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European Union Development Aid-  
What are the causes for the changes in aid to  
Somalia in 2003-2013?

## Abstract

The main argument of the dissertation is that development assistance Somalia has been receiving from the EU has changed. This research is identifying some of those underlying reasons, and critically evaluating whether they truly have affected the development assistance to Somalia during 2003-2013.

This dissertation recognises five different factors contributing to the changing aid to Somalia. The problem of changing development aid was approached by relevant literature and analysing official published reports and data from the EU and the Member States. This dissertation finds that even though development assistance has indeed changed during the given scope, the changes have affected Somalia mainly positively.

*KEYWORDS: Somalia, European Union, Development assistance*

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## Chapter One- Introduction

### 1.1. Background of the Study- EU Development Assistance

International development cooperation became an important public concern in the twentieth century. It first emerged when the Western world was recovering from five decades of warfare. In 1947 the Marshall plan, providing great aid for recovery to restore Europe, was launched (Behrman, 2007). Stokke (2009) states that after the Second World War, many colonies demanded the right to rule themselves- the colonial era was over. The idea to develop the surrounding countries evolved from the Marshall plan to helping the now independent former colonies. The European Economic Community (EEC) established the European Development Fund (EDF) as early as 1957, to cater for the overseas countries and territories. From the 1960s, the European Economic Community (EEC) grouped the former colonies under the 1963 and 1969 Yaoundé conventions. Most of the countries of Sub-Saharan Africa gained their independence in the 1960s. These newly independent states, all French-speaking except Somalia, were keen to negotiate an agreement with the European Economic Community (EEC), argues Frisch (2008). This led to the signing of the first Yaoundé agreement in 1963 (EuropeAid, 2012). Since then, the European Union has signed five conventions and an agreement between the African Caribbean Pacific (ACP) countries. The EU is committed to fund the ACP countries to tackle poverty, boost economies and strengthen governance by providing development assistance (EuropeAid, 2012).

To further engage in development activities, in September 2000 at the United Nations Millennium Summit in New York, the European Union and the international community committed itself to a development agenda comprising eight goals, which came to be known as the Millennium Development Goals (MDGs) (Lightfoot, 2007). They consist of commitments to eradicate extreme poverty and hunger, reducing child mortality and improving maternal health, to mention a few (UN, 2014). These MDG's were targeted to be met in the year 2015, and in order to achieve these goals, development assistance was to be substantially increased. In 2002, at the World Summit on Sustainable Development the EU committed itself to increases in Official Development Assistance (ODA). However, two years later, ten countries who had previously been on the receiving end of EU aid entered the Union (Lightfoot, 2007).

The European Commission provides development aid to Somalia under the 10th European development Fund (EDF), and the total allocation for Somalia for the current financing period

2008-2013 amounts to €521 million (EuropeAid, 2013). Often seen simply as a home to pirates and starving people, the current state of Somalia is one of the most complex environments in the world for aid workers and humanitarian organisations. However, the currently failed state of Somalia cannot be discussed without touching the topic of the Cold War. The legacy of those two superpowers who took part in that war have left a long-lasting effect in Somalia. After the Soviet Union came crashing down, the West was left to pick up the shattered pieces of failed Third World countries, who had been ruthlessly used to conduct a game of warfare. The reason for the West to care about Somalia is simple: failed states are causing a great challenge for the global community. Political disintegration can lead to famine, destruction of economic infrastructure and refugees (Lyons and Samatar, 1995). Another driver for the international community to act is the fact that a failed state will never fail in solitude, there will be spill-over effects to the neighbouring countries; chaos tends to disagree with being limited to a certain geographical area on the map. The consequences of state failure, illegal trade in weaponry and the endless flows of refugees, will harm not only the failing state at hand, but also the international community.

In July 2011, the UN declared a famine in southern Somalia, affecting some 3.1 million people, which led to a wide media coverage of the devastating situation in Somalia. Although largely described by the media as being caused by drought, the Somali famine of 2011 was caused by multiple factors-including drought, but also conflict, rapidly-rising global food prices, and other long-standing, structural factors. The 2011 crisis in the Horn of Africa has been the most severe emergency of its kind this century. More than 13 million people are still affected, with hundreds of thousands placed at risk of starvation. Several complicating factors made the humanitarian response more difficult. Access to affected populations was very restricted by the governing authority, the terrorist group Al-Shabab. International attention on Somalia has increased in the last years, partly in reaction to the horrible human consequences of the political and security crisis. The constant shifts in the political and security situation in Somalia have also been a factor which led to evaluating the international engagement in Somalia. Piracy in the Gulf of Aden continues to be a costly source of disruption to international shipping routes and the relief effort, and al-Shabab's recent declaration of their merger with al-Qaeda can increase international concerns (Global Humanitarian Assistance, 2012).

The case of European Union is interesting, since it plays a dual role. It is both a bilateral donor because of the assistance distributed through the European Commission (EC). The EC

manages funds on behalf of the European Union, acts as a "federator" of aid from the 28 EU Member States and contributes non-core funding to multilateral organisations (DAC, 2008). Schneider and Tobin (2013) explain that the EU has two main programmes providing multilateral aid. The first programme, EuropeAid Development and Cooperation is integrated and financed by the EU budget. The second programme is channelled through the European Development Fund (EDF) and it allows the Member States to provide development assistance outside the EU budget, when needed. The EDF budget is separate from the EU budget. Nevertheless, both programmes are managed by the European Commission. Schneider and Tobin (2013) note that even though the Commission manages both of these programmes, the European Parliament only has influence on the programme funded by the EU budget. Nevertheless, these two flows of aid make the EU the largest aid donor in the world (Carbone 2007).

This dissertation is going to focus on the causes of changing development assistance to Somalia from the European Union donor countries. The objective of this dissertation is to explore the internal and external causes for changes in EU development assistance to Somalia. This dissertation looks to link the financial crises, EU enlargement and the behavioural actions taking place in Somalia to evaluate its current status as EU development aid receiver. International organisations have been involved with their efforts of ending the devastating situation in the country, but many have not succeeded. Somalia is classified as the epitome of a failed state, and the EU is helping failed states under the Failed States Principles. The EU is the biggest contributor of aid to Somalia, and there are currently several ongoing projects engaging the expertise and funds of the EU and the people of Somalia (EEAS, 2013).

## 1.2. Rational of the Study

Somalia has been on the news for many unfortunate reasons for the last few years, whether it be the persisting civil war, insurgent groups opposing first the transitional government and later on, the actual government, famine or other type of humanitarian crisis. This same country has dominated the Failed States Rank as being the most failed state six years in a row (FFP, 2013).

## 1.3. Limitations of the Study

The first limitation concerning this dissertation comes from data availability. When looking at the amounts of EU development aid Somalia has received, there are many different figures

given by different statistical webpages. Due to this fact, the secondary data used in the dissertation is based on information from two sources, simply for the purpose of painting a more holistic picture of reality.

#### 1.4. Research Objectives and Aims

1.) What have been the possible causes for changes in development aid from the European Union to Somalia?

2.) How have these changes affected European Union aid to Somalia?

The dissertation aims to identify the possible causes for changes in development aid to Somalia, link them to each other and determine whether these changes have affected aid itself.

#### 1.5. Plan of the Dissertation

In this dissertation, there are five chapters. The first chapter looks at the concept of development aid from a historical point of view, and introduces the topic, including its rationale and the limitations. The second chapter is the literature review based on books, academic journals and peer-reviewed studies and it brings together the relevant literature to critically evaluate the topic. Chapter three is the research methodology, justifying the use of the chosen research methods. The fourth chapter is analysing the material discussed in the literature review, and the fifth chapter is the conclusion of the dissertation.

