remain unaltered. Each of them, however, is discussed in a more insightful and detailed manner.

The allocation of financial support is conditional upon the evaluation of the government's achievements in macroeconomic sustainability and good governance. Three basic sectors of activity regarding good democratic governance are distinguished: first, capacity building in democratic institutions and the judiciary. The objective here is to strengthen the parliament and local authorities. Also, the Human Rights Commission and the Ombudsman are to be empowered. Furthermore, in order to reinforce democratic structures, the Commission proposes action concentrated on improving election procedures, observing basic citizen's rights, and reforming the judiciary. Again, the role of non-governmental and civil society organizations in

decision-making processes and the need to intensify communication between the above organizations and governmental agencies were emphasized. It also addressed the issue of gender equality. Here, the Commission's activity concentrates on enhancing women's access to basic health care and extending their chances of acquiring higher income.


Corresponding to the inclusion of good and democratic governance with the macroeconomic sustainability sector of operation, rural and urban development have been added to food security. This subtle shift in the direction of operation expresses a final abandoning of direct food aid policy for more holistic solutions with longer implementation periods, but introduces a real quality change resulting in a permanent improvement of the situation. The European Commission channeled the action under food security and rural development in three directions: first, the implementation of the Productive Safety Nets Program (PSNP), whose objective is the donors' cooperation in ensuring the food self-sustainability of Ethiopia. Secondly, initially incorporated in the Ethiopian government program, PASDEP, it proposes support to agricultural markets and livestock development. Thirdly, it is preoccupied with sustainable management of natural resources, enabling the development of various regions. Wise management of natural resources will further contribute towards improving the quality of life in rural communities. The last two of the proposed interventions support the development of rural-urban

links, as well as rural electrification. The improvement of links between the cities is necessary due to the increased mobility of the Ethiopian population. More and more people migrate to cities in hope of finding a job and of better living standards. Unfortunately, the cities grow too fast to adjust the opportunities they offer to the actual demand. Furthermore, the migration from the countryside has a negative impact on agriculture. To sum up, these migrations do not contribute to the improvement of living standards in the cities or in the countryside. Strong rural-urban links could decrease or slow down the influx of the rural population into the cities and make the migration more manageable. Following the directions laid down by PASDEP, the Commission will act to streamline the functioning of municipal authorities and the judiciary. As far as rural electrification is concerned, the Commission intends to accelerate the implementation of the Universal Electrification Access Program (UEAP) and to intensify work on the use of hydropower in Ethiopia.

The most important sector of CSP 2002–2007, i.e. transport, is now called transport and integration of regions. The link between the road network and the density of economic connections between the regions had already been mentioned in the previous CSP. Now, however, regional integration has been treated as a priority. Its objective is to enhance not only the infrastructure within the state, but also the connections with other countries in the Horn of Africa. The importance

of regional integration for the future membership of Ethiopia in the World Trade Organization has been emphasized more than once. As far as foreign trade is concerned, the role of Ethiopia-Djibouti railroad, which requires immediate rehabilitation, is underlined. Transport and road sector development are extremely important for improving the effectiveness of food distribution. The government's Road Sector Development Programme, completed in 2007, gave satisfactory results, and the Commission suggested that it should be continued. The National Transport Master Plan for Ethiopia provides for 20 years; according to the schedule, its implementation is due to finish in 2027.

As CSP 2008–2013 merged capacity building with macroeconomic support and good democratic governance, capacity building was not distinguished in this document as a separate sector. Following the guidelines provided by PASDEP, which establishes tourism as a new potential area of Ethiopia's development, the Commission decided to adopt Environmental, Cultural and Biological Heritage and De-mining Action as the last sector. Although Ethiopia today is believed to be the cradle of humankind, its tourism potential is still undiscovered to a large extent. Ethiopia's climate and wonderful natural environment work to its advantage in the development of tourism. The European Commission wishes to grant its full support for the government's activity in the scope of tourism development. The Ministry of Culture



and Tourism is already planning to establish new national parks and rehabilitate those already existing. As regards demining, the Commission is to support the Ethiopian Mine Action Office, subsidized also by the United Nations Development Program (UNDP) (Ibid.).

A complete evaluation of CSP 2008–2013 is obviously not possible due to the fact that its period has not expired and the final results of the actions undertaken remain unknown. At first glance, however, a change in quality between CSP 2002–2007 and CSP 2008–2013 is noticeable. The ongoing document introduces a few changes which probably will have a positive impact on the results of the operations it governs. One of them is undoubtedly the initiative to align the aid provided by a number of donors. Clearly, harmonization and coordination of the donors' actions will eventually increase the effectiveness of aid. Furthermore, intensifying the dialogue between the donors and the Ethiopian government constitutes another step towards improving the effectiveness of aid. It also helps identify sectors requiring immediate intervention.

Unfortunately, it is impossible to draft a perfect development strategy. A fundamental flaw of the CSP 2008–2013 is the lack of reference to the Millennium Development Goals, which should form basis of its development strategies. What is more, CSP 2008–2013 has been accused of having too narrow a perspective. The document works only at the level of the

state's interest and lacks reference to the consequences it may have for particular social groups, especially as far as the most impoverished and needy are concerned (Bekele and Barry 2006; Auclair 2006).

It is clear, however, that the CSP evolves within a space of years, as donors gain experience in modern effective development aid provision. This undoubtedly gives hope for the future.

Summary

The analysis of the relationship between Ethiopia and the European Union presented above allows for a closer look at the more general model of development action undertaken in Africa. Drawing on years of experience in development aid provision, it is worthwhile to pose and answer the question whether the EU's activity serves economic growth, or merely appeases the West's conscience.

Development strategies are full of beautiful ideas; the solutions they offer, however, often work only in theory and in reality fail to fulfill the objectives. One of the positive aspects of the EU's aid policy is undoubtedly a turn towards underlying causes rather than results of certain phenomena, clearly visible in the case of food security. A departure from direct forms of aid for the benefit of long-lasting solutions such as investment in road infrastructure is important. Furthermore, the

selection of the most important sectors of operation (macroeconomic sustainability, institutional development, food security, development of the road sector, transport policy, and regional integration) demonstrates an accurate identification of the strong links between the main sectors of the economy which influence one another, sometimes undermining the undertaken actions, and sometimes doubling their effectiveness. Only large-scale interdisciplinary operation may give positive results and create a proper climate for sustainable economic growth.

