

undertaken, outside its mandate, since 1991.⁶

By the end of the third United Nations Development Decade, all the countries of the Horn were worse off than at the beginning of the first Decade. Per capita incomes had declined and countries such as Kenya had become net food-importing countries.

Given these statistics, which seem to show some improvement in the 1990-94 period for GNP growth rates, it is particularly important to examine development priorities for the region. While the gross ODA disbursements had been growing for all the Horn countries, except for Sudan, this was not reflected in the economic performance in the first three decades. The ultimate change in donor policies which introduced political conditionalities for aid; the insistence by major international financial institutions on issues of good governance, accountability and transparency; and the subsequent reduction of options for avoiding structural adjustment programs all combined to produce fundamental changes in the political and economic management of African countries.

To be able to realize fully the developmental impact of the political and economic changes, development must be prioritized to invest in people. In examining US assistance to the six largest African recipients between 1962 and 1988, four of which are in the Horn region, Clough concludes that over 50 per cent of that assistance went to the heads of state to keep them in power. **(Note required)** It is possible that military capacities that were built up during the Cold War serve as a drain on development assistance at the expense of the people. If aid can be conditioned on political developments, the same can be done to rationalize military expenditure. The World Bank's proposal to make aid more effective clearly rules out military financing as effective aid utilization:

The financing gap is large and growing. The aid required can be justified only if it is clear that the need for aid will eventually decline. Neither donors nor recipients can accept a strategy that envisages permanent dependency. There must be a credible commitment that ensures that aid funds do not go, even indirectly to finance military spending, luxury

⁶All countries of the Greater Horn are members.