## Chapter Two- Literature Review

### 2.1. European Union Policy Enhancement

Official development assistance and its' aim has changed during its years. In his book, Tarp (2003) recognises three historical reasons for giving aid. Altruism, political ideology and economic development have been the driving forces up to our days. Truly altruistic reasons, where we are genuinely concerned for the inequality of the world, political concern to stop or support communism and socialism and the goal and condition of economic development have been the justifications for foreign aid. According to Carbone (2007) most realists argue that foreign aid is given to promote each governments own interests. He finds that many European countries have done this in the past. He uses the initiative of the Soviet Union of pursuing socialist goals as an example. Nevertheless, Carbone (2007) finds that development co-operation has been given a higher status nowadays than it had in the 1990s.

According to El-Agraa (2011), the previous aid management framework of the EU was splintered and non-coherent, hence the need to reform. In 2001, EuropeAid was created to strengthen the implementation of EU development programmes (El-Agraa, 2011). EuropeAid is responsible for the implementation, monitoring and evaluating of all external aid instruments (Carbone, 2007). The internal changes of the European Union have affected the foreign aid distributed by the Union. While poverty reduction was the main objective of EU aid, it needed to be made more specific. The abundance of different programmes and projects by the EU threatened to diminish the capacity of the Commission (El-Agraa, 2011). Carbone (2007) argues that the adoption of the European Consensus on Development in 2005 and the adoption of the Code of Conduct on Complementarity and Division of Labour in 2007 were turning points in the relations between the EU and the developing world. Consequently, the Member States, the EC and the European Parliament agreed on a common outlook and a set of strategies to guide their policies when it comes to foreign aid. In addition, boosting the quality and quantity of aid was an important outcome of these agreements (Carbone, 2007). On top of that, by agreeing to the United Nation's Millennium Development Goals (MDGs), the EU Member States committed to eradicating world poverty (Carbone, 2007). To ensure policy coherence, aid programming was based on multi-annual Country Strategy Papers. One more internal change to the EU aid structure was the fact that

the number of instruments to finance development activities were reduced, leaving the job for the EDF and Development Cooperation Instrument (Carbone, 2007).

According to Sicurelli (2013) whether foreign policy strategies affect development aid is not clear-cut. Undoubtedly nations pursue national aims when deciding on aid allocation, which in turn leads to EU's Africa policies becoming internally contradictory (Sicurelli, 2013). Holden takes a similar outlook on coherence. Even though the EU is regarded as being an actor due to their take on different forms for different spheres of activity, there is still the question of coherence. Even though the whole concept of coherence is qualitative and dependent upon several issues, the EU has lacked unity of fundamental strategic conjunctures (Holden, 2013).

## 2.2. European Union Enlargement

According to Sicurelli (2013), the enlargement of the European Union has had its impact on development assistance. She argues that the accession of new members shape the policy outcome of the EU. Holden (2013) argues that because of the increased size of the Union, the member state committees have adopted a less hands-on role in administering aid policies: the size makes management impractical. The impact of EU enlargement to 28 member states is an issue, with many of the newcomers having little history of or commitment at all to international development (Holden, 2013). On 1 May 2004, the European Union welcomed 10 new member states. This was the fifth time that the EU accepted new members, bringing the total from 15 to 25 Member States. On 1 January 2007, the round of enlargement came to its conclusion with the accession of two more countries. In July, 2013 Croatia became the 28th Member State of the European Union (EU, 2013). Never before had so many former recipients of EU aid entered the Union. The accession of these countries has stirred some conversation on whether the expectations for them are surreal. According to Lightfoot (2007), in 2002 at the World Summit on Sustainable Development, the EU committed itself to increases in Official Development Assistance. However, two years later, ten countries who had previously been on the receiving end of EU aid entered the Union.

Joining the EU requires a complete transformation of the country's economy and society (Holden, 2013). Lightfoot (2007) poses the question whether it is realistic to assume that these new EU countries have mentally moved from being a receiver country to being a donor country, in such a short amount of time. These ten countries accessing the Union in 2004 had been receiving aid through the PHARE initiative. Created in 1989, the PHARE is an initiative

of the EU, providing financial assistance to support potential partner countries to the point where they are ready for the accession to the EU (European Parliament, 1998). The PHARE-Poland and Hungary Assistance for Restructuring of the Economy- was launched as a specific EC programme, first designed to provide economic support for these two countries, so they would be ready to assume the obligations an EU membership would bring (European Parliament, 1998). Gradually, the PHARE aid was extended to other countries (Zielonka, 1998). Accession doesn't happen overnight, argues Devoy (2013), and PHARE aid played an important role in transforming Eastern Europe to a stabilised, more Westernised potential candidate states. When the EU funded some of its current members, according to Holden (2013), there was a clear self-interest motivation on the behalf of the EU as a whole- a power vacuum in Eastern Europe that needed to be filled. This being said, EU aid to Africa is not as obviously linked to strategic objectives, states Devoy (2013).

EU enlargement doesn't only pose the problem of new member states' capacity to assists the Third World. The enlargement also means a shift of power within the EU. Previously, the balance of power in the EU was based on France and Germany (Zielonka, 1998). However, Germany has been more willing to negotiate and create strong ties with the new members from Central and Eastern Europe, which made Germany their main economic partner. Germany has realised their potential power in the EU, and this forces other EU member states to deal with growing German ambitions (Zielonka, 1998). The enlargement also affected decision-making process. According to Taylor (2007), the enlargement changed voting from consensus to outvoting the disagreeing minority.

### 2.3. Somalia and the major challenges

The current situation in Somalia is best understood by taking a closer look at the state of the country before the civil war. Somalia had been a pastoral country, relying heavily on the exchange between nomads and agriculturalists (Chossudovsky, 2011: Fitzgerald, 2002). After gaining independence from both the British and the Italians, the Somali leadership had to make previous colonial bureaucratic structures into their own Somali-led administration, which became rather difficult due to the differences between the Italian- and British trained Somali civil servants. Despite the economic and political differences, the two were ultimately integrated (Mohamoud, 2006: Fitzgerald, 2002: Daniels, 2012). Economically, Somalia had to rely on Italian and British subsidies in addition to obtaining foreign loans after its independence. Nine years of democracy came to an end when a military regime by Siyad Barre came into force in 1969. After Barre conducted a successful coup, the country was

ruled under a socialist-oriented development plan. During the Cold War era, the Barre regime was backed up by the Soviet Union. This led to the implementation of “scientific socialism”, and this adoption of socialism led to Somalia aligning with communist states (Ruiz, 1988).

Barre quickly brought a great proportion of the economy under state control, but because the national economy was small, nationalisation was not a radical change (Ruiz, 1988). In 1974-75 a severe drought hit Somalia, which forced the government to seek help from the West (Lewis, 1975). Aid from the West and the Soviet Union finally helped Somalis recover. However, during the 1970s foreign debt increased rapidly. Even though many loans, especially those from the Soviet Union were written off, the country became burdened by foreign debt, and by the 1980s Somalia could not attract foreign investment. As a result of being unable to decide on the debt schedule, Somalia lost control of its macroeconomic structure (Ruiz, 1988). Came the 1980s and Somalia was officially categorised as being economically hopeless. Analysts, such as those at the World Bank, advocated for austerity measures to get the country back on its feet (Janzen, 2001). During the 1980s, Somalia experienced stagnant per capita output, accompanied by the deterioration of physical infrastructure, a decline in the quality of public services, severe macroeconomic imbalances, and negative growth (EU, 2008). In 1980s Barre abandoned the idea of scientific socialism, and instead implemented market-oriented structural reforms (Fitzgerald, 2002). The International Monetary Fund (IMF) became the hope of restructuring Somalia, implementing the Structural Adjustment Plan (Fitzgerald, 2002). According to Chossudovsky (2011), adopting the plan was the first step Somalia took to become an aid-dependent country, due to the meddling of the IMF in Somalia. Even though the IMF corrected many mistakes the scientific socialism had fallen into, the overall picture is not positive: manufacturing declined, exports decreased and the gross domestic product did not keep up with the growing population of Somalia (Ruiz, 1988). IMF and World Bank policies were one factor that contributed to the economic problems and collapse of the Somali state. According to Chossudovsky (2011), the recurrent famines of the 1980s and 1990s are in large part the consequence of IMF-World Bank “economic medicine”. Stiglitz (2002) argues that many of the IMF policies are very ineffective, and not only that, they actually do harm to the country they are trying to help.