Nevertheless, there are many external factors which impede the African countries' development, including climate, soil and topography. These factors do not, however, block the potential for development completely. With state-of-art technological knowledge it is still possible to adjust development aid to particular conditions.

The relationship between donor countries and recipient countries has become more balanced. Obviously, full partnership is a matter of time, due to both economic and political reasons; this positive trend, however, is a clear sign that the developed countries want to make a clean break from the past exploitation of Africa.

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DEVELOPMENT AID BETWEEN GOVERNMENTAL AND NON-GOVERNMENTAL SECTORS: THE REPUBLIC OF POLAND AS AN ACTOR IN THE MODERN WORLD SYSTEM

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It is estimated that between 1945 and 1995 the Western countries allotted about USD 1 billion (by the value of dollar in 1985) to development aid. Foreign aid has become a basis for economies and social systems of the African countries. Data coming from the 1990s indicate that financial means obtained as development aid constituted 98% of Burkina Faso's annual budget, 80% of Laos's budget and 50% of Nepal's (Marczyński 2008, 2). Jerzy Surdykowski even talks about "the culture of a state taking advantage of aid". Despite having been independent for decades, such a country is still poverty-stricken and its population remains unemployed, passively waiting for donations from the North (1999, 28). The assumption of the above, simplified model may lead to a conclusion that the poorest countries can only survive thanks to foreign aid. Surdykowski calls those countries "the Fourth World," faith in whose development is long lost (Ibid., 28). A further burden they carry is national debt, the repayment

of which consumes a major proportion of budgetary means. According to the UN The Least Developed Countries Report 2002. Escaping the Poverty Trap, high debt significantly reduces the positive effects of development aid (Książkowski 2002, 107). According to Assessing Aid. What Works, What Doesn't, and Why (World Bank 1998), foreign aid stimulates growth and reduces poverty only when combined with a healthy macroeconomic environment, open trade policy, intellectual property rights protection, as well as effective administration and a public sector able to satisfy social needs in the scope of education or health (Bagiński 2004, 52). It is therefore expected that the recipient countries implement the obligations they committed to introduce before the international community in the scope of human rights observance, law and order, the rules of democracy, or good governance. There still exists, however, a number of corrupted dictatorships, which make the donors face a difficult choice: to aid the hungry

despite the fact that some of the donation is stolen; or to discontinue aid or debt reduction expecting this to force political change.

Development operation is often accused of paralyzing its own initiative and the foresight of those it addresses, as well as of diminishing their self-respect. According to Sen, democracy and related political and citizen rights are the core of the social development process. “Those freedoms make people feel they are citizens whose needs and opinions matter, they are not merely well fed and well clad citizens” (Ibid. 305). This argument contributed to the departure from treating the development aid beneficiaries as the recipients of goods only, in favor of perceiving them as jointly responsible partners participating both in drafting and implementing development projects. This shift is reflected by the common abandoning of the expression “development assistance”, which is now being substituted by “development co-operation”. It is worthwhile to cite here the definition of development co-operation proposed by Paweł Bagiński: “Development co-operation is a multilateral co-operation between the countries of the North and the South, international institutions and non-public entities (including non-governmental organizations and companies) to eliminate the differences in the level of development of various countries and world regions and to reduce and eventually eradicate poverty and other problems resulting from backwardness” (2004, 44).

The above definition points to the engagement of a wide circle of state and non-state

actors. As it is impossible to present here all the actors of the global system involved in development co-operation, I have decided to concentrate on Polish actions, in which both the state and the Polish civil society are participants. The context of Polish development aid is provided by the development co-operation strategies of the supranational actors the Republic of Poland is a member of, namely the European Union and the United Nations. Still, the primary implementers of the most effective and direct development undertakings, namely development projects, are the Non-Governmental Organizations (NGOs).

Since the 1970s, NGOs have been growing in size and number due to their greater flexibility in comparison to the international organizations. Some of the most active INGOs (International Non-Governmental Organizations) have grown independent of governments’ financial support. At the same time they have been taking on difficult, complex, and long-term tasks in such areas as humanitarian aid, human rights, or development. This gives the INGO representatives the opportunity to influence the recommendations made by international bodies, which are forwarded to individual governments. Paweł Załęski includes them in the new “conference class” which participates in political, scientific and economic meetings (Ibid., 348). They are perceived as citizens of the world, global citizens. They treat the entities that belong to a global sub-class as, at most, the objects of charity, assistance, education or food aid. “Modern social polarization divides the world into two categories: those who are subjects of

democratic actions and those who are objects thereof" (Ibid., 349). The third sector in the Southern countries often constitutes an alternative to rather than a complementation of the first sector. On the other hand, both INGOs and IGOs (International Governmental Organizations) assist in developing countries with dysfunctional state apparatus, which the donor countries do not want to do and lack the courage to cure. As a result, IGOs and INGOs are active in economically and geostrategically marginalized regions. Work there is sometimes exceptionally frustrating due to negligence of the local authorities and local communities' unwillingness to co-operate (Dijkzeul and Gordenker 2003, 313–314). The humanitarian organizations have worked out humanitarian action management standards incorporated in such programmes as the Sphere Project – *Humanitarian Charter and Minimum Standards in Disaster Response*⁶, ALNAP – *Active Learning Network for Accountability and Performance in Humanitarian Action*⁷, and GHD – *Good Humanitarian Donorship*⁸. Attention has to be paid to the fact that humanitarian intervention will always arouse controversy as to its moral or political validation. As David Rieff put it: "Humanitarianism will always continue to be both an emblem of political defeat and expression of human decency" (Dijkzeul and Gordenker 2002, 313).

