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The Paterson Review of International Affairs (PRIA) completed a blind review process with a variety of subject matter experts who were consulted prior to publication. This helped ensure the highest quality of publication for the journal. Names of the reviewers will not be included in publication this year. The Editorial Board expresses many thanks to all blind reviewers.

Letter from the Editor

Dear Readers,

The 2024-2025 Editorial Board is proud to release the 21st Volume of the Paterson Review of International Affairs. The Board received many submissions for the journal from graduate students throughout Canada studying International Affairs. This volume is a compilation of three highly regarded submissions that went through a lengthy and rigorous review process. This review process included a blind review completed by a subject matter expert and followed with three stages of peer review. The three articles published in the journal this year are from students who completed their research while studying at NPSIA. The PRIA strives to answer important research questions in the constantly evolving global climate of the 21st century. This year, the journal covered emerging international affairs issues in specific geographical areas ranging from Argentina, Pakistan, Ethiopia and Nigeria. We hope that readers find the year's journal engaging, interesting and insightful.

Restarting the journal after a four-year hiatus proved to have many difficulties and unexpected obstacles. I wanted to express my sincerest thanks to the excellent members of the Editorial Board. Without this strong team, it would not have been possible to publish the journal this year. The assistant editors spent many long hours refining and reviewing, and the executive editors were able to support their team, review their papers, and help with all the background logistics in publishing a peer-reviewed journal. Additionally, I want to thank our executive creative director who worked behind the scenes to help publish the journal. With an entirely new editorial board, our team showed unwavering commitment, dedication, patience and passion this editorial year.

I would like to extend my sincerest thanks to every author who submitted their paper for review. I believe we were able to create a strong journal that represents a diverse range of perspectives regarding topics, location and research focus. The strength of this year's journal reflects the authors well researched, excellent submissions. I also wanted to express my gratitude to each author for the patience they had throughout this process as it was a lengthy 11-month journey from submission to publication. Finally, thank you to the Norman Paterson School of International Affairs, as well as every blind reviewer who helped review and supported us throughout the editorial process.

Danielle Paul
Editor-in-Chief

The Role of Demographic Pressures and Intergroup Relations in Conflict: A Case Study of Pakistan

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Introduction

Demographic pressures are worsening as populations continue to grow at alarming rates. As demographic pressures rise, resource scarcity increases. While climate change serves to further stress the negative relationship between demographic pressures and resource scarcity, decades of persistent tension between religious sects suggest that the Pakistani state has failed to promote religious tolerance. This study seeks to understand if intrastate conflict will increase going forward as a result. It will answer the research question: Have increasing demographic pressures affected intergroup relations in Pakistan, leading to persistent sectarian violence?

To address the research question, the study begins by outlining the conceptual framework. It will first define the key concepts related to demographic pressures, intergroup relations, and sectarian violence. Following this, it introduces the three theoretical frameworks guiding this study: (1) opportunity versus grievance theory, (2) neo-Malthusianism, and (3) youth bulge theory. The subsequent section provides the historical context necessary for understanding sectarian tensions in Pakistan, particularly focusing on how demographic pressures and resource scarcity have shaped current conflicts. The third section applies these theories to Pakistani society, with a specific focus on Tehreek-e-Labbaik Pakistan (TLP), a Sunni Bareilvi extremist group and political party. Finally, the study concludes with a summary of its findings.

The case of Pakistan highlights broader patterns of extremist mobilization, illustrating mechanisms through which resource scarcity and sectarian tensions lead to violence. This study focuses on sectarian violence and its relationship to demographic pressures. However, it excludes considerations of insurgent groups, separatist movements, and international relations. These delimitations strengthen the focus on domestic dynamics but remain central areas for future analysis.

Conceptual Framework

Demographic pressures are defined as “pressures upon the state deriving from the population itself or the environment around it.”¹ These pressures emerge from population growth, resource scarcity, and environmental degradation. In Pakistan, such pressures are heightened by rapid urbanization and competing resource demands, creating conditions for grievances that enable identity-based mobilization along sectarian lines. Accordingly, sectarian violence refers to acts of aggression driven by a perceived need to protect the interests of the religious community with which the individual or group identifies.

Prominent social psychologist Muzafer Sherif is often cited for his definition of intergroup relations. He conceptualizes intergroup relations as, “individuals belonging to one group interacting, collectively or individually, with another group or its members in terms of their group identification”.² Despite the prevalence of ethnic divisions within Pakistan, ethnicity is excluded from the scope of this research to maintain focus on religious identities.

Correspondingly, ‘group’ in this study refers to the dominant branches of Islam—Ahl al-Sunna wa-I-Jama’a (Sunni) and Shi’at ‘Ali (Shia). The Sunni-Shia divide originates from the succession dispute following the death of the Prophet Muhammad in 632 CE.³ Sunnis view the era of the Prophet and the four successive *caliphs* (leaders of the Muslim community) as ‘Islam’s golden era.’ Shias, however, regard the Caliphate as a period of injustice and decline, incorporating the cursing of the first three *caliphs* and several of the Prophet’s companions into their doctrine.⁴

Numerous subsects have since emerged; however, only two require distinction for this discussion of Pakistani sectarian violence—Sunni Deobandi and Sunni Barelvi. Both subsects originated from 19th-century reform movements in British India.⁵ As Wagas Sajjad explains, the

Deobandi *'ulama* (religious scholars) sought to purge Islam of what they viewed as “objectionable practices and cults of saints,” which they considered to be “exaggerating the roles and stations of human beings.”⁶ The Barelvīs emerged in defence of some of these practices.⁷ Estimates from the International Crisis Group in 2022 suggest that Barelvīs hold a slim majority in Pakistan, where 96.3 percent of the population is Muslim, 85 to 90 percent Sunni and 10 to 15 percent Shia.⁸

Theoretical Framework

Opportunity versus Grievance Theory

Developed by Collier and Hoeffler, prominent conflict analysis scholars, opportunity versus grievance theory examines the motivations behind individual participation in conflict. Framed initially as the ‘greed versus grievance theory,’ it explains political violence as driven by either self-interest (*greed*) or perceived injustice (*grievance*). Greed attributes political action to self-interest and justice-seeking behaviour, where frustration, resentment, and economic or political inequalities lead to collective violence.⁹ By contrast, grievance frames political action as a response to unjust deprivation, resulting in frustration and discontent.¹⁰

This study implements Collier and Hoeffler’s modified version of the theory, which replaces greed with ‘opportunity.’ While grievance retains its focus on injustice, opportunity views the “mobilisation of group resources [as a] response to changing political opportunities.”¹¹ Collier and Hoeffler argue that conflict is the rational response of an individual to their circumstances but that the extent to which this political violence occurs is determined by “political environment, relative power and capability, opportunity structures, and mobilisation processes.”¹² However, without accounting for the ‘free-rider’ problem, both grievance and opportunity risk overestimating the probability of violence. Rational individuals may choose not

to participate actively in political action while still indirectly benefiting from its outcomes—a behaviour characteristic of free-riders.¹³ The solution to this issue is to provide incentives that make active participation more beneficial than remaining passive. In the later discussion section, opportunity and grievance theory helps explain the rise in sectarian violence since 2020. TLP's manipulation of group grievances to overcome the free-rider problem will also be explored.

Neo-Malthusianism Theory

Opportunity versus grievance theory explains why individuals participate in violence, while neo-Malthusianism is used in this study to understand the conditions that have fostered an environment for sectarian violence within Pakistan. Thomas Malthus, a political economist, developed Malthusianism at the turn of the 19th century; the theory argues that population growth will inevitably surpass the Earth's capacity to sustain its resources.¹⁴ This study applies neo-Malthusianism – a theory advanced by scholars like Colin Kahl – which expands Malthusianism by asserting that an overpopulated planet leads to environmental degradation, resource scarcity, and widespread hunger, ultimately resulting in violent conflict.¹⁵ Homer-Dixon, a leading neo-Malthusian scholar, argues that prior to violent conflict, resource strain slows down rural economic development, leading to rapid and unsustainable urbanization. This process exacerbates group tensions and political unrest.¹⁶ The likelihood of conflict significantly increases when combined with a youth bulge.

Youth Bulge Theory

The youth bulge theory identifies youth (aged 15 to 24) as the demographic group most likely to participate in political violence. This likelihood increases when there is a high youth unemployment rate.¹⁷ Unemployed youth often migrate to urban centers in search of economic opportunities, which can worsen their living conditions while heightening social frustrations.¹⁸

When these factors are combined with perceptions of government corruption or ineptitude, youth become increasingly vulnerable to grievance-based political radicalization.¹⁹ The youth bulge theory explains why sectarian violence will continue to plague Pakistan if current conditions and grievances are left unaddressed.

Case Study: Historical Context

Sectarian Foundations (1947–1988)

Imagined as an autonomous state for the Muslim majority of northeastern and northwestern British India, Pakistan was created following partition in 1947.²⁰ It was formally cemented as a religious state in 1973 with the adoption of the Constitution, which declared that “Islam shall be the State religion of Pakistan.”²¹ Although the Constitution includes provisions to ensure freedom of religion, sectarianism quickly became entrenched in Pakistani politics; in 1974, the Ahmadiyya community – who identify as Muslim – was constitutionally declared a non-Muslim minority.²²

Under General Zia-ul-Haq’s military dictatorship (1977–1988), the state overtly implemented a sectarian agenda through an Islamization policy grounded in a narrow Sunni interpretation of Islam.²³ Meanwhile, the Islamic Revolution of 1979 in Iran, which established a Shia theocracy, fueled suspicion of Shia revivalism within General Zia’s regime.²⁴ These suspicions escalated into fear when in 1980, the Shia community organized demonstrations that shut down areas of the capital, demanding exemptions from parts of the Islamization policy. Iran’s positioning as a protector of Shia Muslims further heightened concerns.²⁵ General Zia countered this perceived threat to his regime through state funding and promotion of radical Deobandi clerics and *madrasas* (religious schools).²⁶

Foreign Influence and Radicalization (1979–1990s)

International actors, including Saudi Arabia and the United States of America (USA), supported the proliferation of Islamic extremism in Pakistan.²⁷ As a Sunni absolute monarchy, Saudi Arabia feared a Shia resurgence inspired by the Iranian Revolution, while the USA sought to counter the Soviet Union's influence following its invasion of Afghanistan in 1979.²⁸ Despite their differing motivations, Saudi Arabia matched the USA's financial assistance to Pakistan for the establishment of radical *madrasas* that promoted jihadism in Afghanistan. Additionally, Saudi Arabia provided direct support to Sunni militant groups that subsequently emerged from these efforts.²⁹ Members of these groups received a strongly sectarian education, as the Deobandi '*ulama* regarded Shia Muslims and other religious communities *kafir*, apostates or infidels.³⁰ Consequently, these well-resourced and trained militant groups adopted sectarian agendas, violently targeting Pakistan's Shia population and other religious minorities.³¹ In a continued effort to combat Shia revivalism, the most prominent group, Sipah-e-Sahaba Pakistan (SSP), received support from General Zia's regime and financial backing from Saudi Arabia.³²

Escalation of Sectarian Violence (1980s–2000s)

The 1980s and 1990s witnessed the spread of sectarian violence across Pakistan, most notably in Punjab, Karachi (the capital of Sindh), and the Kurram Agency in the former Federally Administered Tribal Area (FATA).³³ During the 1980s, Sunni extremists had focused on the dissemination of inflammatory sectarian literature, while Shia activism increasingly came under the influence of Iran-backed groups and clerics, some of whom advocated a revolutionary movement.³⁴ Violent sectarianism intensified in the mid-1990s with the formation of militant wings by dominant sectarian groups: Lashkar-e-Jhangvi (LeJ), an offshoot of the Sunni SSP and Sipah-e Muhammad Pakistan (SMP) created by the Shia Tehreek-e-Nifaz-e-Fiqh-e-Jafaria

(TNFJ).³⁵ By 1997, targeted violence became indiscriminate, resulting in civilian casualties.³⁶

Following the death of General Zia in 1988, Pakistan's military institutions continued to support Sunni jihadist groups — despite their known ties to sectarian militants — as proxy forces in India-administered Kashmir.³⁷ This allowed groups like LeJ to expand their operations across Pakistan's regions, escalating the sectarian violence.³⁸ Both Sunni and Shia militants engaged in attacks, contributing to an estimated 4,000 deaths between the mid-1980s and early 2000s.³⁹

Counterterrorism and Talibanization (2000s–2010s)

Following a rise in indiscriminate sectarian violence and an attempted assassination of prime minister, Nawaz Sharif, Pakistan's elected government enacted countermeasures against sectarian militant groups.⁴⁰ These efforts were continued under General Pervez Musharraf's military government (1999-2007) and reinforced by Pakistan's participation in the War on Terror.⁴¹ After the 2001 fall of the Afghan Taliban's regime, SSP and LeJ militants – who had taken refuge in Afghanistan – returned alongside thousands of Afghan Taliban and al-Qaeda members.⁴² Anti-Shia attacks by Sunni militants continued into the early 2000s. However, by 2005, sectarian violence had declined significantly as LeJ was weakened and decentralized following the authorities' killing of its leader and the arrest of its operatives.⁴³

Having found a safe haven in the Kurram Agency, Afghan Taliban leaders exploited existing sectarian tensions to recruit fighters for jihad in Afghanistan.⁴⁴ These efforts led to the Talibanization of the region and the formation of Tehrik-i-Taliban Pakistan (TTP) from the Afghan Taliban's local radical Deobandi partner groups in December 2007.⁴⁵ By late 2008, TTP had taken control of the Kurram Agency and began expanding its influence into the Orakzai Agency.⁴⁶ Emboldened by this success and the Pakistani government's refusal to acknowledge sectarianism as an issue, weakened radical Deobandi militant groups began reasserting

themselves.⁴⁷ After 2009, government military counter-operations in the FATA forced TTP to strengthen its cooperation with LeJ.⁴⁸ As a result, TTP escalated attacks against the Shia community. Their influence expanded throughout Pakistan, most notably in the former hotspots of sectarian violence – Punjab and Karachi.⁴⁹