Somalia can be described as a victim of the Cold War. The country had served the interests of the former Eastern bloc and the Western alliance very well (Ihonvebre, 1994). Throughout the 1970s, Somalia was exclusively supported by the Soviet Union, who provided many aid

projects (Lyons, 1978; Fitzgerald, 2002). Evidently, the Soviet support was largely attributed to the fact that the US was supporting Ethiopia at that time. However, due to a Marxist-Leninist coup in Ethiopia, the support of the Soviet Union naturally shifted to Ethiopia, while the US came to support Somalia. US aid was provided throughout the 1980s. The waves of aid by the US did not include actual development aid because the US saw the armament of Somalia as a greater concern for their political interests. Nevertheless, US aid halted in 1989 due to human rights violations against civilians in northern Somalia by Barre (Ruiz, 1988; Fitzgerald, 2002). This huge flow of weaponry to Somalia during the time of the Cold War can be seen in the current situation of the country. Once the Cold War came to an end and the Soviet Union ceased to exist, Somalia went on a downward spiral of disintegration in many aspects. The West grew tired of aiding a government that is unable to maintain itself. In 1991, the West simply abandoned Somalia to itself, because they no longer had the need to compete with the forces of communism once the Soviet Union came crashing down.

Since the central government of Somalia collapsed in 1991, the country has been failing in many aspects. The productivity of Somalia relied heavily on nomadism and agriculture (Menkhaus, 2007). The civil war destroyed Somalia and deprived people from their livelihood, argues Silva (2010). This created a parallel economy driven by piracy. Piracy has been said to have dire implications for economic development and political stability in Somalia (Gilpin, 2009, Percy and Shortland, 2010). The situation is difficult: because of the absence of a working government, the state failure allows piracy to soar. In addition, instability makes conducting any other form of business rather difficult (Percy and Shortland, 2010). The rate of unemployment in Somalia is also high, forcing many young people into armed groups and piracy in order to earn a living. Silva (2010) agrees, stating that given the current social, political and economic situation of Somalia, it's no wonder piracy is flourishing. Bukovac (2010) takes another perspective on piracy. He concludes that because Somalia was unable to prevent foreign fishermen from using up its fishing resources, due to the lack of a functioning government, Somali fishermen were deprived of making a living. This led to the start of piracy.

In addition to being a failed state, what makes Somalia a difficult country to assist is the fact that the country has divided up for several reasons, one of them being to distance themselves from the trouble makers. The Somaliland administration in the north of Somalia emerged as early as 1991 and it claims unilateral independence from the rest of Somalia. The Puntland autonomous administration in the north-eastern Somalia was established in 1998 and it

regards itself as a constituent part of a future federal state of Somalia. The South, including the capital Mogadishu, remains characterised by civil unrest, widespread insecurity and irregular fighting between competing clans (EC, 2002). This makes Somalia a challenging state to assist.

More recently, Somalia has seen many political innovations and shocks (See Appendix 1). In addition to violence and conflicts, Somalia has experienced multiple periods of both floods and drought. In 2007 Somalia suffered a catastrophic humanitarian crisis, which was the consequence of the Ethiopian troops and the Islamist troops (Menkhaus, 2007). In addition to fighting, heavy rains and floods produced outbreaks of cholera and other diseases (Menkhaus, 2007). According to Rose (2012), in 2011 over 42% of the Somali population were suffering as victims of natural disasters. This situation of recurrent humanitarian crisis alone should call the international community to help the suffering.

## 2.4. The Eurozone Crisis

### 2.4.1. Introduction

The financial crisis of the late 2000s, which followed the collapse of the housing bubble and led to a liquidity shortfall in the US banking system, spilled all over the world. Due to the global character of the economy, the crisis affected not only the North but also the South. What triggered the global financial crisis? According to Joseph Stiglitz (2010) the global financial crisis was triggered by the bursting of the United States housing bubble in 2007 and the reverberations of this are now being felt throughout the world. Through 2008 and 2009, there was relatively little concern about European economies. Instead, the focus was on the actions of the European Central Bank to address the global financial shock. However, the financial shock had asymmetric effects across the euro area (Lane, 2012).

According to Karanikolos *et al.* (2013), the crisis was caused by an overabundance of investments in mortgage-backed securities based on valuations of high-risk mortgages that were poorly administered. This was followed by a chain reaction where a rise in interest rates led to borrower defaults, which led to bank defaults and a crash in the housing and stock markets. By the beginning of 2008, nearly 9 million US home owners owed more than the value of their property (Karanikolos *et al.* 2013). More and more home owners defaulted on their loans, and the value of mortgage-backed securities plummeted. Because many mortgage-backed securities were sold in Europe, the turmoil in the US housing sector quickly spread to European banks. According to Karanikolos *et al.* (2013), countries like Ireland,

Spain, and Italy, which had developed so-called property bubbles that were similarly fuelled by artificially low interest rates were among the worst affected, as demand for housing contemporaneously fell and banks subsequently collapsed. These financial crises soon led to economic crises (Karanikolos *et al.* 2013).

According to De Grauwe (2010), the eurozone crisis started because of three different actors: Greece, the financial markets and the eurozone authorities. He states that mismanagement and deception by the Greek authorities made the crisis possible, and because of that the Greek government now struggles with a huge credibility problem. In 2009, partly due because of the Dubai sovereign debt crisis, some of the EU member states became more concerned about other members states' debts (BBC). The rating agencies take an important role in the destabilising role of the financial markets (De Grauwe, 2010). The rating agencies having failed to forecast a possible sovereign debt crisis, seized upon Greece. De Grauwe (2010) states that they did not only limit their search to Greece: they 'visited' other countries and started downgrading them. Finally, he states that the crisis was allowed to unfold because of hesitation on the part of the eurozone governments and the European Central Bank (ECB). The eurozone governments failed to give a clear signal indicating their readiness to support Greece (De Grauwe, 2010).

According to Zahn (2013) in October 2009 Greece declared its inability to pay its creditors, and in February 2010 Greece was placed under budgetary supervision by the European Commission. Since then, Zahn (2013) explains that the European leaders, EC and the IMF have agreed to help Greece with a number of rescue packages. These measures were still unable to calm the markets down, so the eurozone leaders and the IMF decided to write off part of Greece's debts. Around the same time, Ireland was forced to ask for financial support from the Union in order to pay their debts. Portugal followed in 2011. Zahn (2013) continues by noticing the existing fear of Spain and Italy soon falling into the same pit that these previous countries did. Although the EU was initially reluctant to intervene during the early stages of the crisis in Greece, its member States subsequently scheduled a number of interventions in order to ease the undue pressure on the euro and combat the risk of contagion to the rest of the euro area. Some of the interventions worth noting include the €110 billion bailout package extended to Greece in May 2010; the creation of the European Financial Stability Facility (EFSF) worth €750 billion to assist member States under extreme financial strain (African Union, 2012).

#### 2.4.2. The Impact of Crisis on Aid

Dang, *et al.* (2007) argue that financial crisis in donor countries indeed affects aid. They find a large impact of banking crisis on aid and give some possible explanations of this effect. The banking crisis may affect aid both indirectly and directly. In addition, Dang *et al.* (2007) come to the conclusion that past experience shows that donor-country financial crises may be especially detrimental to aid giving, and that aid flows from crisis-affected countries fall. More recently, Gravier-Rymaszewska (2012) agrees with Dang, Knack and Halsey by stating in her research paper that the Official Development Assistance (ODA) is subject to a pro-cyclical trend in aid which falls when donors encounter recession. Furthermore, Gravier-Rymaszewska explains that because of crises, the developing countries become more dependent on foreign aid, while the donor countries reduce their aid.