A document entitled "Strategia polskiej współpracy na rzecz rozwoju" [Strategy of Polish Development Co-operation], adopted by the Council of Ministers on 21 October 2003 as the first principle of development aid, expresses the belief that "sustained development of the whole human kind is a common interest, and wealth in developing countries and countries undergoing transformation increases the development capacity of developed countries as well" (Strategia... 2003, 3). The instrumental aspect of aid is emphasized as viewed from the standpoint of developed countries. While modernist theories emphasized that the wealth of developed countries "trickle into" the underdeveloped countries, the above statement points to a reverse correlation between the development of the South and the North. What is meant here is probably mainly economic development, as open economy fosters trade, investment and consumption. The said common interest includes global security that may be threatened by underdevelopment of the Global South (Ibid., 5). The Strategy goes on to mention vaguely "the duty of all the countries in the world resulting from ethic, moral, social, economic and political principles" (Strategia... 2003, 3). It also emphasizes that inclusion in the group of European donors translates to "the increase of chances for development of Polish companies, non-governmental organizations and other non-public sector institutions" (Ibid., 4). The Strategy overtly informs that "development co-operation, as an integral part of foreign policy and Poland's foreign relations serves the realization of basic goals of Polish foreign policy: ensuring security and stability of the state and its

6 Source: <http://www.sphereproject.org>.

7 Source: <http://www.alnap.org>.


8 Source: <http://www.goodhumanitariananddonorship.org>.

citizens, protection of its interests and economic co-operation with the countries of all continents” (Ibid., 5). It may be assumed that *raison d'état* is inherent in the Polish development actions. Such an approach is understandable, but it is important whether *raison d'état* is defined short-sightedly or from a century-spanning perspective. The question arises as to whether or not we see that our interests depend on the condition of the whole global system (W11). Protection of national interest is clearly visible in annual strategies of Polish foreign aid, which are the instruments to establish favorable political and economic relations (countries over the Eastern border, Afghanistan), or to increase Poland's credibility and to join the circle of “the responsible” (the Southern countries).

It was the accession to the European Union that imposed on Poland the obligation to provide foreign aid. What is more, during the EU General Affairs and External Relations Council meeting Poland represented that it would increase aid for developing countries to GNP 0.17% until 2010 and 0.33% until 2015. Poland is a signatory of two documents adopted by the United Nations – the Millennium Declaration and the Monterrey Consensus, which establish 0.7% GNP as the lowest level of aid that would enable the least developed countries to eradicate poverty. In 2007 Poland spent EUR 260 million on aid, i.e. 4% more than in the previous year. This does not mean any progress in comparison to the GNP percentage allocated to this purpose which still remains at the level of 2006 (0.09%) (CONCORD 2008, 45).

It seems that Polish development policy aims at creating the image of Poland as a promoter of democratic values; however, this promotion takes place mainly in the direct international environment. Taking into consideration the amount allotted, the most important area is supporting democratic reforms of the government, local authorities and non-governmental institutions, as well as independent media. The Ministry allotted about half of the funds it has at its disposal for this purpose; one third of it was transferred to Belarus and Ukraine.

Upon listing the prioritized recipients of bilateral aid (multilateral aid is subject to priorities set out by all parties, so it does not have to correlate with national priorities), it becomes obvious that development aid is chiefly a political tool. A representative of INGOs commented on this issue: “(...) this is one of the dilemmas to which I do not have a solution; where are we to help: in the East or in the South? Do we want to pursue the Millennium Development Goals, or our geopolitical interest on this occasion drawing upon and applying our experience in structural transformation from communism to democracy. There are many INGOs specializing in water and sanitary programs in Africa and Polish organizations find it difficult to compete with them. Polish organizations, on the other hand, have advantage over their Western counterparts in the subject of territorial self-governance in the former Soviet Union, as we built self-government in Poland from scratch and on the post-Communist ground” (W8). In the opinion of one of the interviewees, it is especially important for



Poland's brand to have a good policy for the South: "Our attitude towards Russia and Ukraine is defined, it stems from our past relations. We do not share any past with the South, contrary to the colonial countries, whose present actions are perceived as doing penance and expiating one's guilt. We have a clean basis for development policy, just like the Czech, Hungarians, or Slovaks. We could become recognizable in this field, this could be a new consciously formed image of the country which the Polish people could identify themselves with" (W5).

A positive change to Polish development policy is abandoning the preferential loans which constitute tied aid, as this solution is usually favorable to the donor, and not the recipient country. Poland granted such loans in 2004 and 2005 to countries which were not on the priority list but occupied top positions on the list of biggest aid recipients. This and other similar shifts in priorities result mainly from the dispersal of entities providing support under ODA. Loans are granted by the Ministry of Finance, while social aid, and integration programs for refugees and those trying to obtain a refugee status are financed by the Ministry of Labor and Social Policy. In 2005 this cost twice as much as the Ministry of Foreign Affairs had at its disposal. It has to be underlined that such ODA expenditures do not contribute to the development of the refugees' country of origin. Things look similar in case of debt reduction. Angola's heavy debt redemption in 2006, Ethiopia's in 2004 and Nicaragua's in 2007 has had or will have a positive effect on the sub-Saharan aid statistics. The fact is that in 2007 the share of sums connected

with debt redemption decreased by 33% compared to the previous year, but still amount to 8% of the total sum of Polish ODA (Ibid., 45).

Although such actions are sometimes necessary to free the weakest countries from the trap of poverty, they do not translate into real and direct improvement of their situation. Such an improvement would be possible if the Millennium Development Goals, which set the direction of aid in successive documents on Polish aid, were attained. Still, there are no reports on the degree of Poland's contribution to the realization of MDGs. The 2006 annual report presents the basic MDGs' indices cited from the 2007 *Millennium Development Goals Report*. According to this data, the countries with biggest needs are those situated in the sub-Saharan region of Africa (the greatest percentage of the undernourished – 31%; the largest number of people with HIV/AIDS – 24.7 million; the biggest percentage of children not attending primary school – 38%). Meanwhile, Polish support for this region is minimal (1–4% of total bilateral aid) with the exception of a once-off debt redemption.


The majority of Polish assistance means are allotted to non-governmental organizations' projects, although many respondents mentioned that Polish NGOs are just developing. Until now a "levy en masse" way of thinking prevailed: let's collect the gifts, and set out in convoy to "save the world". Meanwhile, development aid requires professionalization and investment in human assets, for which there is

usually no money. It has rarely been the case that people with proper qualifications were selected to a given specialized project, although this is often a necessary condition if the project is to succeed (W3, W7, W8, W9). One of the interviewees divided helpers into the following categories: hired hands, missionaries, lunatics, and refugees – the last three groups are usually not able to live and work around poverty, so they withdraw quickly (W7). This is why a significant fluctuation can be observed in Polish organizations; usually their employees are hastily recruited (W7, W8). Idealism as motivation is definitely not enough, especially in a situation when one works in difficult or life threatening conditions. In Western countries, where development aid system has a much longer history, “development aid” may be studied at universities. Thus students can specialize and choose a career as professional development workers. Poles usually learn from their own mistakes; mistakes that are most acutely felt by the aid recipients (W8).