Sindh and Balochistan were the provinces the most affected by sectarian violence during 2007-2013, overtaking Punjab despite its consistent levels of sectarian violence.⁵⁰ Rebranded as the political party Ahle Sunnat Wal Jamaat (ASWJ), SSP reopened operations in Karachi and expanded its influence across Sindh during 2008-2009, leading to an increase in sectarian attacks.⁵¹ Simultaneously, following territorial losses and drone strikes in the FATA, TTP became more aggressive in Karachi where Deobandi *madrasas* were prominent.⁵² In August 2011, LeJ created a new wave of sectarian violence in Balochistan – particularly its capital, Quetta – when it issued a widely circulated pamphlet that declared jihad against the Hazara Shia, whom LeJ labelled as apostates.⁵³ Across Pakistan's four provinces, approximately 2,300 deaths from sectarian violence were recorded between 2007 and 2013.⁵⁴ Balochistan and Karachi accounted for nearly 75 percent of the fatalities in 2013.⁵⁵ Karachi had become the headquarters for sectarian organizations, prompting the 2013 Karachi Operation to counter crime and terrorism.⁵⁶ Shortly thereafter, in December 2014, TTP attacked the Peshawar Army Public School in Khyber Pakhtunkhwa, killing 150 students.⁵⁷ This attack contributed to Pakistan's first counterterrorism policy, the National Action Plan (NAP). The Karachi Operation was central to this strategy. Additionally, the government launched Operation Zarb-e-Azb against TTP, which crippled the group by 2016.⁵⁸

Contemporary Challenges: Demographic Pressures and Resource Scarcity (2020s)

Pakistan is currently the fifth most populous country, with its population projected to double within thirty-five years.⁵⁹ Prolonged rapid population growth has correlated with worsening environmental degradation and resource scarcity. In the summer of 2022, Pakistan experienced 1.9 times the expected rainfall, resulting in the worst flooding in its history.⁶⁰ The economic damage was estimated at 40 billion USD, increasing state debt to over 200 billion USD.⁶¹ Inflation rose to 27 percent — a 50-year record high — and was forecasted to increase further.⁶² Before this natural disaster, resource scarcity had severely impacted large portions of the population:

- 92 percent of Pakistan could access its drinking water supply system, yet 64 percent of this water was non-potable;
- Food insecurity affected 43 percent of people;
- Electricity was inaccessible to nearly one-quarter of the population; and
- A 10-million-unit housing deficit contributed to 56 percent of the urban population living in slums.⁶³

These statistics have likely worsened given the flood's immense damage, including the loss of 80 to 90 percent of the nation's crops, destruction or damage of over 2 million homes, and continued submergence of one-third of the country.⁶⁴ As a result, the World Bank projected that 37.2 percent of Pakistan's 240.5 million people will be living in poverty throughout 2023, with rural poverty rates expected to be double those of urban areas.⁶⁵

Discussion

Homer-Dixon aligns with neo-Malthusian theorization, arguing demographic pressures create conditions conducive to political unrest and conflict.⁶⁶ However, he asserts that for

aggrieved individuals to resort to violence, two additional factors must be present within a society. First, a group identity must exist that is rooted in ethnicity, religion or class, and the group must possess the capacity for violence.⁶⁷ Pakistan's state policies have actively encouraged and supported such groups, particularly those whose collective identity is Sunni Islam. During the 1980s and 1990s, Sunni militant organizations like SSP received government backing. Although counterterrorism efforts in the early 2000s led to a withdrawal of formal state support, the state continued to promote Sunni groups with a demonstrated capacity for violence.

To reduce the prevalence of extremism and counter the influence of radical Deobandi clerics after 9/11, the Pakistani state and Western governments shifted their support to Barelvi clerics and groups.⁶⁸ Sunni Barelvi Islam was regarded as a more peaceful alternative to Sunni Deobandi Islam despite its exclusionary political identity and its emphasis on enforcing blasphemy laws to protect the sanctity of the Prophet Muhammad.⁶⁹ Blasphemy laws have always existed in Pakistan and are codified in Section 295 of the Pakistan Penal Code. Section 295-A punishes "deliberate and malicious acts intended to outrage religious feelings of any class by insulting its religion or religious beliefs," whereas Section 295-C punishes insults to Islam and the Prophet Muhammad.⁷⁰ While the state has never enforced the death penalty prescribed for insults to the Prophet Muhammad, all other blasphemy offences are punishable by up to life in prison and/or fines.⁷¹

The shift in government-backed ideology and counterterrorism military operations led to a decline in sectarian violence against Shias between 2013 to 2020.⁷² During this period, TLP was formed and rapidly expanded its following. In 2011, a Barelvi man was jailed for murdering the Governor of Punjab after Barelvi clerics had labelled the Governor a blasphemer who should be executed for supporting amendments to soften the blasphemy laws.⁷³ TLP emerged from the

Barelvi movement that advocated for the murderer's release. By 2015, TLP had formalized into a political organization with its foundational principle being the protection of the Prophet Muhammad's honour.⁷⁴ TLP quickly gained public support as Barelvi Muslims form Pakistan's majority and all Pakistani *'ulama* support capital punishment for blasphemy against the Prophet. This was evident in the 2018 election, where they secured the third most votes in Punjab and two seats in the Sindh Assembly.⁷⁵ The existence of TLP fulfills Homer-Dixon's first requirement for political violence: aggrieved individuals had a group to join that shared a collective identity. The group's origins, grounded in support for the perpetrator of a high-profile assassination, imply that TLP also possessed the capacity for further violence.

Homer-Dixon's second requirement contends that for demographic pressure to lead to violence, aggrieved groups must perceive political structures as providing no opportunity for peaceful participation while violent options remain available.⁷⁶ Kahl, however, argues that this second requirement is interchangeable with the existence of an elite who uses the group's grievances to obtain power.⁷⁷ Both variations of the second factor have been evident in Pakistani society since the 2018 election. TLP won no seats in the National Assembly, despite broad public support, severely limiting its ability to force its grievances through formal political channels.⁷⁸ As a result, TLP turned to demonstrations and rallies to pressure the government into reconsidering policies and decisions TLP opposed.⁷⁹ The winning party (Pakistan Tehreek-e-Insaf) ran on a platform of honesty, an alternative to the Pakistan Peoples Party (PPP) and Pakistan Muslim League Nawaz (PML-N) — both of whom were embroiled in corruption allegations.⁸⁰ Once in power though, Prime Minister Imran Khan was increasingly viewed as a puppet of Pakistan's military institutions. This perception was reinforced after the Pakistan

Institute of Legislative Development and Transparency declared the 2018 election unfair due to the military institutions' lack of neutrality.⁸¹

Lending support to Kahl's alternate second requirement, Khan emphasized the enforcement of blasphemy laws during his campaign to broaden his support base.⁸² However, Khan adopted a more progressive stance after becoming prime minister in 2018, publicly voicing support for the acquittal of a Christian woman who had been sentenced to execution for blasphemy and arrested many of those who protested her acquittal.⁸³ Given the deterioration of Pakistan's electoral democracy and actions against the expression of grievances, TLP resorted to violent tactics. In 2021, after a French magazine published cartoons of the Prophet Muhammad that TLP deemed blasphemous and controversy arose over potentially Islamophobic comments by the French president, TLP demanded that diplomatic ties with France be severed.⁸⁴ Subsequently, TLP organized large demonstrations, which are considered to be responsible for the death of at least four police constables, the abduction of eleven police personnel, and the alleged torture of a police deputy superintendent.⁸⁵ The government responded by banning TLP, declaring it a terrorist organization, and arresting its leader and members on terrorism charges.⁸⁶ Nevertheless, within a week, the violent protests by TLP supporters caused the government to rescind these punishments.⁸⁷

Thus far, the application of neo-Malthusianism does not fully explain the increase in sectarian violence since 2020. Aside from the attacks perpetrated by terrorist organizations, blasphemy accusations have become the primary justification for many of the incidents of sectarian violence. Pakistan's judicial system operates at a notoriously slow pace. Although lower courts generally issue harsh sentences in blasphemy cases, these rulings are frequently overturned by higher courts.⁸⁸ As a result, an acquittal does not equate to absolution for the

accused blasphemer who often remains stigmatized alongside their family.⁸⁹ This stigma carries the risk of violence in an environment of increasing extremism, forcing those accused of blasphemy to either flee or go into hiding.⁹⁰ While Pakistan's religious minorities have historically been targeted by blasphemy accusations, recent trends indicate a shift toward targeting Shias. In 2020, 65 percent of the record-breaking 234 blasphemy cases were filed against Shias.⁹¹ The following year, the number of cases surged to 585, with 70 percent targeting Shias and 14 percent resulting in formal charges against the accused.⁹²

Most blasphemy accusations are filed in Punjab, which accounted for 76 percent of cases in 2020, while Sindh registered the second-highest number of cases at 10 percent.⁹³ This distribution contradicts neo-Malthusian expectations, as demographic pressures would suggest that sectarian violence should be more prevalent in Sindh. For the reporting period of 2018/2019, Punjab's poverty rate (16.3 percent) was lower than that of Sindh (24.6 percent), as was the percentage of underweight children (24 percent in Punjab compared to 40 percent in Sindh).⁹⁴ Additionally, the summer flood of 2022 affected only 6 percent of Punjab's land compared to 20 percent in Sindh.⁹⁵ Statistics were unavailable to assess the sustainability of each province's rate of urbanization, which may help explain the unexpected prevalence of blasphemy cases in Punjab. It is important to note that the number of blasphemy cases filed does not necessarily correlate with sectarian violence incidents, as the 'sectarian violence' definition remains contested. In 2021, the Center for Research and Security Studies attributed 65 deaths to sectarian violence, although the religious identity and group affiliations of the perpetrators were unspecified.⁹⁶ 40 percent of those deaths occurred in Balochistan, lending support to neo-Malthusianism.⁹⁷ Amongst Pakistan's provinces in 2018/2019, Balochistan had the highest poverty rate (40.7 percent), with rural poverty (47 percent) being nearly double that of urban

areas (25 percent).⁹⁸ As neo-Malthusianism predicts, Balochistan also had the highest rate of urbanization (4.2 percent) in 2017, although data was unavailable to assess the sustainability of this urbanization.⁹⁹

Since its creation, TLP has regarded aspects of Shia doctrine and practices as blasphemous. However, it has largely restricted its public condemnation and violence to the Christian and Ahmadiyya communities in Pakistan.¹⁰⁰ As shown, this focus shifted in 2020, coinciding with the onset of the COVID-19 pandemic. Neo-Malthusianism would attribute the rise in political and religious extremism to the government's failure to manage the crisis. Why, then, was the state not the sole target of TLP's violence? Returning to Kahl's alternative to Homer-Dixon's second requirement for demographic pressures to cause violence, TLP elites have manipulated grievances to their advantage. As a political organization, TLP's leadership inherently seeks electoral success. It could have directed more effort toward undermining the ruling party, but the opposition had already been vocal in its criticism of Khan.¹⁰¹ Instead, the other barrier to TLP's future electoral success was securing sufficient votes. To achieve this, TLP leveraged intergroup relations to expand its support base.

The in-group and out-group distinction, which intergroup relations theory considers almost automatic, tends to become more pronounced during periods of unrest, such as the COVID-19 pandemic.¹⁰² When group differences are accentuated, the likelihood of conflict increases.¹⁰³ The Sunni-Shia divide was quickly reinforced following reports in April 2020 that Shia pilgrims had returned with the virus, allegedly bringing it to Pakistan.¹⁰⁴ That same month, Twitter users popularized the label "Shia virus."¹⁰⁵ TLP took the opportunity to reinforce sectarian divisions as more aggrieved individuals strongly identified with the Sunni 'in-group' against the Shia 'out-group'. It emphasized the 'blasphemy' inherent in Shia Islam's views of the

Prophet's companions and *caliphs*. By doing so, TLP framed its founding principle — protecting the honour of the Prophet Muhammad — as increasingly relevant, effectively appealing to a broader Sunni support base amidst sectarian tensions.

Neo-Malthusianism explains how demographic pressures create an environment conducive to violence, but Collier and Hoeffler's opportunity approach clarifies why aggrieved individuals actively participate in sectarian violence rather than resorting to free-riding. As evidenced in the discussion of Pakistan's political structures, the opportunity for collective violence exists at a relatively low cost. Pakistani authorities have done little to curb mounting extremism by TLP, and incidents of sectarian violence that police have witnessed have gone unpunished. This inaction stems from authorities fearing for their own safety should they oppose an accusation of blasphemy.¹⁰⁶ While the low risk of consequences increases the value of participation, the free-rider problem remains. TLP lacks physical resources to incentivize participation, so it has exploited religion as a mobilizing tool. Proving oneself as a true follower of the Prophet Muhammad is of utmost importance for all Islamic sects. Public order is perceived as being jeopardized when someone fails to conform or commits blasphemy.¹⁰⁷ Thus, TLP addresses the free-rider problem by associating non-participation with a lack of devotion to protecting the Prophet Muhammad's honour. This framing effectively labels free-riders as 'bad' Muslims. When an accusation of blasphemy increasingly carries the risk of vigilante violence — as is becoming more frequent in Pakistan — the desire to free-ride is significantly reduced.