Roodman (2008) argued that aid budgets will drop because of the financial crisis. He looks at relationship between crisis and aid levels of the US in 1988, Japan in 1990, Finland, Norway and Sweden in 1991 and South Korea in 1997. He compares their aid volatility in relation to financial crises, and he finds a positive correlation between decreased aid and financial crisis for the donor country. These findings indicate that according to what has happened in the history of aid financing, when a financial crisis is bound to hit, aid will decrease. Frot (2009) also looks at the relationship between aid and financial crisis. Eventually, he comes to the same conclusion with Roodman, there indeed is a relationship (Frot, 2009).

## 2.5. Global Food Price Crisis

### 2.5.1. Introduction and the Role of Biofuels

The financial and economic crisis which began in late 2008 severely damaged the terms of trade for many developing countries, and indicated the extent to which global food markets are increasingly bound up with financial and other commodities and services markets (Essex, 2010). From 2005 to 2008, the international prices for food had been on a significant rise. Wheat and rice prices almost doubled within a short period of time, which led to panic amongst the people in developing countries (Headey and Fan, 2008, Headey and Fan, 2010). According to Headey and Fan (2010) the 2007-2008 food crisis was in reality driven by a combination of rising oil prices, a greater demand for biofuels alongside with trade shocks in the food market. Rising oil prices led to increased costs of cereal production, due to the fact that agriculture is usually an energy-intensive enterprise. While this was taking place, there was an increasing demand for cereal foods from wealthy oil-exporting countries. More importantly, higher energy prices increased the demand for biofuels, which became more competitively priced when compared with oil (Headey and Fan, 2010). In addition, weather shocks and trade restrictions were an important factor in the rising price of wheat.

There is a wide consensus in biofuel literature that they indeed are one reason for the food crisis. According to Rosegrant (2008) the rapid increase in demand for and production of biofuels, particularly bioethanol from maize and sugarcane, has had a number of effects on grain supply-and-demand systems. Expanded production of ethanol from maize, in particular, has increased total demand for maize and shifted land area away from production of maize for food and feed, stimulating increased prices for maize. Rising maize prices, in turn, have affected other grains. Chakraborty (The Guardian, 2008) writes that according to a confidential World Bank report, biofuels have forced global food prices up by 75%, even though the US governments and the EU alike have claimed the impact of bio fuels to have been much lower. He quotes Robert Bailey, a policy adviser at Oxfam, saying that political leaders seem intent on suppressing and ignoring the strong evidence that biofuels are a major factor in recent food price rises. Soon after the revelation of this confidential document, the G8 countries met in Hokkaido, Japan to discuss the food crisis. This meeting took place, having "three Fs" as core topics- food, fuel and financial credit crunch (The Economist, 2008).

### 2.5.2. Consequences in Somalia

Somalia relies heavily on imported food—both commercial imports and, for many years, food aid (Maxwell and Fitzpatrick, 2012). Food prices in Somalia, both local and imported, are at record levels. According to Holleman and Moleney (2009), cereal prices increased by between 100% and 160% in 2007 and 130–190% in 2008. Although prices have since declined slightly, they are all still 450–780% above the long-term trend (Holleman and Moleney 2009). Furthermore, Holleman and Moleney (2009) find that other imported food commodities, including basic items like vegetable oil and sugar, have also increased significantly in price. Current levels of food price hyperinflation in Somalia are only partly attributed to rising global food prices. The food price crisis is magnified in Somalia due to a number of compounding macro-economic shocks, primarily driven by increased conflict and civil insecurity. In addition, the freight transport costs associated with importing commodities increased significantly in 2008, due to increased piracy in the waters of Somalia (Holleman and Moleney 2009). A net importer of cereals, Somalia imports roughly 60% of its food requirements, mostly rice and wheat flour. Although cereal prices follow similar increased trends, increases in Somalia exceed global cereal prices (Holleman and Moleney, 2009).

The European Commission's Humanitarian Aid and Civil Protection department (ECHO) supporting projects in Somalia since early 1994. ECHO is supporting life-saving interventions where the needs are the highest, including food security (EC, 2014). In 2009, with the funds from the EU worth of €9,975 million, the Food and Agriculture Organization of the United Nations (FAO) launched a two-year project in Somalia in 2009 to boost the food security of impoverished Somalis struggling to cope with high food prices and debt. The objectives for the project are to "enhance agricultural production and productivity of small farmers; improve market access for agriculture products; and increase incomes and employment opportunities for the country's rural and urban poor" (FAO, 2011).

## Chapter Three- Research Methodology

### 3.1. Introduction

The main research method for this dissertation is secondary data. Due to the nature of the dissertation, and the parties involved, primary data would not have been suitable for this situation. The justification for choosing to conduct a research on this certain topic is the vast attention Somalia has received in the media during the last few years. A failed state many Western governments have left to their own devices has been on the news for unfortunate reasons like piracy and famine. However, the European Union has been active in helping the Somali people in their time of need, hence the focus on EU-Somalia relations. In addition, the author is very interested in the topic due to the simple fact of having ties with both of the parties being discussed within this dissertation. This research is conducted by using various literature sources, books, official statistics, studies and academic journals. The main focus of the research is to bring together information from these different sources, critically evaluate them and use them to answer the research questions. The chosen research method looks to gather information by analysing and evaluating existing literature, and to further prove a point, statistical data is also used.

This dissertation will discuss five different components, which might have had an impact on EU development aid to Somalia. Firstly, European Union policy enhancement has been identified as one of the reasons why aid tends to be substantially greater. The dissertation will use books and existing studies to justify the claim and connect it to the possible changes in aid. Secondly, the topic of European Union enlargement will be under scrutiny, and the dissertation will try to link the enlargement to the changes in aid basing the hypothesis on books, articles and peer-reviewed studies. Then the situation in Somalia will be under the telescope, studying the history of matters to understand the current state of affairs, and to further explain what economic and political facts lead to aid being necessary in Somalia. Fourthly, the eurozone crisis and its effect on the donating member states will be under discussion, and finally the dissertation will discuss about the global food crisis and the implications it might have had in Somalia.

### 3.2. Data and Source

The data for EU development aid comes from the European Commission's own "Aid Explorer" tool, and the data for individual member states comes from the OECD Development Assistance Committee (DAC) database, which is the standard source used in the general literature. These databases provide both the information on aid flows from EU institutions to Somalia for the period 2003-2012, and the changes in individual aid from EU members. There can be found an abundance of previous research discussing the relationship between development aid decline and financial crisis, hence the usage of secondary data. To gather secondary data, official statistics, books and existing peer-reviewed material are used in this dissertation.

The statistical secondary data that is been used looks at the aid volumes of the EU and its member states. In addition, the data will involve the specific amount of official development assistance Germany and the United Kingdom have been providing over the years. The GDP's of these two member state will also be discussed and linked to the theory to answer the research questions. The justification to look at the donor data of Germany and the United Kingdom is the fact that they are the two biggest development assistance donors in the EU. In addition, according to the German Embassy of Somalia, Germany provides 20% of all means devoted to Somalia-related activities (EFRGN, 2014).

The data for EU projects in Somalia is taken from the official sites of the European Union.

### 3.3. Limitations

In the process of this dissertation, two kinds of limitations to the research methodology occurred. Firstly, the accuracy of the development aid data. There are a few sources, the World Bank statistics and the OECD data, one can use to compare the changes in EU aid during the last decade. However, the amounts of aid do not always match. Second type of limitation occurs when looking at actual figures from Somalia. What must be kept in mind when looking at failed states in general, and especially Somalia, is the scarcity of available data. The existence of a knowledge gap between the policy makers and the actual situation at hand is undeniable. To quote Ihonvebre (1994), "Somalia had not benefit from the massive influx of expatriate western researchers in the 1970s as did Tanzania, Kenya and Nigeria. Because of this not much is known about the nation's political economy in the West. The available post-civil war statistical data is rather minuscule [...]". The data used to determine the need for development in Somalia, or any aid for that matter, is unfortunately not always

accurate. Macroeconomic data from post-1990 Somalia is very scarce. However, the EC is currently supporting almost 100 projects with a financial contribution of EUR 150 million in Somalia, largely due to the wide attention the ever-deteriorating situation in Somalia has received (EEAS, 2013). According to the EU, weak institutions and policy-frameworks, ownership and alignment in Somalia remain challenging for donors. In addition, the fact that Somalia is divided into three more or less autonomous regions with different needs makes development assistance that much harder (EC, 2013). However, the existing secondary data is the only data we can use in this matter, actually gathering primary data from the Somali people in Somalia is unfortunately rather risky of an idea.