One of the interviewees condemns the opinion that prevails in Poland that food needs to be brought to Africa to rescue people from starvation as they cannot take care of it themselves. According to him, this results from a limited access to information and reliable media that would provide world news in a complex manner. Also, educational programs do not show any alternative to Eurocentrism. What is more, we seldom travel and do not have a colonial past, nor large immigrant communities that we could establish a direct contact with. This is why we perceive the beneficiaries in a

flat, uncomplicated way (W11). One cannot expect people to understand the idea behind development aid if it is not a subject of public discussion. The interviewees shared the opinion that majority of politicians, both those in power and those struggling for it, do not even know the basic terminology connected with aid (W1, W4, W9, W11). In this situation it is difficult to hold a substantial discussion with the government, not to mention building a sense of global responsibility in society. As the distribution of global inequalities often depends on the decisions made by individual consumers, many Polish development organizations are simultaneously preoccupied with both development and consumer education as a way to build support for direct and indirect actions that foster the development of the Global South. Conscious attitudes – the goal of development education – influence the electorate’s choices, and these further affect their expectations of politicians (W4). One of the interviewees put it in the following words: “If the voters do not expect politicians to act in certain matters during their term, none of them will undermine his or her position by saying that he or she is responsible for the whole world. They are responsible for their lives and party” (W9).

One interviewee provided the following justification for aid: “There is no other choice. The only alternative to aid is not aiding. We can leave Africa on its own, let it do its best. And this is the most up-to-date opinion that is on the lips of many scholars, ethnologists. (...) We cannot cut aid off, that’s absurd. The alternative is wise aid”. The first principle of development and



humanitarian aid is “*primum non nocere*”, a principle that on the surface seems to be explicit and intuitively clear. However, in practice, when it is confronted with axiology, numerous ethical dilemmas arise, and their solution exceeds the problem of effective management. Following and considering all correlations within the world system is an impossible task. The context of Polish development operations consists of countless resolutions on the necessity of poverty reduction and the advancement to sustained development, each of which prescribes a different solution. They are created and realized by countless experts and people with good intentions who obviously stand behind all aid operations. However, it has to be remembered that although development projects to some extent contribute to the improvement of life quality in particular communities, they rarely play a major role in the development of poorer countries. The support needs to be given systematically at various levels. If we assume that development is extending human choices, then the task of the Northern countries would be to eliminate macro-social limitations and create space for self-development; often a rocky road and a painful process. The idea is not to avoid taking action, but to refrain from doing something if it does not work. The problem is that all proposals and deliberations, including those above, take us up further levels of the world system thus increasing the distance to the basic and final unit of this system – human being. Not only thinking about “aid beneficiaries” in an abstract way, but also unifying them may in consequence lessen respect towards them, lead to sentimentalism and a lack

of criticism, and eventually release the responsibility as soon as a donation is made, provoking thoughtlessness. Helping and at the same time not diminishing human dignity and subjectivity is exceptionally difficult. It is equally difficult to write about it in a objective way and considering different points of view. This is why I would like to summarize my deliberations with an extensive statement by one of the interviewees, who is strongly dedicated to acting for the benefit of the Global South. It adequately sums up the present state of the development aid system and shows the line between aid and wise aid, which is to serve the anti-thesis of aid receiving, namely the sense of active participation and independence: “It is important to emphasize that the local community must really participate in a project, depending on the cultural and political context, not to make it an ad hoc action, which only looks good on the website. We talk like laymen who are not able to measure the effectiveness. We sell babble, saying we rescue children, and we do not do anything reasonable, we do harm to those people. And they know we are losers because we do not know what is going on. The Western idea that we are going to help our black brothers. And they have a better idea of help than we do. And they are there. (...) The key is not to go there and teach them how to wash their hands and build toilets. But to produce moderators. Let them realize why they have such mortality rate, because hygiene rules are not followed. We cannot change things. The Ministry of Foreign Affairs, the UN, Oxfam. It is only the locals who may catalyze development” (W9).

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Interviewees

Reference symbol	First name	Non-governmental organization
W1	Aleksandra	Polish Green Network
W2	Beata	Association Schools for Peace
W3	Elżbieta	Młodzi-światu Salesian Missionary Voluntary Service
W4	Kordian	Polish Humanitarian Action (PAH) (previous)
W5	Maja	Simba Friends Foundation
W6	Anna	Redemptoris Missio Humanitarian Aid Foundation
W7	Ziemowit	Polish Humanitarian Action (PAH) (previous) People In Need (present)
W8	Bartłomiej	Polish Humanitarian Action (PAH) (previous) People In Need (present)
W9	Piotr	Polish Humanitarian Action (PAH)
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INTERNATIONAL TRADE AND DEVELOPMENT CO-OPERATION

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Master thesis, 2009

Inequality and poverty in the world is shocking in many ways. Thousands of people are dying every day from malnutrition, and many of the victims are children. At the turn of the millennium, every sixth person on Earth was living on an amount of money that was found insufficient to cover his or her basic needs, a phenomenon affecting almost half of the population in Africa (Sachs [2005a], p. 9.). The income of the world's richest 10% was more than a hundred times that of the poorest 10% (UNDP [2005], p. 37.). The list of sad facts like these is alarmingly long. The good news, however, is that the public opinion of the world seems to have become more sensitive to these issues in the past few years.

The Ministerial Conference of the World Trade Organization (WTO) was held in Seattle, USA in November 1999. However, the original goal of the meeting – to strengthen the global trade system and

launch a new round of trade liberalization – was overshadowed by demonstrations opposing the negotiations. All previous anti-globalist demonstrations dealing with international trade issues and global inequality were dimmed by this gathering, recorded as the first major manifestation of the anti-globalist, anti-capitalist movement. This trend continued in the following years with demonstrations similar in size during the G8 Summits, bringing together representatives of the world's most developed countries, and during meetings of the IMF and the World Bank. Meanwhile, NGOs such as Oxfam and Christian Aid started to show increasing activity (Stiglitz; Charlton [2005]). The first World Social Forum, dubbed the counterpart to the World Economic Forum in Davos, was also held in Brazil at the beginning of the millennium in 2001. All the while, governments of the developed world took unprecedented steps, focusing more and more on development


issues; examples include the Millennium Development Goals derived from the Millennium Declaration accepted in 2000, or the conferences held two years later: in Monterrey about financing development, and in Johannesburg on sustainable development. The countries of the developed world began to realize that threats to their security originating in the developing world (terrorism, environmental degradation, mass migration, organized crime, etc.) can be fought in the long term only by eliminating or at least significantly reducing global poverty.