This willingness to participate is made more prevalent by Pakistan's age structure. As the youth bulge theory outlines, countries are more prone to political violence when youth populations are large, particularly if youth unemployment rates are high.¹⁰⁸ While explicit statistics on Pakistan's population aged 15–24 were unavailable, estimates indicate that 36

percent of the population is aged 0–14 and 32 percent falls within the 10–24 age range.¹⁰⁹ In 2017, 61 out of 100 individuals aged 15–29 were unemployed in Pakistan.¹¹⁰ These figures suggest that the youth bulge theory applies to Pakistan, placing the state at risk of continued conflict for at least another generation. However, the persistent threat of sectarian violence remains particularly concerning. A senior official reported to a parliamentary committee that 90 percent of those involved in sectarian violence related to blasphemy accusations fall within the 18–30 age group.¹¹¹

Conclusion

This study set out to understand whether increasing demographic pressures affected intergroup relations in Pakistan, contributing to persistent sectarian violence. Pakistan's Constitution declared Islam as the State religion in 1973. Despite constitutional protection for freedom of religion, sectarianism has persisted within Pakistani politics and society. Successive governments supported militant groups, founded on Islamic extremist ideologies, for decades. Subsequent state counterterrorism efforts only temporarily reduced sectarian violence, as those efforts would be undermined by the Pakistani government's support of Barelvi clerics and groups. Sunni Barelvi Islam may have been considered more peaceful than the previously supported Sunni Deobandi Islam; yet, its emphasis on enforcing blasphemy laws has fostered sectarian tensions between the Sunni and Shia populations. The application of neo-Malthusianism, opportunity versus grievance theory, and intergroup relations helps to explain the increase in sectarian violence since 2020.

TLP has leveraged demographic pressures to exploit intergroup relations in pursuit of power. Prominent neo-Malthusian, Homer-Dixon puts forward two factors that a society requires for its aggrieved citizens to resort to violence — both are present in Pakistan. First, there must

exist a group based on a shared identity that has the capacity for violence. Second, that group must perceive peaceful participation within the state's political structures as futile while political violence remains a viable option. This study has demonstrated that TLP fulfills this first requirement. It is founded on a shared Barelvi identity and has successfully used violence to push its political agenda after failing to win seats in the National Assembly. Kahl offers an alternative to Homer-Dixon's second requirement: the exploitation of the group's grievances by elites seeking power. Kahl's variation strengthens neo-Malthusianism's explanation of the post-2020 increase in sectarian violence.

TLP sought legitimate representation within Pakistani political institutions, and thus it exploited intergroup relations between the Sunni in-group and Shia out-group to secure more votes. At the outset of the pandemic, reports alleged that Shia pilgrims brought COVID-19 into Pakistan. TLP used the mounting anti-Shia rhetoric to gain wider support by reminding Sunni Muslims of the "blasphemy" underlining Shia Muslims' religious doctrine. To eliminate the free-rider problem — that is to convince Sunni Muslims into joining TLP and committing acts of sectarian violence — TLP equated nonparticipation with being a 'bad' Muslim. If a person were to help persecute blasphemy by helping TLP, that person could reduce his or her risk of being labelled a blasphemer and avoid falling victim to the mounting sectarian violence. This reality is made worse by Pakistan's young population and high levels of youth unemployment. The youth bulge theory suggests that these two factors will cause a continued risk of sectarian violence in the next generation unless demographic pressures are addressed.

Further research should examine how ethnicity influences group identity formation and membership in in-group versus out-group dynamics. It should also explore the role of international actors in shaping demographic pressures and perceptions of political structures.

Additionally, an analysis of insurgent groups may clarify the unexpected prevalence of blasphemy accusations in Punjab, highlighting areas for further investigation. As the climate crisis and economic instability persist, demographic pressures will likely exacerbate sectarian tensions between Sunni and Shia communities if extremist groups are not effectively excluded from the political sphere.

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Argentina: The Anatomy of an Economic Collapse

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Abstract

Severe economic stagnation and hyperinflation in the 1980s compelled the Argentine government to respond with drastic stabilization policies. With the IMF's support, it implemented the Convertibility Plan in 1991, establishing a fixed exchange rate regime. The Convertibility Plan succeeded in controlling hyperinflation in the short term but eventually failed, triggering a severe recession at the end of the decade. Argentina's 2001 economic meltdown is notorious, once constituting the largest public default in history. Argentina's new leadership, led by ultra-libertarian Javier Milei, is implementing shock therapy-style austerity measures in an attempt to thwart escalating inflation. By applying lessons from the 1990s, the paper finds that Milei's policies risk replicating past failures, particularly through insufficient social protections, continued dependency on foreign investment, and limited resilience to external shocks. This analysis highlights the critical need for Milei to prioritize sustainable fiscal management, social protection, and export diversification to stabilize Argentina's economy and ensure long-term socioeconomic well-being.

Keywords: Argentina; Convertibility Plan; inflation; austerity; fiscal policy; dollarization; Javier Milei

Introduction

Argentina's economic trajectory has been a rollercoaster ride spanning decades, marked by moments of prosperity followed by deep-rooted challenges. At the beginning of the twentieth century, Argentina boasted one of the highest per capita incomes globally. However, this was abruptly halted by the Great Depression, which shattered both Argentina's traditional agro-export model and its political stability.¹ In the aftermath of this turmoil, Juan Perón was elected as president in 1946, advocating for import substitution industrialization and extensive social welfare programs. These policies eventually entangled Argentina in a cycle of structural deficits, hyperinflation, and political instability.² In 1989, newly elected President Carlos Menem attempted to stabilize the economy with a neoliberal reform agenda, radically shifting from traditional Peronist policies. Central to his agenda was the Convertibility Plan, which pegged the Argentine peso to the United States dollar (USD).

By the end of 2002, Argentina had a debt-to-Gross Domestic Product (GDP) ratio of 166.7 percent and was contending with the largest national bankruptcy the world had ever witnessed.³ Over the next two decades, successive governments attempted various approaches to manage the debt and stabilize the economy. Despite these efforts, by 2023, Argentina was grappling with its highest inflation rate since the 1990s. Amid widespread frustration, President Javier Milei emerged as a disruptive political figure, branding himself as a self-professed anarcho-capitalist libertarian. Running on a bold platform of dollarization and the dismantling of Argentina's central bank, Milei promised to overhaul the country's economic trajectory. His radical rhetoric struck a chord with voters, leading to his election in 2023. By the end of the year, Milei began enacting sweeping reforms, positioning Argentina as a laboratory of

libertarian reforms.⁴ His policies are now being closely observed worldwide, offering potential insights for other developing economies facing similar challenges.

However, Milei's policies are not unprecedented in Argentina; they resemble the Argentine policies of the 1990s. Therefore, our research aims to utilize the economic reforms of the 1990s as a within-case comparison for evaluating the first year of Milei's reforms. The following question propels our inquiry: How do Argentina's economic policies in the 1990s compare to the reforms implemented by Javier Milei in 2024, and what are their respective impacts on the country's economic stability and socioeconomic conditions?

By examining historical precedents, pertinent literature, and Milei's proposals, we have identified that the absence of concurrent sound fiscal policies, structural reforms, and sufficient social protection measures may result in economic and political instability and exacerbate socioeconomic challenges. We use our findings to offer policy recommendations for sustainable growth that mitigates adverse socioeconomic effects.

Methodology

This study adopts a mixed-method approach to analyze Argentina's economic policies over time and assess the policy parallels and potential effects of President Javier Milei's recent reforms. To evaluate the 1990's Convertibility Plan, we conduct a historical and quantitative analysis using primary data from government and international sources. This section examines the Convertibility Plan's impact on macroeconomic indicators, including GDP growth, inflation, unemployment, and assesses why the policy ultimately failed.

To address the current economic plan under Milei, we focus on the policies he has introduced or proposed, assessing them against the historical context of the Convertibility Plan. Given the recency of Milei's reforms, the study uses grey literature and government data. A within-case comparative analysis is used to identify parallels and divergences between the

Convertibility Plan and Milei's policies, aiming to understand potential socioeconomic consequences. Finally, we synthesize findings to propose evidence-based recommendations.

Argentina's Economic Reforms in the 1990s and Their Impacts

By the late 1980s, Argentina faced a severe economic crisis, characterized by hyperinflation, massive public debt, and economic stagnation. Inflation reached an astronomical 3,046 percent in 1989, eroding savings and wages and creating widespread economic instability. In 1989, against this backdrop of financial chaos, President Carlos Menem took office and introduced a series of radical economic reforms.

In April 1991, Menem's administration enacted a drastic exchange rate reform called the convertibility regime. This was accompanied by additional fiscal and structural reforms that together made up the Convertibility Plan. With convertibility, the government sought to bring down hyperinflation and stabilize the economy by suddenly and radically shifting toward neoliberal economic policies, a strategy commonly referred to as shock therapy.⁵ The International Monetary Fund (IMF) supported the Convertibility Plan through five financing arrangements in the 1990s and policy advice to ensure the success of convertibility.

The key components of the plan were as follows:

1. *Currency board*: The Convertibility Plan consisted of a currency board system that fixed the exchange rate at one Argentine peso per USD. This system meant a peg of the nominal exchange rate and a commitment to a fixed exchange rate and thus did not allow the real effective exchange rate of the peso to depreciate when necessary.⁶
2. *Partial dollarization*: The Convertibility Plan established partial dollarization by allowing the use of foreign currencies as a form of payment and in contracts.
3. *Central bank*: To prevent the bank from printing money to finance government deficits, all money creation that was not backed by foreign exchange reserves or by foreign capital inflows was prohibited.⁷ The central bank was also required to back two-thirds

of the monetary base with international reserves.⁸

4. *Expenditure*: The government increased non-discretionary spending at the beginning of the Convertibility Plan, increased its interest payments, and decreased its discretionary expenditure, particularly after 1995.⁹
5. *Debt management*: The government sought to improve the composition of public debt by increasing its maturity and maintaining a three-month liquidity reserve as a buffer against unexpected downturns.¹⁰
6. *Taxation*: Menem's government increased taxes on income, personal net worth, and consumption through channels such as the value-added tax (VAT).¹¹ However, even though the government aimed to improve tax collection, there was widespread evasion and weak tax legislation, especially concerning income tax.¹² Lastly, a new revenue-sharing ceiling was established between the federal and provincial governments, with all tax revenues exceeding the threshold remaining with the federal government.¹³
7. *Trade*: Market-oriented reforms such as liberalization and deregulation were introduced to promote efficiency and productivity.¹⁴ In foreign trade and investments, the government pursued an open-door policy. It eliminated most export taxes and quantitative import restrictions and reduced import duties.¹⁵ A new tariff structure was enacted in March 1991, with average tariffs decreasing by 10 percent.¹⁶
8. *Foreign investment*: The government encouraged new and often international firms to enter the local market and permitted free entry and exit of portfolio and direct investment, thus eliminating restrictions on capital movements.¹⁷
9. *Privatization*: The government privatized almost all public services, such as telephones and communications, petroleum, transport systems, and electricity. The government also reduced or eliminated public subsidies to enterprises and sold over 30 state public enterprises in under three years.¹⁸

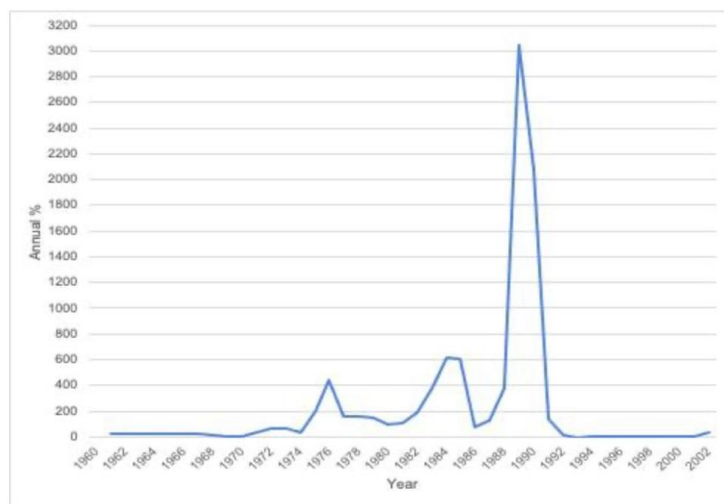
10. *Pensions*: The public pay-as-you-go system was replaced by a privatized system that combined public transfers and private capitalization.¹⁹ Proceeds from privatization were used for current expenditures rather than debt reduction, contributing to Argentina's debt burden throughout the 1990s.²⁰

11. *Labour*: There was a flexibilization of labour laws and “precarization of labor markets.”²¹ During the Convertibility Plan's expansionary phase from 1991 to 1994, many part-time jobs were created, resulting in widespread underemployment.²²

Socioeconomic Effects

The fixed exchange rate, along with fiscal and structural reforms in the Convertibility Plan, resulted in a better-performing Argentine economy, particularly from 1991 to 1994.²³ Together, the reforms helped the government achieve its primary goal by curbing hyperinflation in the short term.²⁴ After being as high as 3,046 percent in 1989, inflation (annual percent) dropped from 140.5 percent in early 1991 to 16 percent in 1992 and remained comparatively low until 2001.²⁵

Table 1: Argentina Inflation, GDP deflator (annual percent)



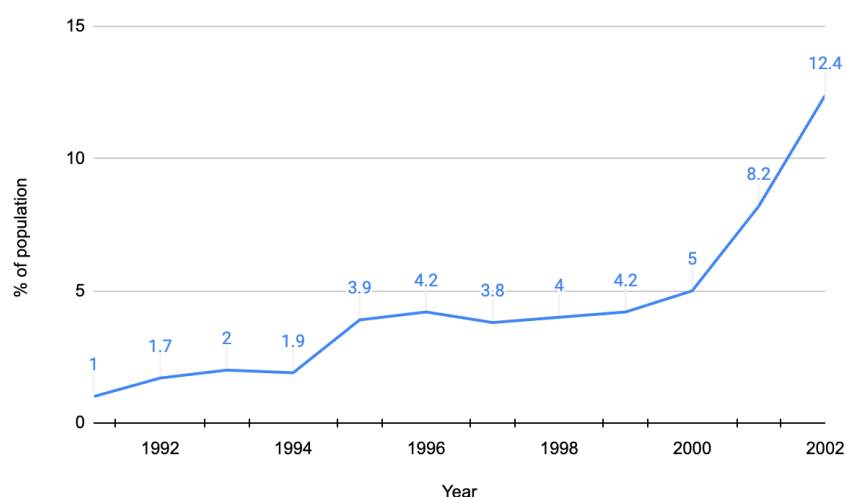
Source: World Bank Data, accessed on April 7, 2024