In addition to data availability, the problem of misrepresentation persists. Due to the dangerous circumstances in Somalia, international organisations deciding on the fate of Somalia are based in neighbouring countries. The efficiency of decisions made from “ivory towers” is up for a debate. And because of the lack of a functioning government, the international organs and neighbouring countries have had to decide what’s best for the Somali people, which inevitably leads to misrepresentation. On top of misrepresentation the ever-present problem of EU visibility is manifesting, which causes a problem where one can’t always find the exact routes the aid money has travelled through or which projects it has been used to fund. Even the information on EU projects, which can be found on the official website, lacks essential information. According to that data, the earliest project EU had in Somalia started in 2009, which does not describe the actual history between the EU and Somalia.

## Chapter Four- Data Presentation and Discussion

### 4.1. Introduction

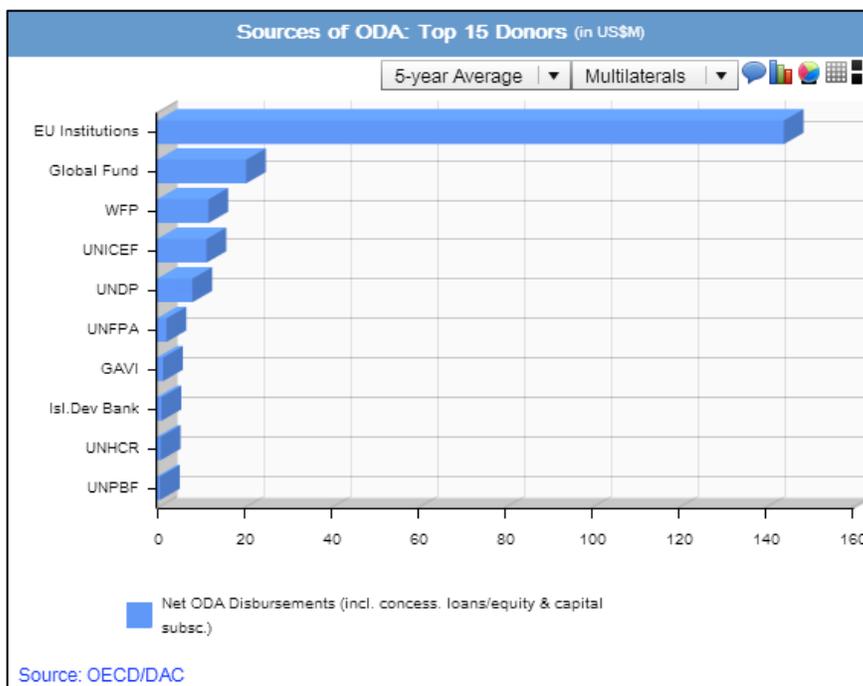
To answer the research questions of this dissertation, there are a few major findings found based on the literature review and secondary research. The result is that there indeed are reasons that have affected the development assistance from the EU to Somalia. The reasons can be divided into external and internal reasons, external being the global food crisis and the current situation in Somalia and the internal being EU policy enhancement, the enlargement of the Union and the eurozone crisis.

### 4.2. EU Policy Enhancement

At the end of 1990s, EU aid was characterised by two deadlocks: integration of aid and financing development (Carbone, 2007). However, these two problems were tackled by EUs decision to fully untie aid (Carbone, 2007). Since the beginning of the 2000s, EU aid has changed significantly. Partly due to the challenge of MDGs imposed on the EU, the Commission encouraged member states to increase their official development aid contributions in 2002, and engaged the members even more, by adopting the European Consensus on Development in 2005, which included a common vision and a timetable for member states to reach the 0,7% of GNI target set by the UN by 2015 (El-Agraa, 2011). These commitments were expected to double the total EU aid. The Consensus states that half of this increase should be allocated to Africa. This could be one of the reasons for the increased aid for Somalia. In addition to basic policy enhancements, the EU has experienced some structural changes in its geographic funding instruments also. During 2000-2006, the EU development assistance was built on six geographical instruments, PHARE and EDF being two of them. In addition, there were further fifteen thematic programmes which were supposed to deal with food security, poverty diseases and health (El-Agraa, 2011). Due to the variety of programmes and instruments, managing EU aid in the most efficient way was becoming too difficult of a task. For 2007-2013, a simpler framework was used, comprising of two main instruments and only seven thematic programmes (El-Agraa, 2011). To further mark a new season of external aid the EU created EuropeAid in 2001 to strengthen the implementation of EU development programmes (El-Agraa, 2011). EuropeAid deals with aid instruments funded by the EU and the EDF; which means that it's not dealing with pre-accession programmes like the PHARE, nor the humanitarian activities. Another policy

enhancement was the creation of the multi-annual Country Strategy Papers to ensure policy coherence (Carbone, 2007)

Figure 1. Source OECD, 2012



The European Union and its institutions are the biggest donors of development aid in the world, and this is illustrated in Figure 1, which is based on OECD data. The figure shows that compared to the next biggest donor, EU donates sevenfold the amount.

During the last decade, the focus of

development assistance has been said to have shifted from the quantity to the quality of aid. EU policy changes have played their parts in enabling better and more effective aid. Aid fragmentation was and still is a serious problem, eating away the effectiveness of development assistance (OECD, 2014). Transparency and harmonisation were of great importance, and this was manifested in the signing of the Rome Declaration on Aid Harmonisation in 2003, and the Paris Declaration of Aid Effectiveness in 2005, which was aimed at improving aid delivery (El-Agraa, 2011). Year 2005 saw one other crucial change to aid in Africa. In 2005, the leaders of the G8 countries came together in a summit organised in Gleneagles, Scotland. The major focus was on the issues of Africa, and as a result, the G8 countries promised to double aid to Africa (BBC, 2005). Out of the eight countries, Italy, France, Germany and the UK are EU countries who are currently funding Somalia in one way or the other. However, the G8 promise to increase aid can be criticised: according to Lawson and Green (2005), even though the increases in official development aid is helpful, they will still fall short of the original MDGs of 0,7% of GNI. This is further illustrated in Figure 2.

Carbone (2007) argues that the terrorist attacks in the U.S. in 2001 left a mark in the relations of the EU and the developing world. He argues that after the 9/11 incident, security became

once again a motivation for foreign aid. The G8 countries promised to increase peacekeeping in Africa (BBC, 2005).

### 4.3. EU Enlargement

EU enlargement is another issue, which has had an impact on member states and hence the development assistance they are able to offer. On 1 May 2004, the European Union welcomed 10 member states. This was the fifth time that the EU accepted new members, bringing the total from 15 to 25 Member States. On 1 January 2007, the round of enlargement came to its conclusion with the accession of two more countries. In July, 2013 Croatia became the 28th Member State of the European Union (EU, 2013).

The accession of new members changed the voting system of the EU. Previously, voting remained based on a consensus. Enlargement had an immediate impact. From 1966 until the 1980s the Luxembourg agreement stated that decisions should be taken based on unanimity. In the following treaties however, those of Amsterdam and Nice, the qualified majority voting was introduced. Based on the Nice treaty, each member state had a certain amount of votes based on its demographic size. The current weighting system dictates that the Member States with the largest populations have 27-29 votes, the medium-sized countries have 7-14 votes and the small countries 3 or 4 votes (see appendix 2). This means that Poland, a new member state, has the same amount of votes as Spain, which is bound to affect the focus of decision-making and hence development aid in the EU.