There are numerous ways the developing world can play a role in reducing poverty. In this respect, our thesis focuses on international trade. This choice can be justified as relevant for many reasons. While the influential document of the international development community – the Millennium Declaration accepted by the UN – emphasizes the poverty reducing effect of trade, the biggest demonstrations of NGOs fighting against global injustice are often inspired by meetings of the WTO. We see that, while all sides seem to agree on the importance of trade, there is a radical difference in how they see its effects. This is the question we strive to clarify in the first part of this paper. According to our first hypothesis, the liberalization of trade is – in general and in the long run – beneficial for reducing poverty. To prove this statement, we will have to look at three interrelated issues: the impacts of economic growth on poverty, the relationship between trade policies and economic growth and,

finally, the impacts of trade liberalization on poverty.

While there is agreement among economists that, in the long run, sustainable economic development is the surest way of reducing poverty, empirical analyses cannot be overlooked, as a situation might arise where the social inequality caused by economic growth itself may result in an increasing number of people living in absolute poverty. Consequently, first of all, the impacts of economic growth on poverty are thoroughly examined. Research in this area indicates that, while accompanying measures may have to be taken, the lynchpin of effective poverty reduction is policies supporting growth. The first part of the hypothesis is therefore valid: the most infallible means of reducing poverty – in the long term and in general – is sustainable economic growth.

In the next section, we elaborate on the connection between trade policies and economic growth. As economic literature does not offer definitive answers to this question, we go on to examine the empirical evidence. After reviewing available regression analyses and case studies on the subject, we can state that, although the link between trade policies and economic growth can be questioned in many respects, a definite trend is apparent: international trade is a very important component; it is a necessary precondition for achieving economic growth which is nonetheless not sufficient on its own. Nevertheless, case studies draw our attention to the importance of complementary



economical provisions, institutional and other reforms, i.e. liberalization must be adjusted to individual contexts and national characteristics to truly become an engine of growth. We find that the real debate is not about the general necessity of trade liberalization, and its role in encouraging economic growth, but rather about its relative importance compared to other measures, as well as the timing and the means of its implementation. The second part of our hypothesis is, therefore, also well founded: trade is, indeed, one of the dominant factors of growth: a necessary precondition which is nonetheless not sufficient on its own.

While we find the first two steps of our hypothesis to be in line with our general concept, the question still arises: might the growth generated by trade liberalization be more anti-poor than pro-poor, thereby putting the poorest in society at a disadvantage? It may be assumed that the liberalization of trade introduces such a level of social inequality that it does not serve poverty reduction after all, regardless of its stimulating effect on economic growth. After looking at the evidence we find, however, that social inequality is usually not an attendant feature of trade liberalization (it affects different layers of society in similar ways). Therefore, the third part of our hypothesis is also valid: trade liberalization contributes to absolute poverty reduction. With this statement, we can revert back to our original idea. General economic growth does, in fact, reduce the number of people living in absolute poverty and trade is an

important factor of growth and development. Moreover, the liberalization of trade does not put the poorest layers of society at a disadvantage. Consequently, we can state with confidence that trade liberalization really does have a positive effect on absolute poverty reduction.

Considering the above, it is of the outmost importance that less developed countries partake in international commerce. When we look at the data, we see that, while the countries of the developing world play an increasingly important role in world trade (their share in commerce has increased worldwide in the last 30 years), there are still many countries and regions that are unable to take advantage of the international market. The share in international commerce in the Sub-Saharan region, for instance, has continuously decreased in the past three decades (IMF/World Bank [2006]). Many experts blame the imbalance of the international trade system with the trade policies of rich countries favoring only themselves. In the second chapter of this paper, we examine the international trade system and the development of its regulating body, the WTO, in order to shed light on this problem. While it is evident that, in its current state, the structure regulating international trade does, in fact, favor developed countries and there are numerous areas where further liberalization would serve the interests of the developing world, these areas are not restricted to the markets of first-world countries. The countries of the developing world could greatly benefit from dismantling their own commercial barriers. Moreover, according

to some studies, both developed and developing countries as a group (except for the least developed ones) would profit more from opening their markets than from greater access to markets in other regions (IMF/World Bank [2006]). We will see, however, that eliminating commercial restrictions between the developed and the developing world is, in many cases, of little help in itself for the developing world, let alone the least developed countries. Less developed countries suffer from internal problems that make it difficult for them to participate fully in international trade. These problems include underdeveloped infrastructure, insufficient financing, a lack of appropriate knowledge and professionalism, low production capacities, disproportionately high costs of adaptation, etc. (Caminis [2006]). In many cases, eliminating such internal obstacles affecting the supply side of international commerce is not possible without help from the international community.

We have previously stressed how development issues have come into focus again around the turn of the millennium. The third chapter of this paper investigates whether these commitments include measures connected to trade. According to our second hypothesis, the international donor community – realizing the poverty reducing effects of trade – is putting an ever-greater emphasis on the elimination of internal and external commercial restrictions impeding trade. To support this argument, we examine strategically important documents and declarations accepted by the international community

since the turn of the millennium, namely the documents of the WTO responsible for regulating international trade, the documents of the UN strongly influencing the agenda of international development co-operation, and the documents of the European Union significantly affecting Hungary. While reducing obstacles to international trade that pertain to market access clearly comes under the competency of the WTO, eliminating internal, supply-related barriers are the task of the international development co-operation regime, which is far less structured than its counterpart. We believe, however, that examining the activities of the UN and the EU are sufficient for getting a clear picture of the inner workings of this complex regime, especially in view of the close interconnectedness of international organizations involved in international aid due to their overlapping memberships (Paragi; Szent-Iványi et al. [2007]). After examining these documents and declarations, we see that these institutions – realizing the significant role of trade in economic growth and poverty reduction – have indeed recognized the far-reaching importance of eliminating internal and external obstacles hindering international commerce. Another interesting outcome is that, while development is increasingly represented on the agenda of the WTO, international trade has also become a cardinal issue for the donor community. As international trade is recognized as a lynchpin of development, a kind of convergence seems to be taking place between the world of trade and international aid. In accordance with this

international division of labor, the elimination of external, export-market-related impediments to trade (ensuring market access) is within the remit of the WTO, while overcoming internal, supply-related obstacles is the role of the international development community. Nevertheless, the series of negotiations started by the WTO in November 2001 in Doha, Qatar – focusing explicitly on the economic development of the underdeveloped world and often dubbed the development round – have yet to be concluded. In the remaining chapters of our paper, we therefore turn to the parallel initiative of the international development sector aimed at boosting trade, the branch of aid called Aid for Trade (AfT).