In this “expansionary phase,” significant net capital inflows had surpassed the current account deficit and enabled Argentina to build up its foreign reserves, spur credit growth in domestic markets, and restore economic stability.²⁶ In 1993, the government issued a decree to reduce restrictions on foreign direct investment (FDI), which facilitated the rise of such investments until 1999 (see Table 8), during which foreign-owned companies accounted for nearly half of big businesses and contributed substantially to the economy.²⁷

This initial phase of the Convertibility Plan boasted an annual average GDP growth rate of around 7.7%.²⁸ Moreover, the policy was popular among Argentines because the fixed exchange rate regime ended hyperinflation without initially causing an economic slowdown. Such political support was crucial in the rollout of tough fiscal measures.²⁹

However, the benefits were unevenly distributed. The flexibilization of labour laws led to rising inequality in the workforce and in the early 1990s there was income redistribution to the wealthiest 10 percent of earners, which became more pronounced in 1994.³⁰ During this period, absolute poverty began to increase.³¹

Table 2: Argentina Poverty Headcount Ratio at 2.15 USD a day (2017 PPP) (percent of population)

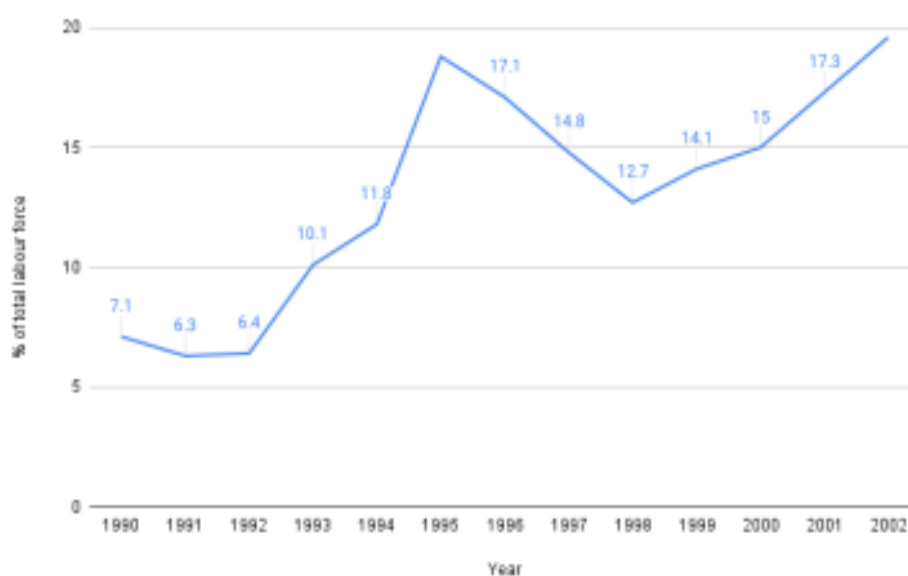


Source: World Bank World Development Indicators, accessed on April 8, 2024

In 1995, Argentina underwent a brief contractionary phase caused by the ripple effects of the devaluation of the Mexican peso (the Tequila Crisis).³² To keep its pegged exchange rate viable, the Argentine authorities implemented painful measures, such as increased value-added tax (VAT) cuts to public sector wages, and allowing contractual labour agreements, which shored up market confidence in the peg.³³ The average real income plummeted, unemployment and poverty increased, and income inequality worsened significantly.³⁴ Despite these effects, the IMF saw the ability of the Argentine economy to survive the crisis as a reason to renew its support for the Convertibility Plan, disbursing a “rescue package” of 11 billion USD to the country.³⁵

In a quick expansionary phase between 1996 and late 1998, capital inflows surged and fuelled economic growth.³⁶ During this period, average income and employment levels started to climb, although jobs were low-paying and lacked social protections.³⁷ Both indicators ultimately fell again; by the end of 1998, average real income was 11 percent lower than it was in 1994.³⁸

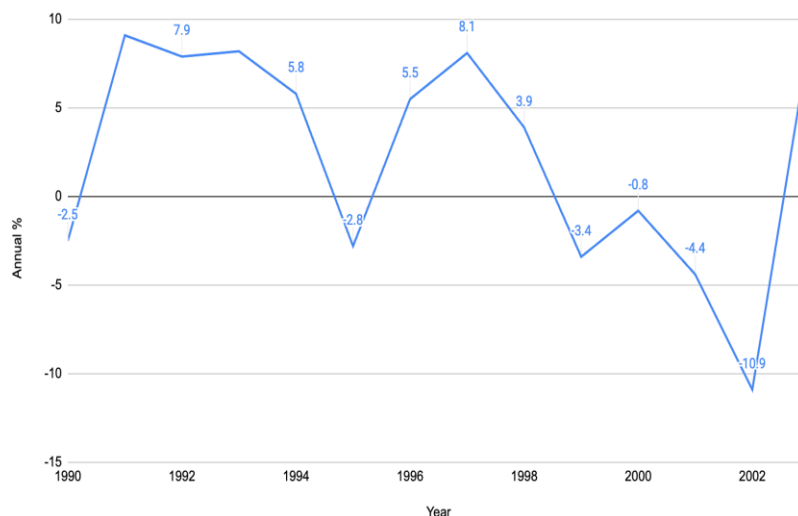
Table 3: Argentina Total Unemployment (percent of total labour force) (national estimate)



Source: World Bank World Development Indicators, accessed on April 8, 2024

Argentina's economic performance began to deteriorate significantly in the latter half of 1998, with GDP plummeting from 298.95 billion USD in 1999 to 97.92 billion USD by 2002.³⁹ By the end of 1999, the debt-to-GDP ratio had reached 47.6 percent, climbing to 62 percent by the end of 2001. Solvency concerns increased after catastrophic external shocks from 1998-1999, and Argentina's inability to adjust its current account deficit and exchange rate exacerbated the situation.⁴⁰ Despite significant financial support from the IMF, Argentina could not rebound when this support was halted in December 2001. In early 2002, the administration formally abandoned the convertibility regime, signaling the end of a tumultuous era marked by initial hope but ultimately resulting in economic turmoil. What followed was a painful depression culminating in the country's sovereign debt default in December 2002.⁴¹

Table 4: Argentina GDP growth (annual percent)



Source: World Bank Data, accessed April 1, 2024

Why Did the Convertibility Plan Fail?

Fiscal Policy

The most cited reason⁴² for the failure of the Convertibility Plan and Argentina's tumultuous economy in general is its chronic fiscal deficits.⁴³ Going into the 1990s, Argentina's government spending was unsustainably high and provinces could spend without

the approval of the central government.⁴⁴ Argentina also had an issue with collecting money from its inefficient tax system (Table 5).⁴⁵ Therefore, it borrowed and printed money to finance fiscal deficits, resulting in significant debt and out-of-control inflation, ultimately leading to an economic overhaul in the 1990s.

Table 5: Tax revenue (percent of GDP)

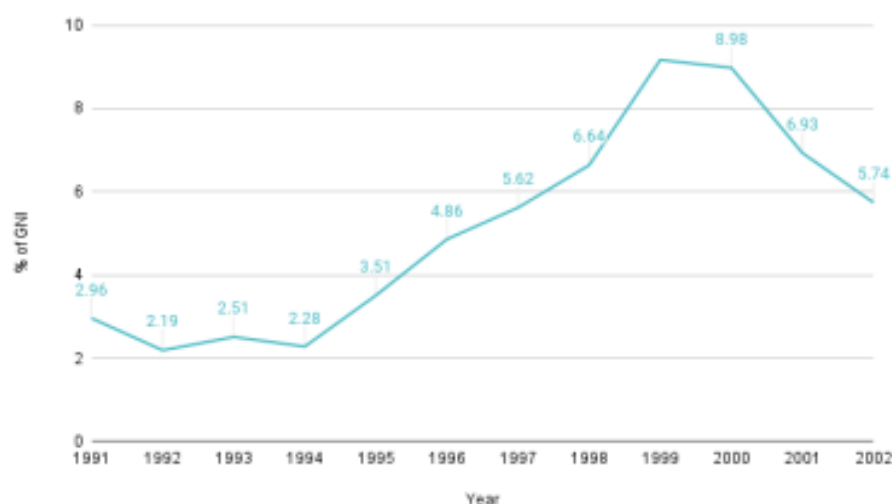
	1990	1999	2021
Argentina	4.8	9.1	11.5
Brazil	unavailable	unavailable	15
Chile	13.3	15.1	19.6
Colombia	unavailable	13.5	14.4
Peru	10.7	13	16.1
South Korea	13.4	12.8	16.7

Source: World Bank Data, accessed on April 7, 2024

During the 1990s, as Argentina's GDP grew, it would have been ideal for the government to accumulate wealth by generating a large fiscal surplus. Doing so would have provided more options for fiscal stimulus once subsequent economic crises hit.⁴⁶ While Argentina initially succeeded in decreasing deficits, it never successfully operated with a large surplus and continued to spend beyond its fiscal capacity.⁴⁷ Furthermore, tax reforms were insufficient, contributing to a lack of revenue. With the limits on the central bank's ability to print money under the Convertibility Law, the government was forced to finance deficits through borrowing.⁴⁸ Therefore, despite rising GDP, Argentina accumulated foreign debt throughout the 1990s. The debt-to-GDP ratio, which stood at 25 percent in 1992, soared to 40.8 percent by 2000.⁴⁹ While a 40.8 percent debt-to-GDP

ratio was not usually concerning, unique circumstances in Argentina — including their export market’s susceptibility to external shocks, the large percentage of debt denominated in foreign currency, and their dependency on foreign investment — made this debt very risky. As a result of high levels of debt, a growing percentage of Argentina’s Gross national income (GNI) was allocated toward debt servicing (Table 6), resources that could have been used for social programs or economic development. The alarming increase in debt, debt servicing levels, and Argentina’s history of missing payments signalled to investors an inability to manage fiscal policy effectively, raising concerns about Argentina’s perceived economic stability and risk of default.⁵⁰

Table 6: Argentina Total Debt Service (percent of GNI)



Source: World Bank World Development Indicators, accessed on April 8, 2024

Vulnerability to External Shocks

While Argentina navigated the Tequila Crisis relatively well, subsequent external shocks proved far more challenging. In early 1999, Brazil abandoned its crawling peg exchange rate. This decision resulted in a depreciation of the Brazilian real against the USD, making Brazilian exports more competitively priced on the global market and plunging Brazil

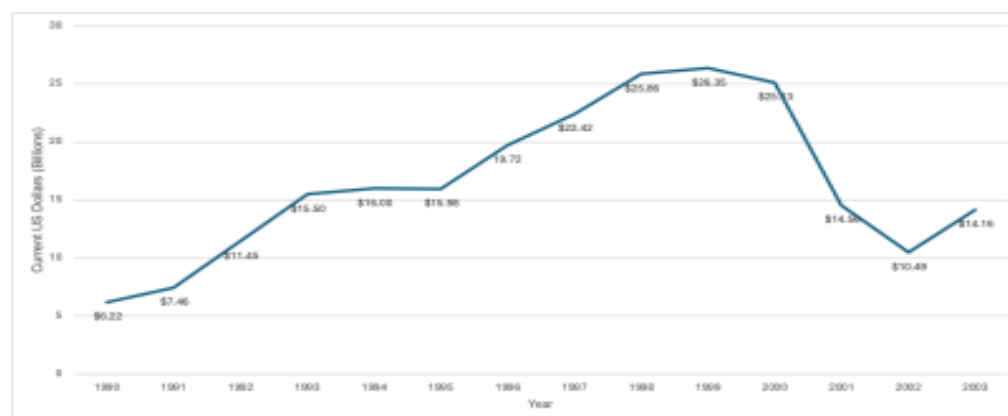
into a severe economic crisis. The repercussions of Brazil's crisis were felt particularly hard in Argentina, its largest trading partner and a direct competitor in international markets. The sudden depreciation of the Brazilian real impacted Argentina's export-oriented economy and led to a sharp contraction in its GDP.⁵¹ Simultaneously, the Russian crisis of 1998 and the appreciation of the USD further exacerbated Argentina's economic struggles, particularly as the prices of agricultural products, a key export for Argentina, plummeted.⁵² At the end of the 1990s, capital flows reversed away from emerging economies driven by events such as Brazil's currency crisis (1998–99), the Russian financial crisis (1998), and the Asian financial crisis (1997–98). Consequently, as the perceived risk of solvency heightened in 2000, Argentina witnessed dwindling FDI and depletion of its foreign reserves (Tables 7 and 8).⁵³

Table 7: Argentina Foreign Direct Investment, net inflows (percent of GDP)



Source: World Bank World Development Indicators, accessed on October 25, 2024

Table 8: Argentina ARG Total reserves (includes gold, current USD)



Source: World Bank Data, accessed April 1, 2024

While these external shocks would have posed formidable challenges to any emerging market, Argentina was exceptionally vulnerable. Firstly, its export market was dominated by primary agricultural goods, which are highly susceptible to fluctuations in international prices. Secondly, a central component of the Convertibility Plan was to attract foreign investment, which proved successful. However, insufficient attention was given to domestic savings, leading Argentina to become overly dependent on international financing.⁵⁴ Lastly, because of Argentina's adherence to the Convertibility Plan and resulting lack of monetary autonomy, it could not adjust the exchange rate; this limited its ability to respond effectively to external shocks and mitigate adverse effects. Had Argentina abandoned the convertibility regime sooner, it would have had the necessary tools to adjust to external shocks, mitigate economic disruptions, and potentially avert the severe downturn of the late 1990s.⁵⁵