If we look at previous enlargement rounds, it is evident that new members have their own agenda and by joining the EU, they have a say to where the attention of aid is focusing on. For example, the accession of Spain and Portugal in the 1980s caused a 68% increase in aid to Latin-America (Lightfoot, 2007) and the Mediterranean, whereas the accession of Finland and Sweden enabled the broadening of the policy scope of development co-operation (Carbone, 2007). The enlargement round of 2004, adding eight Central and Eastern European (CEE) countries to the EU, was important due to the simple fact that never before have such volume of countries, who used to receive EU aid, entered the Union at once (Lightfoot, 2007). The end of the Cold War changed the landscape of the EU and hence affected the EU- Africa relations at the same time. The collapse of communist regimes forced the EU to reconsider their relationship with the CEE countries. The EU had to make both long-term commitments and short-term decisions. In the short-term, the EU provided

immediate assistance to the previously communist countries and in the long-term the EU provided financial and non-financial aid in the form of PHARE to prepare the CEE countries for accession. This issue of enlargement caused the aid to ACP countries to drop, in fact, according to Babarinde and Faber (2004), every EU enlargement since 1957 has affected the EU-ACP relationship.

The quantity of EU aid provided by these new member states is an important topic. If we take a closer look at the eight countries who accessed the EU in 2004, it is argued that their ODA contributions are nowhere near the UN 0,7% target (Lightfoot, 2007). However, the instrument of debt cancellation is officially counted as ODA, and for example, Czech Republic, Poland, Slovakia and Hungary have all cancelled significant debts to Iraq (Lightfoot, 2007), which distorts the statistics. Once the countries accessed the EU, there was a consensus that they will not be expected to contribute to the 9th EDF, because the budget for it was already set (Lightfoot, 2007).

Moreover, the quality of aid by the new member states has become problematic. Upon accession, there was a concern that the lack of expertise in the field of ODA in these new member states would affect the quality of aid. Even though the EU has adopted the practice of untying aid, these new member states still proceed on making aid conditional on the receiving country buying goods and services from the donor country (Lightfoot, 2007). When questioned about this procedure, the Hungarian government simply stated that it has a positive impact on Hungarian economic interests. Latvia on the other hand justifies their aid tying by saying that they are new to the field of ODA (Hayes, 2007).

Aid coherence is yet another problem, not only within the EU itself, but confusion can be detected from individual member states, especially the new member states. When accessing the EU, some of these new member states, like Estonia and Czech Republic had some kind of an existing development policy. However, a country like Slovenia, had an undefined development strategy. They truly are pioneers in the field of African relations: the country still to this day only has one embassy in Africa, and that is in Cairo. Upon accession, the new member states usually create a unit within the Ministry of Foreign Affairs, but sometimes things are not that simple. In Czech Republic for instance, ten ministries were involved in implementing development cooperation (Bukar and Mrak, 2007).

Some scholars and parties have actually argued that there are positive sides to the accession of new member states to the EU (Lightfoot, 2007). Due to their history of being former

communist countries, the CEE might actually be in a good position to advise states on how to manage their political and economic transitions. Whether this is the case with Somalia and the rest of the developing countries is up for debate. Inevitably, the CEE countries had the power to advise future EU members like Croatia in taking the EU Development Acquis. Nevertheless, accession to the EU does not happen overnight, and the preparations for a country to do so, certainly takes resources and expertise. This is why EU enlargement has had an impact on development assistance.

#### 4.4. Global Food Crisis, Famine and Somalia

Table 1. Source: The World Bank, Food Price Watch 2011

Quarterly Price Movements: April–June, 2011	
Maize	% change
Dominican Republic (Santo Domingo, retail)	82
Kenya (Nairobi, wholesale \$)	36
Rwanda (Kigali, wholesale \$)	34
Colombia (Bogota, wholesale white)	25
Guatemala (Guatemala City, wholesale yellow)	23
Guatemala (Guatemala City, wholesale white)	22
Panama (Panama City, retail)	20
Somalia (Mogadishu, retail white)	18
Ethiopia (Addis Ababa, wholesale)	13
Mexico (Mexico City, wholesale white)	-5
Sorghum	% change
Somalia (Mogadishu, retail)	14
Niger (Niamey, retail)	-3
Haiti (Port-au-Prince, retail)	-5

Global food crisis hit the poorest countries of the world the hardest. As seen on table 1, the quarterly price movements in Somalia between April and June 2011 on sorghum, being an important food stuff, rose 14%. In addition, table 2 shows a devastating truth. Between June 2010 and June 2011 the increase on the price of sorghum was now at 180%. And not only that, the price of maize rose 107%.

In 2011 drought and conflict manifested in a major food security crisis, which breached famine thresholds in six parts of southern Somalia. The years 2010-2012 were sad years for Somalia- nearly quarter of a million people died solely because of the famine and food crisis. The drought was the worst in 60 years, and it led to life stock deaths, reduced harvests and drops in labour demand. What makes matters worse in hindsight is the fact that according Hillier (2012), the world saw this crisis coming but was slow to respond: forecasts of the impending crisis started in August 2010.

Table 2. Source: The World Bank, Food Price Watch

<b>Annual Price Movements: June 2010–June 2011</b>	
<b>Maize</b>	<b>% change</b>
Uganda (Kampala, wholesale \$)	122
Somalia (Mogadishu, retail white)	107
Rwanda (Kigali, wholesale \$)	104
Dominican Republic (Santo Domingo, retail)	92
Kenya (Nairobi, wholesale \$)	89
Honduras (National Average, wholesale white \$)	88
Brazil (National Average, wholesale yellow)	78
Guatemala (Guatemala City, wholesale white)	77
South Africa (Randfontein wholesale white)	66
Ethiopia (Addis Ababa, wholesale)	64
Guatemala (Guatemala City, wholesale yellow)	56
Costa Rica (National Average, wholesale white \$)	29
Tanzania (Dar es Salaam, wholesale \$)	27
Haiti (Port-au-Prince, retail)	-19
Mexico (Mexico City - wholesale white)	-19
<b>Sorghum</b>	<b>% change</b>
Somalia (Mogadishu, retail)	180
Niger (Niamey, retail)	-9
Haiti (Port-au-Prince, retail)	-23
Sudan (Khartoum, wholesale)	-37

As previously stated in the literature review, Somalia has been divided into three heterogeneous regions: the South Central Somalia, Puntland and Somaliland. Because there is no effective central government that has full control of all the areas, the UN, international and local NGOs coordinated the majority of the response in Somalia (Hillier, 2012). According to the study, the primary international response was humanitarian aid. It was only after major media coverage in June/July 2011, and after the UN declared a famine in Somalia, that donors drastically increased the funds available.

The famine didn't unfortunately affect only Somalia. Countries in the Horn of Africa together were experiencing the extreme weather conditions, and 13 million people in Somalia, Kenya, Djibouti and Ethiopia were in dire need of help. The EU acts as a donor of humanitarian aid to Somalia, and once the famine was declared, the amounts of humanitarian aid, food being part of it, increased. Table 3 shows that the EU member States and the European Commission were able to offer over €705 million in assistance to the Horn of Africa.