The fourth chapter begins with a short introduction of the Aid for Trade concept. Although we previously covered how various bodies of the aid and trade communities have been placing an ever-increasing focus on the need to eliminate the internal obstacles preventing developing countries from increasing their export capacities, these initiatives remained diffuse until 2006. While defining AfT as “*projects and programs (that have been) identified as trade-related development priorities in the recipient country's national development strategies*” (WTO [2006], p. 2.), a report by the WTO Task Force on Aid for Trade (the working group set up by the declaration of the WTO Hong Kong Ministerial Conference and entrusted with the operationalization of AfT) also enabled its quantification, giving a detailed list of all international development co-operation

activities that can be counted as Aid for Trade.

The last chapter of the thesis focuses on how much Hungary has adjusted to this trend that has seen AfT become one of the top priorities of the international development community. Although we have yet to elaborate on a coherent AfT concept, our third hypothesis states that Hungary – in line with the expectations of the international donor community – actually donates a high proportion of its development aid to this cause. As similar research on Hungarian aid has not yet been conducted, to prove our point we must first categorize Hungarian aid to enable its differentiation among development projects. The basis of this categorization is the internationally accepted methodology for measuring AfT. After introducing the numerous methodological problems involved in measuring this form of aid, we move on to an international comparative analysis of the volume (and composition) of Aid for Trade. Analyzing the data, we see that, while Hungary between 2003 and 2007 was indeed involved in aid activities aimed explicitly at enhancing trade, the volume of this type of aid is not enough to justify our third hypothesis. It would be an exaggeration to state that Hungary's development co-operation is significant in the field of AfT. This statement becomes evident as we look at international trends. The gap between Hungary and countries at the forefront of international aid (OECD DAC member countries) is best highlighted by the difference in how much of their sector-specific aid is

allocated for AfT activities. While almost 34% of sector-specific aid in DAC member countries was assigned for Aid for Trade purposes, the same ratio in Hungary is less than 1%. Although we saw no exceptional differences in the composition or the allocation of aid amongst recipient countries, our original hypothesis pertained to the (relative) quantity of Aid for Trade and not its quality or content. Despite the fact that the reliability of our conclusion is weakened by both the deficiencies of the international statistical methodology created for measuring AfT and question marks surrounding the reliability of data on Hungarian aid, the substantial difference we found between the relative volume of AfT in the aid activities of leading donor countries and Hungary is enough to reject our original hypothesis. Nevertheless, with the benefit of hindsight, we might say that these results come as no surprise. Even in the international arena, AfT is a theme of international development co-operation that only became widespread after 2005, while the first conscious efforts in Hungary appeared several years afterwards. Hungary has yet to work out its own coherent AfT concept. Furthermore, the numerous obstacles to data collection hinder efforts aimed at planning and forecasting such activities. When assessing the findings of our thesis, these difficulties are something to keep in mind. Although Hungary does not pursue an Aid for Trade activity comparable to those of OECD DAC members, our contribution to this effort in the past few years is praiseworthy.

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POSSIBILITIES OF HUMAN DEVELOPMENT IN SUB-SAHARAN AFRICA

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This paper explores human development in the Sub-Saharan region of Africa, where poor living conditions mean that much of the population is destitute. By focusing on human development, the causes of underdevelopment and the possibility of ending extreme poverty through the operation of international development initiatives are highlighted. Eradicating economic underdevelopment and launching programs to accelerate development in third world countries is a burning concern of the modern Western world as regions infected by epidemics and diseases are breeding grounds for political extremism, which can very well present global consequences. While initiating development programs, it is also instrumental in taking as responsible measures as possible to stop short of violating the basic human dignity and the traditional way of living of the poor and the needy involved.

I derive the theoretical concept of development in the Sub-Saharan region

from Jeffrey Sachs, whose approach to poverty reduction is widely shared by international organizations such as the United Nations and the World Bank. In *Understanding African Poverty* (2005) he contends that Africa is in a poverty trap that cannot be handled by Africans themselves. In his opinion, the problems do not stem from bad governance, therefore governmental reforms are not enough or sufficient to get out of this trap. The emergent vicious circle in African countries can be traced back to the colonial past and the narrow market. To resolve the situation he suggests applying the principle of the “big push,” suggesting that accelerating economic growth in Africa necessitates a large amount of money. Yet his concept is not unanimously shared by experts of the field. In his study, *African Growth: Why a Big Push* (2006, 188), Paul Collier,⁹ although willing to accept the idea of the “big push”, also adds that international

⁹ Director of the World Bank's Development Research Group, 1998–2003

aid should be made effective first to bring about appropriate results. William Easterly,¹⁰ on the other hand, entirely rejects the “big push” as a possible solution to addressing the challenges of our deeply divided world (Easterly 2006).

Though experts do not doubt the urgency of global aid and development initiatives, the effectiveness of the international regime of development has not been able to measure up to expectations. This assumption is also supported by the fact that, in spite of comprehensive packages of international intervention, the Sub-Saharan region has not been able to catch up with the developing world and neither can the system of international development keep to its financial obligations (UN Millennium Development Goals 2000; Paris Declaration 2005; Accra 2008), all of which questions the operational capacity of the whole system.

In line with international programs to help countries break out of the poverty trap and begin growing on their own, it is also important to discuss the human aspect of development. Amartya Sen, a prominent scholar of welfare economics, conceptualized human development as a means of empowerment, creating social possibilities that directly provide people with capabilities to improve their circumstances. Health care services, social security, and education will substantially contribute to the welfare and prosperity of all people, including those with a less than meager income. As he suggests, the fruit of human development

affects people’s efficiency, which, in turn, affects both economic growth and the key factors which drive it (Sen 2003).

Harvard Professor Sen exerted an exceptional influence on experts attempting to measure human development, yet the Human Development Index originated from another prominent economist, Mahbub ul Haq. Over against the inadequacy of the former index based on GDP/capita, the application of Haq’s HDI has entailed a paradigm shift in measuring the standard of living and family conditions in the UN Development Program, since it offers a simple composite measure.

The Human Development Index (HDI) represents a uniformly weighted value with one third contributed by each of the following indices: “life expectancy” at birth, an index of population health and longevity; the “knowledge and education index” as measured by the adult literacy rate and the combined primary, secondary, and tertiary gross enrollment ratio; and, finally, the “standard of living” as indicated by the natural logarithm of gross domestic product per capita at purchasing power parity. For all its complexity, the index, however, is not complex enough: it does not contain indices referring to the level of human rights, democracy, and inequality (United Nations Development Program 2008). Furthermore, though the HDI is helpful in following long-term trends, it is insensitive to yearly changes. Sen does not entirely accept the HDI but its application for examining living conditions seems to be general in the world.