Electoral Politics and Governability

President Menem (1989-1999) encountered significant challenges in passing necessary reforms due to a fragmented political landscape and pressure on legislators from powerful interest groups. Consequently, Menem resorted to the liberal use of executive decrees to push through his agenda. Circumventing parliament became a customary trait of Menem's governing

style, casting doubt on his legitimacy.⁵⁶ Furthermore, decisions favoring political survival often took precedence over economic stability during electoral cycles.⁵⁷ For instance, in his pursuit of a second term, Menem relied heavily on political favours, compromising essential fiscal reforms. Elections also saw increased spending, exacerbating Argentina's economic strains. Political considerations often trumped prudent economic management, worsening fiscal imbalances, and undermining investor confidence.⁵⁸

Argentina After Convertibility: The Lead-up to 2024

In the two decades following the crisis in 2002, the country has primarily been governed by leaders associated with left-leaning policies, particularly during the Kirchner administrations (2003-2007 under President Néstor Kirchner and 2007-2015 under President Cristina Fernández de Kirchner). The Kirchners initially brought economic recovery and popular support, but were later criticized for contributing to high inflation, growing debt, and economic stagnation. For instance, the price of cattle increased exponentially at the end of 2010 owing to Nestor Kirchner's imposition of price controls on Argentine beef exports, which were meant to increase the domestic availability of beef and subsequently decrease local prices, but instead discouraged ranchers who relied on profits from exports from raising cattle.⁵⁹ President Mauricio Macri (2015-2019) also saw initial success by increasing international borrowing but was thwarted by a currency crisis that led to a run on the peso.⁶⁰ In 2018, Macri negotiated the largest loan in IMF history at 57 billion USD.⁶¹ In 2019, the country returned to left-leaning governance under Alberto Fernández, with Cristina Fernández de Kirchner as Vice President. Fernández waived the outstanding disbursements while renegotiating for a 44 billion USD IMF loan instead. A stipulation of this agreement included quarterly assessments of Argentina's fiscal and monetary policy commitments, with disbursements conditional on economic performance and adherence to IMF policy mandates.⁶²

Inflation has remained a macroeconomic mainstay within the Argentine economy. Fernández contended with a bloating annual inflation rate of 142.7 percent as of April 2023, dwindling dollar reserves, and half of all children living in poverty.⁶³ Fernández's fiscal policies were expansionary throughout the COVID-19 pandemic. In 2022, social spending increased by 8.1 percent in real terms. Unemployment fell from 9.6 percent to 6.9 percent from the beginning to the end of 2022.⁶⁴ Midway through 2022, Argentina's gross public debt (inclusive of public sector liabilities) amounted to 79 percent of its GDP, a staggering sum.

Javier Milei's Economic Reforms in 2024

Enter Javier Milei, a right-wing populist who made many bold proclamations on the campaign trail with a core commitment to rein in inflation with shock therapy-style austerity. Milei vowed to tackle inflation by disbanding the Argentine central bank, which he views as a deeply corrupt institution. He ran on scrapping the peso for the USD. He pledged to eliminate multiple federal ministries while relying on the private sector to supplement the substantial reduction in ministries like education and health. On social issues, he supports same-sex marriage and gun deregulation, denies the existence of anthropogenic climate change, and is virulently opposed to abortion and sex education curriculum.⁶⁵

Since his inauguration on 10 December 2023, Milei's main goals have been disinflation, managing the fiscal deficit, and exerting exchange rate controls. Intending to reduce public spending by 5 percent of GDP by the end of 2023, Milei slashed fuel and transportation subsidies.⁶⁶ By January 2024, the peso had been devalued by 54 percent, with an additional 2 percent crawling devaluation each month. The logic behind currency devaluation is to stimulate foreign investment while also boosting the competitiveness of exports to increase revenue generation. Whatever the intended rationale behind the policy, since the peso devaluation, millions have slipped into destitution as poverty rates shot up from 41.7 percent to an average of 52 percent in the first six months of 2024.⁶⁷ Price freezes enacted by the previous

administration on essential consumer goods were scrapped. An inflation rate of 276.2 percent in February 2024, which was more than double February 2023 levels, constituted the country's fastest inflationary gain in three decades.⁶⁸ 'Things will get worse before they will get better,' as the adage goes; these sentiments are frequently repeated by Milei and IMF officials. Indeed, the inflation rate began to fall after April 2024, reaching a rate of 209 percent as of September and signaling five months of disinflation for Argentina.⁶⁹ This could perhaps serve as evidence of the first stages of Milei's shock therapy working as intended.

On 20 December 2023, Milei issued Decree 70/2023. As an emergency measure, the decree composed 366 articles that unilaterally sought to change existing laws to deregulate the Argentine economy without congressional approval.⁷⁰ It included provisions affecting the public sector, labour, foreign trade, mining, energy, justice, and health.⁷¹ Notable changes involved privatizing state-run energy, banking, and aviation; reducing severance packages; abolishing rent control; allowing rent to be set in USD; extending employee probation from 3 to 8 months; and making union organizing a legitimate fireable offense.⁷² Although the decree's articles took effect on 29 December 2023, the Senate voted to overturn it on 14 March 2024, citing its unconstitutionality.⁷³

After six months of tense debates and heavy revisions to the bill, the Argentine Senate passed Milei's sweeping package of pro-market reforms, known as the omnibus bill. Although the effects of the reforms will not be immediate, this narrow-yet-successful victory for Milei symbolizes political support for controversial changes.⁷⁴ The bill endows Milei with extraordinary legislative powers until mid-2025, enabling him to enact decrees on administrative, economic, financial and energy-related issues without going through Congress.⁷⁵ It incentivizes long-term investments in key sectors like energy, agriculture, mining and infrastructure, offering investors 30 years of tax exemptions and customs and foreign exchange benefits for projects amounting to over 200 million USD.⁷⁶ Critics fear the

repercussions on small and medium-sized Argentine companies, which will struggle to compete with large multinationals seeking to benefit from these incentives.⁷⁷ Two government-owned companies in the airline and energy industries will be open for privatization. Although the bill rewards employers complying with labour regulations, it also flexibilizes employment by removing penalties for hiring informal workers.⁷⁸

Table 9: The Convertibility Plan and 2024 Policies: A Comparative Summary

	The Convertibility Plan of the 1990s	Milei's policies from 2024 onwards (updated as of September 2024)
Objectives	<ul style="list-style-type: none"> ● Bring down hyper-inflation ● Stabilize the economy 	<ul style="list-style-type: none"> ● Reduce the rate of inflation ● Address the fiscal deficit ● Reduce the trade deficit
Exchange rate policy as the initial stabilization device	Currency board system: One-to-one peg of the Argentine peso to the USD	Currency devaluation
Economic policies and structural reforms	<ul style="list-style-type: none"> ● Partial dollarization (allowed the use of foreign currencies as a form of payment and in contracts) ● Prohibited the central bank from inflationary financing of government deficits ● Required the central bank to back $\frac{2}{3}$ of monetary base with 	<ul style="list-style-type: none"> ● Reducing public spending (e.g., by pursuing a zero deficit policy, eliminating or restructuring social subsidies, decreasing transfers to provinces) ● Attempting to recalculate pensions ● Privatizing two state-run enterprises ● Attempting to flexibilize labour contracts, reduce severance pay ● Raised taxes on top exports, such as soy

	The Convertibility Plan of the 1990s	Milei's policies from 2024 onwards (updated as of September 2024)
	<p>international reserves</p> <ul style="list-style-type: none"> • Expenditure control (e.g., by increasing non-discretionary spending and interest payments) • Established a ceiling for provincial transfers • Privatized the pension system, and nearly all state-run and public enterprises. • Reduced or eliminated public subsidies to enterprises. • Flexibilized labour policies • Used proceeds from privatization for current expenditures rather than debt reduction • Trade liberalization and market deregulation • Sought to increase taxes on income, personal net worth, and consumption 	<ul style="list-style-type: none"> • Aimed to reduce Personal Property Tax, and reducing the Wealth Tax • Reintroducing income taxes

	The Convertibility Plan of the 1990s	Milei's policies from 2024 onwards (updated as of September 2024)
Actual effects (exchange rate policies and other reforms)	<ul style="list-style-type: none"> ● Hyperinflation curbed to double digits in the early 1990s and stayed low until 2001 ● 1991-1994; 1996-late 1998: Huge net capital inflows; current account deficit; foreign reserves accumulated; GDP growth; underemployment, unemployment, and income inequality rose ● Absolute poverty began to increase in 1994 ● The failure of the Convertibility Plan eventually led to a deep recession in 1998-2002 	<ul style="list-style-type: none"> ● Prices of basic goods increased with removal of price freezes ● Decline in the purchasing power of Argentines ● Poverty increased from 41.7% to an average of 52% in the first six months of 20

Analysis

Milei's Governability

With Milei's libertarian coalition possessing only 15 percent of the seats in the lower house and 10 percent in the Senate, implementing his radical policies has been

challenging.⁷⁹ This could change in the 2025 midterm elections, where his party, *La Libertad Avanza*, aims to gain a majority in Congress.⁸⁰ For now, he has formed a coalition with the main conservative bloc, *Juntos por el Cambio*, but still faces significant opposition from parties further left.⁸¹ Complicating things further, his party has not been elected to any of Argentina's 24 governorships, and relations with governors have grown tense.⁸²

The Milei administration has so far depended on executive orders to pass much of its legislation. This has made Milei's party enemies in an already divided congress, who voted to overturn his emergency decree due to its unconstitutionality. In the 1990s, President Menem also relied on executive orders to "govern by decree" and pass his unpopular laws.⁸³ Menem's poor diplomacy drew animosity among the parliamentarians and senators, weakening his ability to govern effectively across the aisle. Milei, though swept into office by his hardline rhetoric, should be cautious not to make Menem's mistakes, veering away from "autocratic tendencies" and instead compromise on policy and gain favour among his contemporaries.⁸⁴

Beginning on 24 January 2024, Milei's policies sparked a historic general strike in a country renowned for its public revolts. The strike effectively shut down Argentina, with even the more conservative unions sympathetic to much of Milei's rhetoric joining the throngs of protests in Buenos Aires.⁸⁵ Underscoring the growing unrest, hundreds of thousands of students and teachers came together in April 2024 to protest spending cuts to public universities.⁸⁶ While winning the election by a decisive margin, how long will Milei retain popular support, especially as his policies have begun to deliver the pain he promised?

Since it is Milei's first year in power, the urgency of these challenges may not be as pronounced as they will become during his pursuit of re-election. It will be crucial to observe whether Milei can uphold the integrity of his plan through electoral cycles, unlike Menem, who

ultimately compromised on pivotal policies to cling to power. On one hand, Milei's strategy hinges on successfully implementing all reforms, yet risking popularity in the process poses a significant threat. A shift in leadership could lead to a complete overhaul of the strategy, resulting in renewed uncertainty and potentially undoing Milei's progress.

Fiscal Policy: Will Milei be able to tackle budget deficits?

In his discourse, Milei is adamant about tackling the major fiscal issues that led to the failure of the Convertibility Plan, including fiscal deficits, provincial expenditure, and low tax collection. One of Milei's "non-negotiable" policy priorities is to achieve zero deficit which he succeeded in doing in the first two months of 2024.⁸⁷ Milei's administration plans to maintain this surplus through harsh spending cuts and increased revenue. To curtail government expenditures, Milei has started with immediate cuts to public sector positions and transportation subsidies and has plans to reduce energy and non-discretionary transfers to provinces.⁸⁸ Efforts to increase revenue include raising export taxes and a proposed increase in income tax,⁸⁹ contingent upon the successful passage of his ongoing tax reforms and the pledged comprehensive overhaul of the tax system.⁹⁰

In addition to cutting public jobs and subsidies, 38 percent of the public expenditure cut that has been implemented thus far in 2024 went to contributory pensions.⁹¹ The rationale for this cut is similar to pension privatization in 1994: to increase national savings and to reduce the burden of retirement funds on the state's finances.⁹² Through privatizations, Milei wants to minimize the state's role in the pension system by shifting from defined benefits to defined contributions, effectively transferring the responsibility for pension contributions to workers. This has been shown to have a significant negative effect on pension benefits, which would cause old-age poverty to rise and the need for public support to increase.⁹³

Breaking free from Argentina's history of fiscal deficits will be critical to achieving the economic goals of lowering inflation and debt and increasing investor confidence. Although

successful to date, sustainability is uncertain, given rising inflation and the potential necessity of boosting social spending to counter adverse socioeconomic effects.

The Spectre of Debt

In March 2023, Argentina's national government debt amounted to 80.3 percent of its nominal GDP, and as of the most recently available statistics, its national government debt sits at 406.9 billion USD.⁹⁴ In what seems to be a savvy move to tackle debt overhang, Milei's government exchanged 55 trillion pesos, about 77 percent for its peso debt, into local bonds and extended the maturity of the bonds until 2028.⁹⁵ This will greatly reduce the government's need to print pesos to cover debt payments and servicing.⁹⁶ This debt-to-bond exchange will help to immediately strengthen the central bank's balancing sheet while shedding some of the debt-related sluggishness hindering Argentina's economic growth.

In January 2024, Milei oversaw a 4.7 billion disbursement from the IMF, which continues to work closely with his administration to inform monetary and fiscal policies.⁹⁴ The IMF has a projected payment schedule for Argentina that reaches as far into the future as 2042.⁹⁷ This forecast shows that even with the tightest budgetary discipline, the spectre of Argentine debt is never going to be settled in a single president's term and will likely continue to be a salient structural feature of the Argentine economy. Whether Milei's administration will grow or cut its debt remains to be seen. Tactics such as those described indicate Milei's intention to reduce the national government debt in dynamic and potentially effective ways.