Table 3. Source: EC Humanitarian and Civil Protection, 2011

European Union humanitarian contributions to HORN OF AFRICA in 2011 as indicated in EDRIS – 11/11/2011			
Donor	contributions input in EDRIS	Other (1)	Total Amount
Austria	1,514,000 €		1,514,000 €
Belgium	14,050,000 €		14,050,000 €
Czech Republic	80,000 €		80,000 €
Denmark	46,476,277 €		46,476,277 €
Estonia	110,000 €		110,000 €
European Commission	157,470,000 €	23,860,000	181,333,000 €
Finland	14,750,000 €		14,100,000 €
France	29,299,631 €		29,299,631 €
Germany	37,325,547 €	118,000,000 €	155,325,547 €
Hungary	34,717 €		34,717 €
Ireland	7,581,000 €		7,581,000 €
Italy	5,278,004 €		5,278,004 €
Luxembourg	3,671,606 €		3,671,606 €
Malta	25,000 €		25,000 €
Netherlands	24,671,530 €		24,671,530 €
Poland	614,105 €		614,105 €
Slovenia	0 €	50,161 €	50,161 €
Spain	27,128,252 €		27,128,252 €
Sweden	53,961,950 €		53,961,950 €
United Kingdom	108,229,953 €	31,770,047 €	140,000,000 €
<b>Sum:</b>	<b>532,271,572 €</b>	<b>173,680,208 €</b>	<b>705,951,780 €</b>

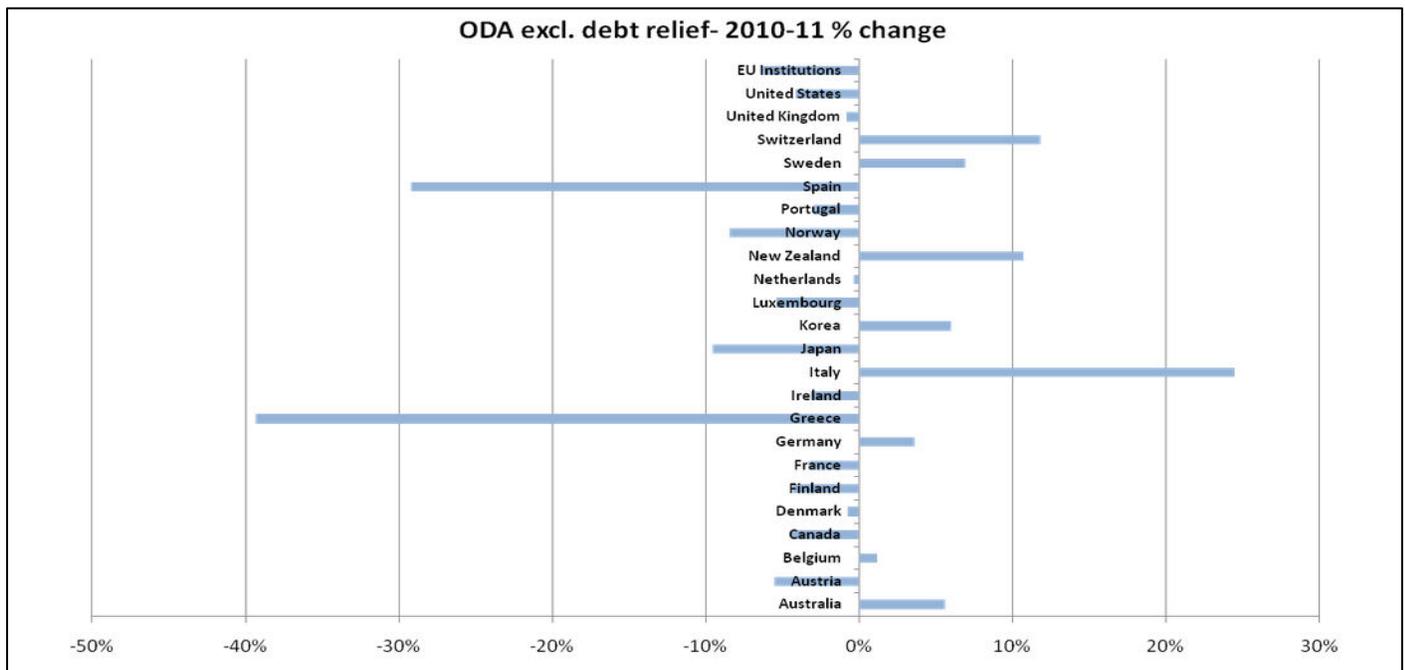
(1) Contributions not yet in EDRIS (pledges or information not yet in EDRIS)

During the 10<sup>th</sup> EDF, which came to an end in 2013, there are currently 92 on-going EU projects in Somalia (EEAS, 2013). The fact that Somalia has divided into three regions, each of them having a different situation at hand, has caused the EU projects and hence EU aid to avoid the most conflict ridden areas. Even though those areas are in most need, the current situation is so dangerous, aid organisations can only dream of entering those same areas to help the needy. According to Leonard and Ramsay (2013) failed states provide fertile ground for terrorism. Somalia deteriorated into a failed state in the 1980s. Around 2006 the terrorist group Al-Shabab was born, having transnational ties to the Al-Qaeda. Leonard and Thompson (2013) argue that at first the support for Al-Shabab was high, because they were a national group of Somali men fighting the enemy, Ethiopia, who wrongfully entered their soil. In addition, Al-Shabab became a popular potential employer, because many young Somali men felt that there was no other form of employment available. Unemployment is the same, even though not the only, reason for the soaring piracy. The EU took part in combatting piracy in 2008, when it launched its NAVFOR Somalia mission in December (EU, 2011). The reason for the EU to get involved with this mission is the need to protect ships who are carrying food aid shipments and supplies to the peace keeping forces who are operating in Somalia (Daniels, 2012).

### 4.5. Eurozone Crisis

The global financial crisis in 2007-08 acted as the trigger of debt rolling across Europe and in the euro zone as growth declined sharply. The problem is simple: many European countries have borrowed and spent too much since the global financial crisis and due to that, they have lost control of their finances. The eurozone crisis has had an inevitable impact on EU countries as aid donors. Bank rescues and recapitalizations burden the public sector and even if the government is eventually able to recoup many of the costs of these rescues, the short-term effect is to worsen sharply the government's cash flow (Dang, Knack and Rogers, 2009). One of the reasons why aid suffers during financial crisis is the simple fact of aid being forced to compete with other priorities to help nations like Greece and Ireland, who are in dire need. Roodman (2008) argued that aid does tend to suffer from donor country financial crisis. This was true to some extent in the European context. Table 4 illustrates, how the most crisis-ridden counties in the EU have come to realise their official development assistance contributions fall. Greece, being the centre of the crisis is no surprise to record such major falls in aid.

Table 4. Source: Global Humanitarian Assistance, 2011



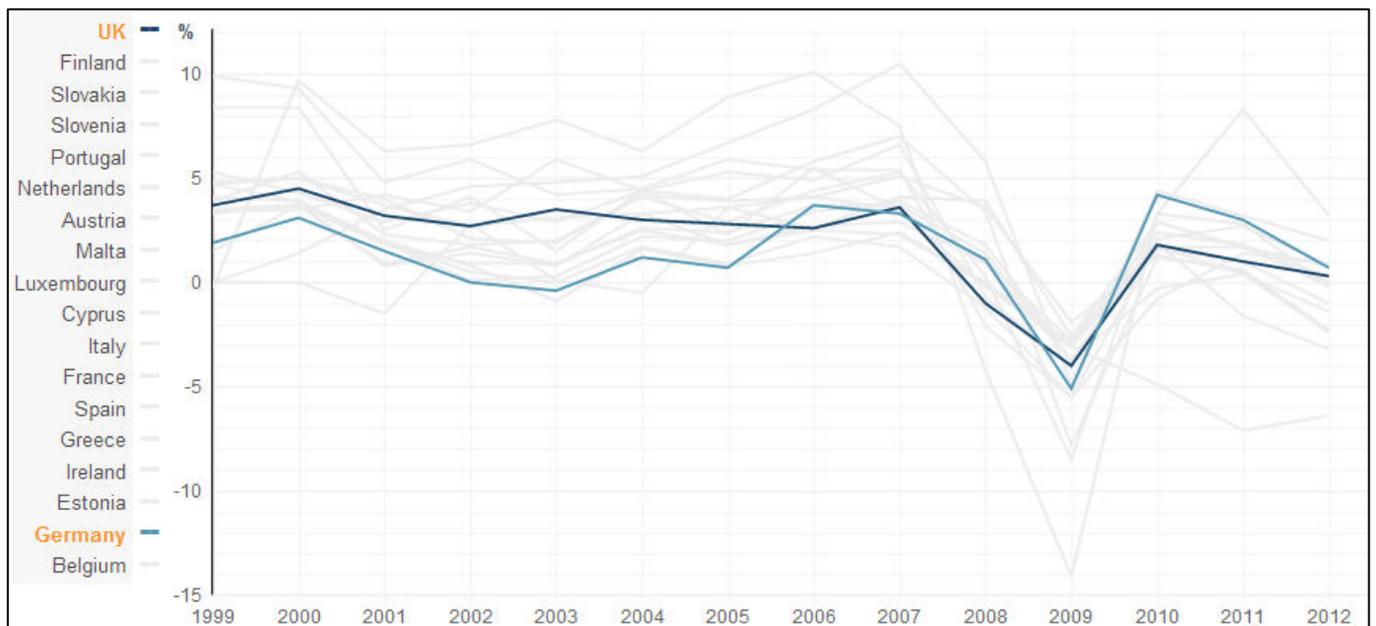
However, OECD statistics on ODA show that aid provided by EU countries has not only declined, but it has been moving around quite a bit. Figure shows that even though there has been a eurozone crisis, EU members of the Development Assistance Committee (DAC) have been able to keep the donations at a rather rational level.