¹⁰ World Bank advisor, 1985–2001

In what is to follow, I examine how good governance relates to the quality of life for which I use the Worldwide Governance Indicators (WGI) developed by the researchers of the World Bank, and, then, I seek to interpret the result in conjunction with international aid, focusing on one region, Sub-Saharan Africa.

The antecedents of the WGI developed by Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi can be traced back to the 1990s when researchers were beginning to focus attention on the role of good governance in affecting economic growth. Expert studies of the World Bank concluded that international aid could be used effectively only if the recipient country had good governance. Experts arrived at the conclusion, also supported by empirical methods, that good governance entails greater development, higher income per capita, lower rates of child mortality, and higher rates of literacy (Kaufman, Kraay & Zoido-Lobatón 1999). In line with this recognition, donor countries began to relate the efficiency of aid to the quality of governance (eg. the Bush administration in the Millennium Challenge Account, Holland, and risk-rating agencies).

Worldwide Governance Indicators (WGI) are usually defined in the following way (Kaufmann, Kraay & Mastruzzi 2006):

- **Voice and Accountability:** assesses whether citizens have the right to vote and choose their own government, freedom of speech, freedom of thinking, and free media.
- **Political Stability and Lack of Violence:** assesses the probability of destabilizing the government or overthrowing the government through unconstitutional activities.
- **Government Effectiveness:** assesses the quality of public services, the level of political pressure, the effectiveness of executive power, and the reliability of the government.
- **Regulatory Quality:** assesses the government's capability for planning and implementing reasonable economic policies and regulations that facilitate private sector development.
- **Rule of Law:** assesses those agents who can rely on the existing social rules and those who can only tolerate them, with special regard to coerced agreements, the police, the judiciary, and the probability rate of crime and violence.
- **Control and Corruption:** assesses abuse of public office and power for private interests. This includes blatant as well as apparently insignificant forms of corruption. Anti-corruption involves all measures taken against these abuses of power.

The indices can be applied comparatively. The quality of governance is indicated by a value between -2.5 and +2.5 (allowing for negative and positive values). In each period, the average of the governance indicators is 0, so they indicate only the relative position of the respective groups and countries. The application of WGI, however, also has its limitations on the basis of a high degree of standard deviation in assessments; the

reliability of data is also doubtful as well as the exactness of the defining indices.

I assume a positive correlation between governance indicators and the quality of life. This means that the more effective the state is in distributing welfare in an appropriate way for its citizens, that is, the better the governance of a country, the higher the quality of its health care services, education, and social security. In sum, the better the governance, the better the general living conditions. In countries with better governance, leaders more effectively ensure the appropriate circumstances for citizens to live a better life.

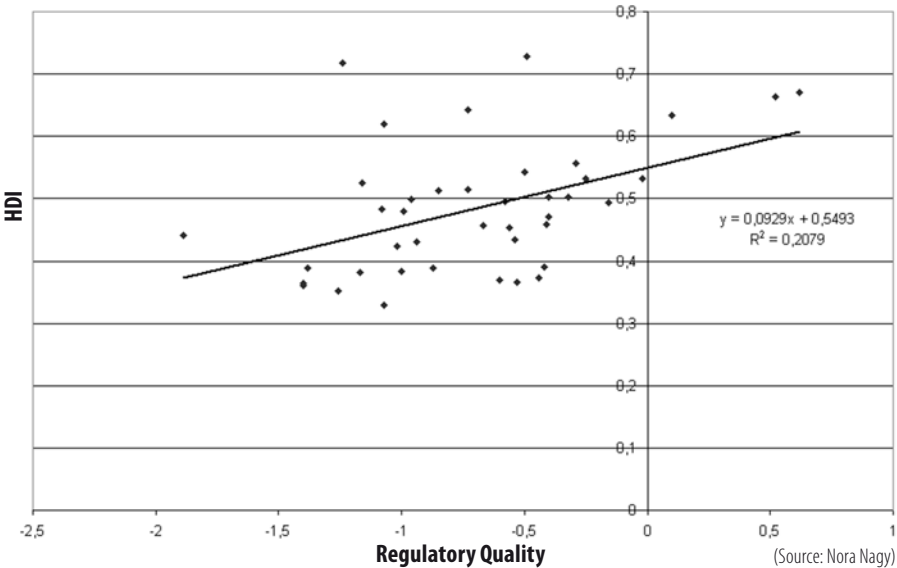
I demonstrate the quality of life by the Human Development Index, and the realization of good governance by the Worldwide Governance Indicators

discussed above. The correlation between the two qualifying criteria can be defined on the basis of the trend represented on the scatter graph below (Chart 1) and of the correlation coefficient (R^2) belonging to it. In this graphic representation, each trend line indicates a positive rise although in the six cases examined, the value of the correlation coefficient reached a critical level¹¹ only in the case of **Regulatory Quality** ($R^2=0.2079$).

According to this methodology, there is a weak positive correlation between **Regulatory Quality** and living conditions; otherwise, there seems to be no correlation between governance indicators and living conditions.

¹¹ From $R^2=0.2$ there is a correlation between two numbers, but it is a weak correlation. (From $R^2=0.5$ the correlation is medium, from 0.8 the correlation is strong.)

Chart 1: The relation between Regulatory Quality and living conditions



(Source: Nora Nagy)

I also examined the correlation between HDI and the Worldwide Governance Indicators with the help of a correlation matrix (Chart 2)

According to this matrix, the weakest correlation is between **Voice and Accountability** and living conditions (0.1973), while the correlation between living conditions and other governance indicators are below the medium. I found no correlation between **Voice and Accountability** and living conditions, while in the other cases there is a weaker than medium correlation.

While using these two methods, I arrived at different conclusions deriving from different methods of calculation.