Another key reason for the failure of the Convertibility Plan and the ballooning debt throughout the 1990s was the loss of revenue after the state's Social Security agency was privatized. The collected revenue, which had previously filled government coffers, was suddenly diverted to private entities.⁹⁸ The revenue gained from privatizing was often immediately applied to debt reduction, offering some immediate relief. However, in the long term, efficient public enterprises are a consistent source of revenue.

Resilience to External Shocks

Monetary Autonomy

There is a consensus in the literature that external shocks were a major driver behind the Convertibility Plan's failure.⁹⁹ The Argentine central bank's inability to print its own currency meant it had to continue borrowing to gratify its swelling debt servicing costs. This was the main reason why its debt ballooned despite gutting much of the fiscal spending that had characterized the Argentine welfare state for decades.¹⁰⁰ In our highly globalized world, external market shocks seem inevitable and challenging to anticipate. COVID-19 exposed the fragility of global supply chains with many governments introducing protectionary measures in response. These challenges underscore the importance of maintaining monetary flexibility — something that will be critical for Milei's economic strategy.

While harsh, the devaluation of the peso is better than the peso-dollar peg of the Convertibility Plan because it retains the nation's monetary sovereignty. Unlike the peg, devaluing the peso does not relinquish Argentina's monetary controls to the whims of a foreign government. Therefore, Argentina can respond to market fluctuations by altering interest rates, exchange rates, and liquidity in ways that align with its own national interests instead of being beholden to American interests.

However, Milei's push for partial dollarization could change this dynamic. Although he initially advocated for the full adoption of the USD, he is now promoting a strategy of "endogenous dollarization."¹⁰¹ This approach envisions a gradual shift towards using the USD alongside the peso, driven by natural spending behaviours within Argentina. To encourage this, Milei has tightened the supply of pesos and incentivized Argentines who hold US dollars to spend them. This strategy, however, faces significant challenges due to the tendency of Argentines to hoard dollars as a stable store of value while spending pesos, which further

devalues the national currency. Since Milei's election, dollar deposits in banks have increased by 82 percent, but consumers continue to use pesos for everyday transactions.¹⁰²

If Milei's goal of partial dollarization succeeds, it could stabilize prices, but may also strip Argentina of control over its monetary policy. The overvaluation of the USD for an export economy like Argentina would mean their exports would be comparatively much more costly to foreign markets, hence losing competitiveness. This remains a prime consideration Milei must account for in his decision to continue to pursue dollarization, endogenous or not.

Dependency on Foreign Investment

Throughout the 1990s, Argentina underwent significant liberalization efforts to attract FDI to bolster short-term economic growth, modernize capital stock, and acquire foreign currency to service debt. This strategy worked, as Argentina became the largest emerging-market borrower in international markets.¹⁰³ However, when external shocks spooked these investors, many suddenly pulled out, leaving Argentina without a primary source of foreign currency. A primary tenet of Milei's plan is also increasing FDI, which, in these early stages, has already shown signs of working.¹⁰⁴ FDI is key to economic growth and is necessary for a country attempting to accumulate foreign reserves, yet there is a risk of Argentina becoming overly dependent on FDI, neglecting alternative strategies such as domestic savings for capital accumulation.¹⁰⁵

While it is too early to tell whether Milei will successfully stimulate domestic savings, this strategy will be an uphill battle. Domestic savings rely on household and business savings as the primary domestic source of funds for capital investment.¹⁰⁶ However, enhancing domestic savings necessitates increasing disposable income and returns from interest which are difficult to achieve with mounting unemployment and hyperinflation.¹⁰⁷ As for government savings, Milei will have to double down on his efforts to improve tax collection, a prospect unlikely to materialize soon.

Over-reliance on Primary Agricultural Goods

As previously noted, external shocks in the 1990s significantly impacted Argentina's export-based economy's competitiveness and undermined the Convertibility Plan's success. Central to this issue, Argentina continues to rely on the export of primary agricultural goods, such as soybean products, corn, and wheat. However, a downward shift in the global price of agricultural commodities or reduced competitiveness of Argentine exports could derail Milei's zero deficit strategy. Given the susceptibility of agricultural commodities to price fluctuations, Argentina should aim to diversify its range of tradable goods to decrease its commodity dependence. While the export of high-tech agricultural machinery has recently gained traction in global markets, long-term stabilization of the Argentine economy lies in greater investment in secondary and tertiary industries to diversify its exports.

Conclusion

Milei's devaluation policy and initial reforms have effectively managed the fiscal deficit and slowed monthly inflation growth. Yet, sustaining economic gains demands comprehensive reform and broad cooperation across sectors and governance levels. Therefore, based on our analysis, we have the following policy recommendations.

Governability: Despite Milei's popularity among Argentines, he lacks the political capital to institutionalize the necessary reforms. To pass his party's economic reform package, Milei relied on negotiations across political lines and had to accept significant revisions to gain the support of key political allies. To have the greatest chance of success in advancing his reforms, Milei needs to continue to build a diverse coalition across the political spectrum and commit to collaboration and earnest dialogue between Congress and the Argentine public.

Social policy: Milei's sharp devaluation of the peso and steep cuts to social spending have curbed public consumption. The purchasing power of working-class Argentines was

halved, and poverty increased to record levels in February 2024. In the 1990s, the absence of social protection measures made lower-income households especially vulnerable to the adverse effects of austerity measures.¹⁰⁸ Ensuring these people do not bear the brunt of Milei's shock therapy is non-negotiable. Having committed to not neglecting social policy.¹⁰⁹ Milei has increased support for selected food programs, families with children and pregnant women, and introduced educational assistance for middle-income families.¹¹⁰ However, it remains to be seen if this is enough to keep even more Argentines from destitution. To avert another depression, Milei must remain vigilant to signs of socio-economic deterioration and fortify social protection measures swiftly and effectively.

Fiscal and monetary policy: Milei must focus on advancing tax reforms and controlling provincial spending to address both spending and revenue shortfalls, thereby avoiding chronic deficits. In pursuing dollarization as part of his monetary policy, Milei must exercise caution to prevent reduced monetary autonomy and repeating monetary policy-related pitfalls of the Convertibility Plan.

Debt management: Milei must heed Argentina's past errors and avoid the loose management of debt that led to the country's crisis in the late 1990s. Given Argentina's history of default, it is crucial to recognize the likelihood of a lower debt-to-GDP threshold to maintain investor confidence. To avoid growing debt, the government should consider allocating revenue generated from privatization toward debt repayment.

FDI and trade: To avoid an overdependence on FDI, Milei must encourage domestic savings to build capital as an additional source for investment. In addition, Argentina should diversify its exports and avoid pigeonholing itself into producing primary agricultural goods to mitigate the adverse impact of external market forces.

By implementing these recommendations, Argentina can chart a more sustainable path toward economic prosperity for all.

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Health Sector Donor Coordination in Ethiopia and Nigeria: A Comparative Case Study

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Abstract

Development assistance for health (DAH) and the number of foreign aid donors have both increased significantly. Many of these donors fund their own interventions, leading to uncoordinated aid in recipient countries. This paper explores the following question: What are key strategies for donor coordination in the health sector? This paper evaluates and compares two DAH case studies — a case of duplication of donor efforts in Nigeria, and a case of successful coordination of donor efforts in Ethiopia. Two key implications for donor coordination arise from the comparative case study: 1) Donors should direct efforts toward helping recipient countries build institutional capacity, and 2) Donors should align their interventions and funding with recipient countries' national priorities, systems, and programs. These implications are significant in order to enhance aid effectiveness and development outcomes for recipient countries.

Keywords: aid coordination, aid duplication, donor, health, Ethiopia, Nigeria

Introduction: Aid Fragmentation in Health

Foreign aid is one of the most important types of capital flows to many low-income countries (LICs).¹ The volume of donors has significantly increased in recent decades; emerging actors include bilateral donors, regional development banks, global funds, philanthropic foundations, and non-governmental organizations (NGOs).² This trend is observed in the global health landscape, which is “becoming more and more complex with the addition of new global health actors, many of which fund their own separate programmes and interventions rather than contributing to existing ones or working collectively.”³ Development assistance for health (DAH) has increased significantly in past decades — in his research, Makinde notes, that in LICs, the relative annual contribution of external aid as a share of total health expenditures rose from 15.3% to 29.4% between 2001 and 2011.⁴ Additionally, Shi’s research notes that DAH increased from approximately 8.6 billion USD in 1990 to 43 billion USD in 2019.⁵

DAH has played a major role in improving health outcomes, from reducing child mortality, to improving maternal health, to combating HIV/AIDS, malaria, vaccine-preventable illnesses, and more.⁶ Despite this considerable progress and increased global funding for health, countries are not on track to meet most of the Sustainable Development Goal (SDG) targets for health.⁷ In addition, health sector capacities and health coverage are lagging behind in low- and lower-middle-income countries.⁸ Many scholars identify donor fragmentation as a cause of these issues.⁹

According to the Organisation for Economic Co-operation and Development (OECD) (2009), aid fragmentation refers to “aid that comes in too many small slices from too many donors, creating high transaction costs and making it difficult for partner countries to effectively manage their own development.”¹⁰ Additionally, in his paper, Anderson defines fragmentation as

“a lack of concentration or specialisation of a donor’s aid across recipients.”¹¹ In the past two decades, numerous global initiatives have been launched in an attempt to reform the fragmented aid landscape. These initiatives seek “to foster harmonization, enhance coordination, promote leveraging of resources and forge the development of a joint agenda.”¹² However, in his work, Spicer asserts that these multiple initiatives “have tended to not be successful for several reasons including weak accountability mechanisms, the large number and ephemerality of initiatives, and limited resources for their implementation.”¹³ Spicer further contend that in global health aid, the varying interests of global health actors, as well as the non-alignment between their interests and recipient countries’ priorities and systems, lead to fragmentation.¹⁴

Aid fragmentation is a serious problem that affects all recipient countries and in particular, low- and middle-income countries with weak health systems.¹⁵ Uncoordinated aid can lead to volatile aid flows, which has been found to be detrimental to a country’s economic growth.¹⁶ Moreover, low donor coordination leads to aid inefficiency, such as duplication of efforts and inefficient distribution of resources.

Aid inefficiency curbs progress related to the aims of DAH—improving health outcomes, strengthening health system capacity, raising socioeconomic well-being, and reducing poverty. This also means that collectively, nations are not optimizing their ability to achieve the SDGs. The World Health Organization’s (WHO) Director General Dr. Tedros Adhanom Ghebreyesus echoed this concern in a 2018 WHO report, remarking that the world is “off track to achieve these ambitious goals [the SDGs] by 2030. Fragmentation, duplication and inefficiency are undermining progress.”¹⁷ Lastly, Makinde notes that “donor coordination is as important as the amount of resources that are being committed to development.”¹⁸ Given the current trends of increased DAH and donor proliferation in the fragmented aid landscape, it is recipient countries

who bear the greatest burden of aid inefficiency. Consequently, addressing ways in which donors can effectively coordinate their efforts is a pressing and significant issue.

This paper addresses the following question: What are key strategies for donor coordination in the health sector? Specifically, this paper will evaluate and compare two DAH case studies: a case of duplication of donor efforts in Nigeria and a case of successful coordination of donor efforts in Ethiopia. The paper further aims to explore the lessons that can be gleaned from the comparative case study and the implications for donor coordination. Ethiopia and Nigeria were chosen because they share several similarities, including the fact that both are Sub-Saharan African (SSA) countries and major recipients of DAH.

This paper builds on the research of researcher Paul Shaw who assessed and compared healthcare resource commitments by the governments and donors in Ethiopia and Nigeria between 1990 and 2011.¹⁹ More broadly, this paper contributes to the discussion on improving donor coordination in order to enhance aid effectiveness. Drawing from the comparative case study between Ethiopia and Nigeria, two key implications for donors arise: first, donors should direct efforts toward helping recipient countries build institutional capacity, and second, donors should align their interventions and funding with recipient countries' national priorities, systems, and programs.

Methodology

Research for this paper was conducted on Google Scholar and Omni, a shared academic search tool with resources from universities across Ontario, Canada. Keywords used in searches included, "health aid coordination," "aid fragmentation," and "donor coordination." Academic articles published after 2012 were chosen for this paper's research and literature review to ensure that recent and pertinent information was being considered.

11 publications by two international organizations, the OECD and the WHO, were also used in the research. Four of the articles and reports were published between 2000 and 2009, while the other seven were published in or after 2018. In addition, databases from the United Nations Department of Economic and Social Affairs, the WHO, and the World Bank were consulted in the research.

The two DAH case studies assessed in this paper were Teshome and Hoebink paper on Ethiopia and Makinde paper on Nigeria. Along with Shaw's study, these two papers are the primary academic articles published after 2015 that include a detailed study and discussion of DAH coordination in Ethiopia and Nigeria.

Development Coordination in the Health Sector: Key Mechanisms

International organizations and countries use numerous key mechanisms to attain positive outcomes in DAH coordination. These mechanisms include country-led health sector partnerships and coordination platforms, development partner (DP) involvement in developing health strategies and health work plans, and common funding approaches. These align with the sector-wide approach (SWAp), in which a partnership of funding agencies, under government leadership, work together to develop a single sector policy, a common expenditure programme, and common monitoring arrangements. A SWAp also entails expanding policy dialogue and more coordinated funding and procurement procedures.²⁰ In his article, Peters add that “[i]n a SWAp, donors are expected to relinquish their influence on the selection and management of the projects they finance in exchange for participation in the process of policy development and resource allocation.”²¹

A country-led health sector partnership and coordination framework can help countries and donors engage in joint planning, budgeting, implementation, and monitoring. This

framework outlines structures that coordinate the efforts and resources of actors at different levels of the health system.²² The framework can also include a stakeholders' forum that provides for regular dialogue among donors, national and subnational governments, and health facilities.²³ Considerations for the coordination platform include its objectives, vision, terms of reference, and meeting frequency.²⁴ Joint planning and monitoring through this coordination framework and platform would prevent duplication of donor efforts and align performance targets.²⁵

In addition, DPs should be involved in developing health strategies and health work plans. These work plans could include the entities (national government, subnational governments, and/or DPs) responsible for each activity and the corresponding cost.²⁶ Engaging DPs in these policy discussions will increase their accountability and alignment to the priorities and plans of recipient countries.