Figure 2. Source: Author's illustration of OECD Statistics

Total ODA/GNI	For EU countries
2006	0,43 %
2007	0,40 %
2008	0,42 %
2009	0,44 %
2010	0,44 %
2011	0,42 %
2012	0,39 %

To take a closer look at the changes EU development aid has hit, studying the two largest member state donors and the changes in their gross domestic product (GDP) will give a comprehensive outlook. According to OECD data, the two currently largest EU member state donors of development assistance are Germany and the United Kingdom, and to see how eurozone crisis has affected them as development assistance donors, the OECD data must be used. Table 5 illustrates the annual GDP growth of the EU member states.

Table 5. Source: BBC 2013. *Eurozone Crisis in Graphics*



It also tells a story of how both countries entered a deep contraction in 2009, when the crisis started spreading in the EU. However, both countries managed to return to sustained growth only to fall slightly in 2012.

Even though the European economies entered a period of recession in 2009, in monetary terms both the United Kingdom and Germany were able to keep their official development assistance flows more or less consistent. As seen on figure 3, Germany's development assistance was more severely hit, aid dropped almost \$2 billion in just one year. However, Germany got back on its feet on 2010, and that explains the rise in aid level on that very year. The United Kingdom however managed to slightly increase their aid in 2009, making them the biggest EU member state donor in 2009 and again in 2012.

Figure 3. Source: Author's illustration of OECD ODA donor data

<b>Donor/ Year (USD millions)</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Germany	4059,8	3822,6	7446,7	7034,04	7949,76	9062,6	7096,6	8035,5	8736,2	8584
United Kingdom	3840,9	5360,76	8168,4	8734	5601,49	7323,41	7391,5	8016,8	8473,5	8712

The timeframe of this dissertation looks at the financing of Somalia between 2003 and 2013. During this time Somalia was funded under two EDF's, the 9<sup>th</sup> and the 10<sup>th</sup>. The 9<sup>th</sup> EDF funding was in place 2002-2007, and €149 million of the amount of the 9<sup>th</sup> EDF was earmarked for Somalia (EC, 2002). Figure 6 shows the annual breakdown of development assistance from EU institutions and member states. The EDF aid has been gathered from the donations of the members' states to the European Commission. In addition, member states alone have aided Somalia. If we look at the aggregate amount of aid in 2003-2007, we can find that the aid Somalia received went over and beyond that initial amount of €149 million, meaning that member states helped as well. The Millennium Development Goals have played their part in explaining this rise in aid. The member states promised to raise aid levels, and this can be seen in figure 4. In addition, in the 2005 summit of the G8 countries in Gleneagles, hosted by the UK, Africa was one of the most important topics. By the end of the summit, the G8 nations had promised increase to double the aid to Africa. The 10<sup>th</sup> EDF which lasted for six years instead of five for Somalia was €412 million, which is higher than the 9<sup>th</sup> EDF. In addition to that, member states provided assistance during this period which amounted to €1,5 billion (EC, 2007). The last two years, 2012-2013, the member states didn't contribute any extra development assistance, but there was money still to be paid from the 10<sup>th</sup> EDF by the Commission, hence the smaller payments towards the end of the EDF.

Figure 4 Source: author's illustration of EU Data from OECD

Aid Contributions (USD) Of EU	Institutions and Member States to Somalia
2003	63,69Million
2004	91,87Million
2005	117,08Million
2006	204,71Million
2007	207,86Million
2008	356,39Million
2009	311,22Million
2010	298,20Million
2011	541,26Million
2012	18,38Million
2013	31,14Million

Source: EU Aid Explorer, Donor Atlas

## Chapter Five- Conclusion

All in all, this dissertation discusses the impact of four major causes for changes in the EU development assistance to Somalia, in addition to the fifth cause being the events taking place in Somalia. The literature review shows that during the timeframe of this dissertation's focus, there have been concrete changes in both the internal atmosphere of the Union and the external landscape, and together they have had an impact on the internal reaction.

The dissertation identified European Union policy enhancement as being one of the top reasons why aid to Somalia has changed. Due to these enhancements, aid hasn't necessarily changed its focus, but it has become more powerful and effective of a tool, once the barriers and obstacles were removed from its way. These changes in EU regulations turned the Union into a single organ, working towards the same goal- hence the ability to offer better aid to the world's poor. Secondly, the EU enlargement and its implications are another reason for the changes in development assistance. The increase in the number of member states creates difficulties in a few aspects. Because decision-making in the EU is based on the demographics of each member state, the older member states feel threatened by these new members joining the EU and having more citizens and hence more power when it comes to voting. Another problem arising from the enlargement is the lack of experience these new members have in development issues. However, even though the new countries who accessed in the latest rounds are newcomers in the field of development assistance, not to mention Somali issues, the direct impact they have had on development aid is rather minor. This can be attributed to the lack of potential 'aid goals' these new members might have had, unlike for example Spain and Portugal, who had the interest of Latin-America when they were joining.

Furthermore, the power of the Group of Eight has affected the quantity of development aid to an extent. Somalia might not be the first to see the benefits of the promise to increase aid, but nevertheless, the international community is trying.

One of the major findings in this dissertation is that even though financial crisis does have an impact on development aid, Somalia does not necessarily fit into that pattern. Even though the eurozone crisis had an inevitable and severe impact on the European economies,

development assistance from EU member states to Somalia has been rising slowly. Understandably, the initial amount EDF promised to pay should be delivered by any means necessary, but a crisis in the donor country is good enough of a reason for the lack of performance. However, the case with Somalia is different, because instead of a huge continuous downfall of aid, there was a rather minor decline for 2009-2010, and after that, aid almost doubled.

The dissertation identifies the current situation in Somalia as being one of the factors why aid has changed. During the late 1990s and the early 2000s, the situation in Somalia was rather unstable. The everlasting fear of not having a functioning government to protect its citizens has lifted security to be one of the main points of EU foreign policy. In addition, due to the fact that some parts of the country are relatively calm, EU has changed its focus from basic humanitarian aid into actually providing education and training to the people in those 'better' areas. In addition, the global food crisis and the famine following it has caused the EU and its member states to pay more attention to Somalia, which makes these reasons affect the aid given. However, since Somalia now has a functioning government in many decades, and the fact that development aid still is an important issue when talking about Somalia, donors do regard the country as having potential in developing.

In addition, history has an impact in development aid. The collapse of the Soviet Union had an impact not only on Eastern Europe and hence the entire Union, but the repercussions could be felt in a far, distant country like Somalia. Somalia became aid dependent a long time before the actual collapse of the state, which brings a certain complexity in the current and future aid structures. As a summary of the key findings, development assistance is a relatively complex area, which is impacted by many different factors. In addition, the dissertation is a proof of the fact that more money does not always mean better results. Somalia has been on the receiving end of worldwide assistance for long, nevertheless the drive, potential and effort for Somalia to get back on its feet starts from within, keeping in mind the importance of help from the international community.

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