I prepared a matrix of 2x2 of my own design to find out which countries can be fitted into the model and which cannot be

placed there. The conclusion drawn from my model is that where there is better governance, there are better living conditions because in these countries, aid can be more efficiently used since in a country of good governance there is a higher probability of economic growth. Put another way: in a country where there is a higher concern for implementing the principles of good governance (freedom of speech, political stability, transparency), there is a higher probability of facilitating the well-being of citizens as well as better access to resources for health and education. I assume that in a country of better governance, aid can be put to better use. This theory, drawing on studies about the effectiveness and efficiency of aid – primarily on the publications of Burnside and Dollar (1997–2000) and *Assessing Aid* issued by the World Bank (1998) – can best be clarified in the following way. This theory's core idea is that aid can be more effectively applied when

Chart 2: Correlation matrix between HDI and Worldwide Governance Indicators

	Voice and Accountability	Political stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption	HDI
Voice and Accountability	1						
Political stability	0,644	1					
Government Effectiveness	0,764	0,627	1				
Regulatory Quality	0,777	0,638	0,897	1			
Rule of Law	0,751	0,730	0,905	0,846	1		
Control of Corruption	0,441	0,558	0,721	0,524	0,701	1	
HDI	0,197	0,432	0,419	0,456	0,383	0,405	1

(Source: Nora Nagy)

the political and institutional environment is “good” because aid will most probably be used reasonably, that is, it will not be squandered away. The definition of effective aid in light of the quality of the political and institutional environment is fundamental in the model set up by Guillaumont (2008), representing optimal aid allocations.

	Worse Governance	Better Governance
Higher HDI	GROUP 1 Angola, Kamerun, Congo, Equatorial Guinea, Nigeria, Sudan, Togo	GROUP 2 Botswana, Djibouti, Gabon, Ghana, Kenya, Lesotho, Mauritania, Namibia, Sao Tomé and Príncipe, Senegal, Republic of South-Africa, Swaziland, Tanzania, Uganda,
	GROUP 3 Burundi, Chad, Central African Republic, Ivory Coast, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Liberia, Niger, Sierra Leone	GROUP 4 Benin, Burkina Faso, Gambia, Malawi, Mali, Mozambique, Rwanda, Zambia

Since it is not typical of the Sub-Saharan region to have either good governance or high living standards (European Commission 2005),¹² the phrases “better” and “worse” governance or “higher” and “lower” living conditions are more suitable for placing them in relation to one another. I define countries of this region

with better or worse living conditions in the sample on the basis of the median of the Human Development Index, represented by Togo. In the sample, Somalia and Zimbabwe are missing from among the Sub-Saharan countries since their Human Development Index cannot be calculated, given the destitute living conditions in both; Mauritius (0.802) and the Seychelles (0.836) are also absent because they belong to the category of higher human development.

Dividing the countries into groups of better and worse governance was based on the Sub-Saharan governance indicators by Kaufman-Kraay. In the course of examining the values of the six governance indicators, a value was defined to express how many of the indicators the countries in the sample manage better than the median value representing the quality of Sub-Saharan governance. There were three countries (Djibouti, Gabon and Kenya) that turned out to be better in relation to three indicators and worse in relation to three indicators than the median governance indicator, so they were placed in the group called “better governance.”

I examined the four groups of countries to find out if they can be captured in terms of particular characteristics; I also sought to address the apparent contradiction between the HDI and the quality of governance that seems to challenge the model, since there are countries with **a higher HDI and worse governance**, and also others with **a lower HDI and better governance**. I arrived at the conclusion

12 “Bár a jó kormányzat és az emberi jogok teljes elismerése alkotják a fejlesztés alapvető előfeltételeit, ezek a tényezők még számos afrikai országban nem valósultak meg.” (Although good governance and full respect of human rights are the criteria of development programs, these requirements have not been met in several African countries.)

that countries with **a lower HDI and better governance** are poor in minerals and other natural resources, and they also are prone to having civil wars. Countries with **a higher HDI and worse governance** are rich in minerals and they are prone to have high degree of corruption. There are no southern African countries belonging to the group with **a lower HDI and worse governance**, which are deeply in debt and have underdeveloped infrastructure and health care, though there are a few countries that have mineral resources to facilitate the possibility of economic development. In this group, political instability was a conspicuous characteristic. I concluded that the countries with **a higher HDI and better governance** are typically rich in mineral resources, but they make up a highly heterogeneous group.

Regarding the countries that do not fit into the model, a satisfactory answer could not be provided which was relevant to both groups, due to the lack of common characteristics in these two groups (group 1 and group 4). However, I noticed two conspicuous differences. Countries with a higher HDI and worse governance are better off in mineral resources and typically have a higher degree of corruption; on the other hand, countries with lower living conditions and better governance are poor in minerals (or the minerals have not been explored and mined yet), and they have a lower degree of corruption.

In my paper, I also explored the problem of aid reallocation based on the criteria of

effectiveness and fairness. I arrived at the conclusion that, on the basis of effectiveness, it is the countries with better governance that should receive aid, which is also corroborated by Burnside and Dollar (2000). I also concluded that, based on the criteria of fairness, aid should be allocated to countries with a lower HDI. In my opinion, the ideal recipient countries should be the countries which meet both criteria, that is, with a lower HDI and better governance, as also suggested by Collier and Dollar (2002, 1482).

Based on my model, the countries that would be able to use aid effectively and are most in need of aid are those in group 4. The countries that would not receive aid according to the criteria above belong to group 1. The countries that would receive aid based only on the criteria of fairness belong to group 3. The countries that would be allocated aid on the basis of effectiveness (better governance, a higher HDI) belong to group 2.

I wrote a case study on each country in question and sought to explain the causes of their present situation as well as describe their development prospects.

Equatorial Guinea (with a higher HDI and worse governance) is 67 places higher on the basis of GDP listing than on the basis of HDI listing, the reason for the latter's lower rating being—in my opinion—rampant corruption.

Botswana (better governance and a higher HDI) is politically stable and rich

in minerals, provides relatively lower living standards for its citizens. I suspect the reason behind this lies in its high HIV/AIDS infection rate.

My argument for the causes of the present situation in the **Democratic Republic of Congo** (a lower HDI and worse governance) is the existence of a high degree of corruption and political instability.

I see the main cause of the present situation of **Mozambique** tied to the devastation resulting from the civil war and recurrent natural disasters. I must add, however, that Chiassano's government between 1985 and 2005 was capable of getting the country out of the poverty trap. He is credited with Mozambique's outstanding performance in having five governance indicators out of six above the Sub-Saharan average.

My work was sparked by the ambition to find ways of effectively supporting Africa in order for the people there to live under better conditions. In line with my objective, I discussed the present system of development programs, which needs to be overhauled, focusing on human development. In my argument I drew on major studies concerned with economic development (Sachs, Sen) as well as with politics (Kaufmann-Kraay, Collier). In my empirical research, I sought to corroborate my hypothesis, then, applying the methodologies described, I tested them in my case studies, thereby drawing my own conclusions.

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