Furthermore, common funding approaches like basket funds can be a significant tool to strengthen donor coordination. A basket fund is “a pooled fund, typically from government, donors and private sector, that is channeled into a specific sector, for example, healthcare. Basket fund participants agree upon the priorities and allocate resources to selected program areas a priori.”²⁷ Basket funds can create transparency in how, when, and where funds are disbursed.²⁸ Moreover, pooled funding encourages knowledge sharing and learning among implementing agencies and experts from academia and other fields.²⁹ In sum, the development coordination mechanisms identified above have been found to improve donor effectiveness, accountability, and transparency in relation to targeted health outcomes.

Duplication of Health Donor Efforts: Nigeria

In Nigeria, the Ministry of Budget and National Planning is responsible for donor coordination, while the Federal Ministry of Health (FMOH) is responsible for implementing Nigeria's national health plan. Donor-funded health projects are also expected to coordinate with the FMOH. However, Makinde says “coordination by and between these in-country institutions is still suboptimal”.³⁰ In order to improve donor coordination in the health sector, the Nigerian government designed its first National Strategic Health Development Plan (NSHDP) in 2010. The NSHDP notably identified the need for Nigeria to “improve coordination of donor funding mechanisms” through sector-wide approaches (SWAps).³¹

Makinde's research examined the duplication of health facility listing exercises undertaken by governmental departments and funded by donor agencies in Nigeria between 2010 and 2016.³² According to the WHO (2019), a Master Facility List (MFL) is “the complete, up-to-date, authoritative listing of the health facilities in a particular country.” An MFL often includes identification data (e.g., name, location), administrative data (e.g., facility type, operational status), and service capacity information for each health facility.³³ MFLs are important for determining the capacity of services available and how equitably these services are distributed in a country.³⁴ They are also important for separating licensed and unlicensed health facilities in a country. Since MFLs provide information on the location and services of health facilities, they are significant to Nigeria's goal of attaining Universal Health Coverage (UHC) by 2030.³⁵ An up-to-date MFL also enhances the accuracy of routine health statistics regarding completion and reporting rates in active health facilities.³⁶

Makinde defines duplication of effort as occurring “when more than one project or intervention is needlessly implementing similar activities within a geographic location or country

which arises often because of poor knowledge management and inadequate coordination of projects, thereby resulting in aid inefficiency.”³⁷ The researchers found that six Nigerian government agencies or departments partnered with various development organizations between 2010 and 2016 and developed a total of ten different health facility lists for Nigeria. They also caution that more MFLs were likely in circulation than those found and reported in the study.

Although each project had a specific rationale, including the mapping of public primary healthcare facilities in priority states and/or had disease-specific purposes such as HIV service availability mapping, Makinde found that different government agencies procured GPS devices separately to collect GPS coordinate data.³⁸ Cost estimates from the United States Agency for International Development (USAID)’s MEASURE Evaluation found that tens of millions of Naira had been spent on duplicated efforts.³⁹ The researchers contend that poor coordination among the projects resulted in a duplication of previous efforts, a waste of resources, and inefficiency because the GPS coordinates for health facilities could have been used for multiple projects if they had been properly documented and shared. Furthermore, the overlapping and parallel data collection efforts could have been more impactful if they had been directed toward strengthening one well-planned and coordinated effort.

Along with evaluating the lack of coordination among Nigerian government agencies and departments, Makinde also assesses the absence of coordination among donor agencies in the country. They found that donors funded government departments to execute responsibilities that were not typically designated to them; this was made possible due to poor coordination within the Nigerian government and the nature of its departments and projects operating in vertical, parallel systems. Indeed, the WHO states in its “Country Cooperation Strategy at a Glance”

report for Nigeria that “[t]he coordination and aid effectiveness from multiple partners and agencies at various levels still remain a challenge.”⁴⁰

The consequences of this duplication of efforts in developing MFLs are serious for Nigeria’s health sector. Many MFLs can lead to each party claiming that their list is the most comprehensive; this in turn can cause confusion and disagreement over which list should be used as the basis for national policies. In addition, when donors support several government institutions for similar projects, they may empower the wrong department or one that is less appropriate for the specific intervention. In the long run, this leads to a fractured and inefficient health system. In tandem with the systemic inefficiencies within the Nigerian healthcare system, disagreement over which MFL should be relied on as the primary list sets Nigeria further away from its goal of attaining UHC by 2030. Lastly, a weaker health system and unattained health sector goals can lead to donor fatigue and reduce future support. This in turn increases the possibility of volatile aid flows, which have been found by several studies to curtail national growth.⁴¹

Makinde concludes that “[d]uplication of effort is a manifestation of a failure in the coordination of the health system... [and the fact that] donor support is still being implemented in the vertical project pattern.”⁴² Given these findings, the researchers propose two recommendations to address duplication in the health system. First, the researchers recommend a knowledge management strategy in which the government develops an electronic health facility registry (HFR) to store a single, national MFL. Data stored in this HFR can be continuously updated, shared among government departments and DPs, and used for the diverse purposes of vertical programs. Centralizing this data will also help eliminate resources being needlessly allocated to duplicated efforts. However, a limitation of this recommendation is that the

researchers do not offer suggestions for the government's MFL selection process, which could be a barrier as there were over ten as of 2016.

The second recommendation is that the Nigerian government focus on strategic leadership for the health system. This entails clarifying responsibilities specific to each department and working toward improved coordination among its agencies and departments. This also encompasses identifying and addressing factors hindering the adoption of a sector-wide funding approach for development assistance (as delineated in the NSHDP: 2010-2015). For donors, this entails assessing activities they seek to support, determining which government departments hold responsibilities for these activities, and being more selective by concentrating their aid in these departments. Exercising selectivity is important as donors are supporting the institutionalization of these departments. Overall, the researchers emphasize that addressing duplication in health efforts will be a joint responsibility of donors and recipient governments to better coordinate funding and decision-making.

Coordination of Health Donor Efforts: Ethiopia

In the 1980s and early 1990s, Ethiopia had one of the poorest health statuses among SSA countries and worldwide. Today, its health status is still below the global average, but most of its health indicators are making rapid progress.⁴³ Ethiopia faces a range of challenges in its health sector. The sector is highly dependent on donor funding and is characterized by high aid fragmentation, primarily due to acute fragmentation among efforts of small-sized bilateral donors in the population and reproductive health sub-sector.⁴⁴ Aid fragmentation in the country increased after the Paris Declaration (2005), and is higher than in other SSA countries that are leading DAH recipients.⁴⁵ Teshome and Hoebink compiled data from the OECD-DAC from 2018 and found that relative to the top ten DAH recipient SSA countries from 1990 to 2014.⁴⁶

Ethiopia had the highest average fragmentation ratio (for 2013 and 2014) at 59%.⁴⁷ Another challenge faced by the country is that nearly half of its donors' contributions, including those from the Global Fund, are sent through different channels, creating parallel and competing channels in the Ministry of Health (MOH).⁴⁸ Budgeting and reporting in this type of donor funding, known as “Channel 3” funding, operate outside of government oversight.⁴⁹

In 1997, Ethiopia developed a 20-year health sector development plan (HSDP) (Phase I: 1997/98 – 2001/02, Phase II: 2002/03 – 2004/05). Despite the challenges faced by the nation, during implementation of the HSDP, Ethiopia achieved most of the health-related Millennium Development Goals.⁵⁰ In addition, the fertility rate fell from 6.85 live births per woman in 1997 to 3.88 in 2024, and life expectancy in Ethiopia has steadily increased.⁵¹

Teshome and Hoebink examined health leadership and ownership as well as donor coordination in Ethiopia between 1990 and 2015. The researchers interviewed 42 respondents from the MOH and from donors located in Ethiopia. 17 of the 26 health aid donors to Ethiopia in 2015 participated in the interviews. The researchers also analyzed health data, Ethiopia's health sector plans, and other relevant government documents.⁵²

According to Teshome and Hoebink, Ethiopia's “visionary HSDPs” has led the country to achieve “fast progress and impressive results in the health sector.”⁵³ These accomplishments can be attributed to numerous factors. Firstly, Ethiopia's HSDPs are developed based on the SWAp principle, which encourages both country ownership and involvement of health DPs from the start.⁵⁴ Shaw notes that due to the SWAp of the plan, a majority of the ten multilateral donors, 22 bilateral donors, and 50 international NGOs present in the country as of 2015 “appear[ed] to support a government-led health strategy, with concentrated efforts to support and build PHC [primary health care] capacity, and to identify funding gaps in national spending

plans.”⁵⁵ Health partners were consulted particularly during the last two phases of the HSDP (Phase III: 2005/06 – 2009/10 and Phase IV: 2010/11 – 2014/15), resulting in an increased sense of shared ownership of the plan, jointly agreed health targets, and increased mutual trust between the Ethiopian government and DPs. This joint health development planning and coordination has been sustained over time.

In addition to being jointly developed, the HSDP was perceived by interviewees as a health plan that defines clear national health goals and priorities. These targets were “the basis for alignment of the health DPs with the government’s priorities,” which led to aid of high quality.⁵⁶ A respondent interviewed in Teshome and Hoebink’s study noted that “‘Ethiopia has one state health sector strategy, we are required to align with it. The priorities of the government are really respected, even by USAID, which uses parallel systems’.”⁵⁷

The impressive improvements in Ethiopia’s health sector can also be attributed to the MOH’s strong leadership. Since the first phase of the HSDP, the Ministry has demonstrated strong commitment to exercising country ownership of health development by planning and implementing its own health development agenda, increasing public health expenditure, and leading DAH coordination.⁵⁸ Teshome and Hoebink also note that Ethiopia differs from many other African countries in that “the HSDP was ‘home-made’ and the Ministry of Health played a stewardship role in the design and implementation of the program, as well as in defining national health priorities.”⁵⁹ This further underscores how the MOH had firm country ownership of health development from the start of creating and launching its HSDP.

Along with strong ownership over health policy, the MOH was viewed as one of the strongest ministries in Ethiopia by interviewees for several reasons. Firstly, the Ministry has sufficient political clout to refuse a DP’s support if it goes against national health priorities and

the principles of ownership in development coordination.⁶⁰ Secondly, the Ministry has proven its ability to use technical expertise to efficiently coordinate resources from various DPs toward sector goals. Thirdly, there are low levels of corruption perceived in the health sector, supplemented by the leadership's demonstrated commitment to fight corruption in the sector.⁶¹ Overall, the MOH's strong leadership has allowed it to play a leading role in joint health development coordination. This leadership has expanded confidence among DPs to provide increased and stable DAH. These stable aid flows are important for aid effectiveness and economic growth.⁶² This is significant for Ethiopia because the increased and dependable investment of DPs in the nation's health sector has contributed to rapid progress in national health outcomes, as well as enhanced aid coordination and effectiveness.

Furthermore, Shaw notes that jointly agreed health targets among the Ethiopian government and DPs are bolstered by basket funding, which “merges funding by government and several donors to mutually compatible ends.”⁶³ Teshome and Hoebink found that DPs are highly engaged in pooled funding mechanisms under the “One Plan, One Budget, and One Report” motto of donor and government health spending in Ethiopia. An example of one of these mechanisms is the Sustainable Development Goals Performance Fund (SDG PF), which functions through the SWAp principle. The SDG PF started in 2009 with two donors and 10.6 million USD, and had expanded to 11 donors and approximately 235 million USD by 2014.⁶⁴ The SDG PF is administered by the MOH, allowing the Ministry to determine how resources are channelled through its own systems.⁶⁵ Studies show that pooled funding can lead to a large portion of DAH to fall under government management.⁶⁶ This allows the Ministry to further consolidate its ownership over the health development agenda and to direct funds toward

underfunded areas in health, thus reducing the negative effects of aid fragmentation and donor proliferation.⁶⁷

Finally, the high engagement of DPs in health coordination platforms is another factor in Ethiopia's successful donor coordination efforts. One of these platforms is the Joint Consultation Forum (JCF), Ethiopia's highest health coordination and dialogue forum. The MOH "organizes policy discourse and oversight of coordination jointly with health partners" through the JCF.⁶⁸ The forum includes a wide range of relevant stakeholders: the Minister of Health; MOH directors; state ministers; heads of agencies; DPs; the Health, Population, Nutrition Donor Group (which includes the 11 contributors to the SDG PF); two NGO consortiums; and representatives from health professional associations and the private sector.⁶⁹ In the interviews they conducted, Teshome and Hoebink found that most of their respondents perceived these platforms as effective in "[facilitating] the participation of donors in the joint planning, implementation, and evaluation of the HSDP and subsequent medium-term strategic plans."⁷⁰ The researchers contend that these coordination platforms have magnified the joint development efforts between the MOH and DPs, and are crucial in facilitating sector-level policy dialogue and joint financing arrangements. The improvements and positive results in Ethiopia's health sector encouraged donors of all sizes to join the coordination platforms.

In sum, Ethiopia's health sector presently faces many challenges, including aid fragmentation, high dependence on external funding, and competing "Channel 3" funding. Despite these obstacles, the nation's robust coordination platforms and joint financing arrangements (such as pooled funding), as well as the fact that the majority of aid is aligned with the country-owned health plan, mitigate some of the effects of aid fragmentation and increase aid effectiveness.⁷¹ Supplementing these mitigating factors is the MOH's strong leadership, long-

term health strategies and effective implementation of the HSDPs, all of which have ensured that DAH meets the nation's needs.

Comparison of the Case Studies

The two case studies present an interesting opportunity to compare donor coordination efforts in the health sectors of Ethiopia and Nigeria, two SSA countries with many similarities. First, both countries are major recipients of foreign aid, and in particular, of substantial health assistance.⁷² From 2002-2018, Nigeria was the leading DAH recipient country, receiving 14,212.683 million USD, while Ethiopia was the third highest DAH recipient country, receiving 11,008.165 million USD.⁷³ In addition, Ethiopia and Nigeria were the top fifth and sixth recipients of net official development assistance and official aid in 2022, receiving 4.93 billion USD and 4.44 billion USD, respectively.⁷⁴

Another characteristic shared by the two countries is weak aid coordination capacity at the local level. Teshome and Hoebink note that this is an area for improvement in Ethiopia's case, as its regional and local coordination capacity is weak compared to the federal government's coordination capacity.⁷⁵ Similarly, Nigeria's federal government channels resources for health and donor-provided funds to the Departments of Health in 774 local governments. However, these governments typically have inadequate capacity for expenditure management, and their spending of donor-provided funds is often off-budget and difficult to track.⁷⁶

Despite these similarities, coordination of donor efforts has been achieved to a much greater extent in Ethiopia than in Nigeria. Shaw notes that Ethiopia outperformed Nigeria on many health outcomes including infant mortality rate, maternal mortality ratio, and immunization rates even though on average, Ethiopia's capita income and per capita expenditure

on health was only a quarter of that of Nigeria's between 2000 and 2011.⁷⁷ Multiple differences between the two countries should be considered to determine why donor coordination has been more successfully realized in Ethiopia. First, Ethiopia's health ministry leadership is seen as strong and committed to the ownership and execution of its health development agenda. The Ministry is also acknowledged by donors as a competent aid coordinator; this perception has increased donors' willingness to continue to provide or increase aid. On the other hand, Nigeria's government departments are known to be poorly coordinated and tend to operate in silos and vertical systems. This makes possible the donor-funding of government agencies to carry out responsibilities that are not typically theirs and leads donor support to remain being implemented in vertical projects.⁷⁸

Moreover, Ethiopia's national health development plans were developed based on the SWAp. Like the "One Plan, One Budget, and One Report" scheme of Ethiopia's HSDP, Nigeria's NSHDP intends to act as the sole reference plan for all health investments undertaken by the government and DPs. Despite this aim, Shaw says that "a sizable portion of donor funding for health appears to be off-budget and not under government oversight."⁷⁹ Although Nigeria's NSHDP also aims to use the SWAp to institutionalize better funding mechanisms, this is yet to be widely implemented in the health sector. In general, a SWAp for development assistance has not yet been adopted in Nigeria.

Furthermore, Teshome and Hoebink assert that Ethiopia's "government-led coordination structures and joint health financing arrangements have been instrumental for improved donor coordination and aid effectiveness in the sector."⁸⁰ Nigeria's aid coordination structure is also government-led. However, the ineffectiveness of donor coordination in Nigeria is possibly attributable to the fact that the nation's Ministry of Budget and National Planning is responsible

for donor coordination, while the Federal Ministry of Health (FMOH) is responsible for executing the national health plan. Yet, donors are also expected to coordinate with the FMOH. From a donor's perspective, there could be confusion regarding which ministry takes precedence when considering accountability and aid coordination.

Another notable difference is that in Ethiopia, there is a stronger sense of shared ownership of health programs among the government and DPs, who were consulted in the development of the HSDPs. This joint health development planning and coordination has been continued. By contrast, the Nigerian government identifies “[w]eak alignment of development partner support with national/state plans” as a health system weakness in its Second NSHDP (2018-2022).⁸¹ This indicates a lack of shared ownership among the Nigerian government and its DPs over Nigeria's NSHDP and health goals.

Ethiopia's health sector is also characterized by high engagement of its DPs in pooled funding mechanisms. An example is the SDG PF, the resource allocation of which is controlled by the MOH. By contrast, Nigeria's NSHDP (2010-2015) listed the following as an objective: “mechanisms for resource coordination through common basket funding models such as Joint funding Agreement, Sector Wide Approaches, and sectoral multi-donor budget support will be established.”⁸² Nigeria's Second NSHDP (2018-2022) identified the “Availability of basket funding for some public health programmes (RI, PHC) in some States” as a strength, signaling that the nation has made some progress in establishing pooled funding.⁸³ However, the very same objective on establishing mechanisms for resource coordination from its first NSHDP was also listed in the Second NSHDP.⁸⁴ This indicates that Nigeria had not made as much progress as they had hoped to in this area during the 2010-2015 period, and that this is still an effort in its developing stages.

Along with strong engagement in pooled funding mechanisms, DPs in Ethiopia are also highly involved in health coordination platforms such as the Joint Consultation Forum (JCF), which has fostered coordinated planning, implementation, and evaluation of the HSDP. Ethiopia's JCF can be compared to Nigeria's Health Partners Coordinating Committee (HPCC), which is "an umbrella coordination structure for engaging stakeholders in the health sector in the development and implementation of health policies in the country".⁸⁵ In Nigeria's NSHDP (2010-2015), an objective that was listed was, "The Health Partners Coordinating Committee (HPCC) as a government coordinating body with all other health development partners will be strengthened and similar mechanisms will be established at state level."⁸⁶ Virtually the same objective was enumerated in Nigeria's Second NSHDP (2018-2022): "Establish the Health Partners Coordinating Committee (HPCC) as a government coordinating body with all other health development partners."⁸⁷ The fact that the same objective on establishing the HPCC appears in the Second NSHDP indicates that the government has not made as much progress as intended in the coordination of health DPs. This is reiterated by the government's identification of "[i]neffective coordination of health partners at all levels leading to inefficiency, duplication and/or overlap" in its Second NSHDP.⁸⁸

In sum, Ethiopia and Nigeria share similarities as major recipients of DAH with weak aid coordination capacity at the local level. However, donor coordination has been achieved much more successfully in Ethiopia. This is the case despite the nation having the highest aid fragmentation among leading DAH recipient countries in SSA as of 2013 and 2014, and despite almost 50% of donor contributions being channelled through parallel and competing systems.⁸⁹ This difference in attainment of donor coordination can be attributed to numerous factors: 1) the Ethiopian health ministry's strong competencies as a health development leader and aid

coordinator, 2) the fact that Ethiopia's HSDPs were developed in consultation with DPs and based on the SWAp, and 3) DPs' high engagement in pooled funding mechanisms and health coordination platforms. These characteristics of Ethiopia's health ministry, national health plan, and DPs have led to successful donor coordination in the country, especially at the national level.

Lessons and Implications for Donor Coordination

The case studies focused on the duplication of donor efforts in Nigeria and the coordination of donor efforts in Ethiopia. Lessons from this comparative case study can be extended to two key implications for donor coordination. First, *donors should direct efforts toward helping recipient countries build institutional capacity*. This involves ensuring that clear national institution responsibilities are defined. As seen in the case study of Nigeria, the absence of this posed a major obstacle to within-government effectiveness and coordination, and by extension, a hindrance to the ability of donors to identify and fund the government agency most suited for a project. Building institutional capacity also includes the ability for a country to coordinate and manage the activities of multiple aid actors. Makinde et al. (2018) note that “[w]hile donor coordination is an important factor, it requires a government institutional framework through a national coordinating agency with technical capacity to be in the driver’s seat and to liaise with donors for the effort to be meaningful”.⁹⁰ Thus, institutional capacity is fundamental for effective donor coordination. This was observed in the case study of Ethiopia, in which the strong leadership and technical capabilities of its health ministry allowed for effective, government-led health agenda implementation and donor coordination.

Spicer adds that “Low- and middle-income countries could also be supported to increase their capacities to critically assess the impacts and effects of global health actors’ funding... [enabling] them to more effectively manage, and potentially challenge, multiple DAH

programmes, ultimately leading to better health outcomes”.⁹¹ Although Spicer focuses on better health outcomes, this observation can be extended to development assistance in general, as it is highly likely that enhanced capacity to liaise with donors and to evaluate and manage their efforts will lead to improved development outcomes. Furthermore, in their research, Goldberg and Bryant emphasize the importance of a donor/recipient partnership for country-owned capacity building.⁹² Teshome and Hoebink add to this perspective, contending that when DPs seek to “[build] internal capabilities under a true partnership framework.”⁹³ This supports country ownership over the relevant sector and ensures that aid contributes positively to a recipient country’s development. Ultimately, strong institutional capacity within a recipient country is essential for its ability to productively coordinate donor efforts.

A second key implication for donor coordination is that *donors should align their interventions and funding with recipient countries’ national priorities, systems, and programs*. It is vital that this commitment is reflected in donors’ actions and not just rhetoric. Numerous studies, including those of Alkhalil and Stierman find that aid being invested in national development priorities is essential for this assistance to contribute to the development of the recipient country.⁹⁴ Alignment also entails directing support toward a recipient country’s long-term goals. As observed by Makinde in the case of Nigeria, donors taking a long-term approach, “rather than looking for quick wins will no doubt help recipient countries such as Nigeria achieve development targets better.”⁹⁵

Spicer stresses the importance of donors intensifying their commitments to alignment with a recipient country’s priorities and systems. Donors should shift away from their own parallel programs, and instead channel assistance “through low- and middle-income countries’ strategies, systems and programmes, for example, by embracing government-led coordination

mechanisms and pooled funding mechanisms.”⁹⁶ Moving away from a project-focused approach and toward a SWAp is critical for both alignment and overall donor coordination. A key element of the SWAp is pooled funding and providing direct, budgetary support to governments. As seen in the case study of Ethiopia, a main factor of the nation’s successful coordination of health sector donors—of which there were more than 80 as of 2015—was the high engagement and widespread participation of these donors in both its health coordination platforms and its pooled funding mechanisms.⁹⁷ In sum, donors must seek to align their efforts with recipient priorities and goals. Alignment will also be achieved by donors adopting a SWAp, which includes engaging in coordination platforms and participating in basket funding mechanisms, thereby empowering recipient governments to manage and distribute aid.

It should be noted that the ability for donors to fully integrate the second strategy into their practice may depend on recipient countries having strong internal capabilities in place. That is, a recipient having robust institutional capacity may be an important, and possibly essential, prerequisite for donor alignment and coordination. Although beyond the scope of this paper, this hypothesis, as well as concrete ways for donors to support institutional capacity building, could be expanded upon as areas for further research.

Another limitation of this paper is that it examines only two case studies. However, this limitation is mitigated as this paper’s analysis and conclusions lean not only on these case studies, but also on findings from a variety of academic literature and publications by international organizations. To further alleviate this limitation, more case studies on DAH donor coordination in SSA could be examined.

The two implications identified from this comparative case study directly reflect two of the five principles from the Paris Declaration on Aid Effectiveness—ownership and alignment

—indicating that these are not new lessons for donors.⁹⁸ Rather, the details of the case study and the consequences for DAH effectiveness in Ethiopia and Nigeria reiterate the importance of donors committing to ownership and alignment in their practice.

Conclusion

This paper examined a case study on Nigeria involving a duplication of health donor efforts in which six Nigerian government agencies partnered with diverse development organizations and developed a total of ten different health facility lists for Nigeria from 2010 to 2016. This paper also appraised a case study on Ethiopia involving successful coordination of health donor efforts over the past few decades. The study noted that Ethiopia faces various challenges in its health sector, including high dependence on foreign aid, aid fragmentation, and competing funding channels. However, the effects of these obstacles have been mitigated by the MOH's ability to steer its HSDP, manage donor coordination, and arrange pooled funding in which DPs have been significantly engaged. By comparing the two countries, this paper found that donor coordination has been achieved much more successfully in Ethiopia. This difference in attainment of donor coordination can be attributed to the alignment of the majority of Ethiopia's DPs with the government-led health plans and priorities, the sense of shared ownership in these plans, the strong donor coordination platforms and joint financing arrangements that the MOH has put in place, and the high participation among DPs in these platforms. These factors alleviate some of the effects of the parallel system competition and aid fragmentation experienced by Ethiopia and have increased donor coordination and aid effectiveness in the country.

Two key implications for donor coordination in the health sector were gleaned from the case studies; these lessons can also be extended to the provision of foreign aid in other sectors.

First, donors should direct efforts toward helping recipient countries build institutional capacity. Second, donors should align their interventions and funding with recipient countries' national priorities, systems, and programs. These implications directly reflect the “ownership” and “alignment” principles of the Paris Declaration on Aid Effectiveness, underscoring the importance of donors incorporating these principles in their actions and efforts. Looking forward, it will be crucial for donors to redouble their efforts to build strong partnerships, strengthen recipient countries' institutional capacities, align their efforts with national goals and systems, and ultimately, coordinate their assistance with other donors and partner countries in order for aid to effectively better the lives of recipient populations.

Endnotes

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Annex 1: List of Abbreviations

Abbreviation	Meaning
DAH	Development assistance for health
DP	Development partner
FMOH	Federal Ministry of Health
HFR	Health facility registry
HPCC	Health Partners Coordinating Committee
HSDP	Health sector development plan
JCF	Joint Consultation Forum
LIC	Low-income country
MFL	Master Facility List
MOH	Ministry of Health
NGO	Non-governmental organization
NSHDP	National Strategic Health Development Plan
OECD	Organisation for Economic Co-operation and Development
PHC	Primary health care
SDG	Sustainable Development Goal
SDG PF	Sustainable Development Goals Performance Fund
SSA	Sub-Saharan Africa
SWAp	Sector-wide approach
UHC	Universal Health Coverage
USAID	United States Agency for International Development
WHO	World Health Organization