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# VISS REVIEW February 2008 / No. 1

### "Make poverty history"

A world without poverty is an age-old dream for mankind. The United Nations Millennium Declaration pledges to halve the number of people suffering from extreme poverty by 2015. "Make Poverty History" is the battle cry of development organisations worldwide. Switzerland too must now reassess its development cooperation activities. By Rolf Ribi



"We are contributing CHF 400 million in development aid to Africa alone. I don't want to comment on the benefits. As a businessman, I don't see any. I don't know what we should do about Africa. One option would be to leave it to its own devices." These words spoken a year ago by Federal Councillor Christoph Blocher (since voted out of office) before the National Council's Commission on Development Aid sparked outrage.

Swiss President Micheline Calmy-Rey swiftly responded: "The idea of leaving Africa to its own devices shows great ignorance of what is going on there. Development aid in Africa is necessary and good." Walter Fust, Director of the Swiss Agency for Development and Cooperation, echoed her sentiments: "The Africans must decide on their own development. But to leave Africa to its own devices is no solution."

The Swiss Federal Council also received a response from the Tunisian ambassador, Khadija R. Masri, who represents the 53 member states of the African Union at the United Nations in Geneva: "Africa will not be able to help itself unless Europe is prepared to reduce agricultural subsidies and lift trade

barriers." According to Ambassador Masri, in African history Europe stands above all "for the slave trade, colonisation and the plundering of our mineral resources". He believes that development aid means the settling of a historical debt, and is in Europe's interests as well as Africa's. "Otherwise, the stream of immigrants to Europe will never stop."

#### Petition for more aid

The controversy surrounding federal councillor Blocher's comments underlines just how contentious development cooperation with third-world countries is. Development is currently a big issue in Switzerland. Under the slogan "0.7% – Together against Poverty!" – Helvetas and sixty other civil-society organisations have been collecting signatures for a petition to Parliament and the Federal Council. This "petition of the people" calls for an increase in Swiss development aid to 0.7 percent of the GDP. It has already been signed by well over 100,000 citizens.

"Poverty is a scandal" reads one line in the petition. It calls on parliament and the government to step up their commitment "to halve the most extreme poverty and the number of

starving by 2015." The main aim of the petition is to gradually increase public development aid to 0.7 percent of GDP, and to ensure that these funds are used to help the world's poorest people as well as to protect the environment. "Fighting poverty is humanity's duty and it makes political common sense," says Melchior Lengsfeld of Helvetas.

The call for a 0.7 percent development aid contribution from industrial nations was made back in 1970 by the United Nations and is still regarded as a global yardstick today. How much is being contributed by wealthy Switzerland, whose banks manage one third of

the world's private assets? Switzerland only makes an average contribution when it comes to development aid. Of the 22 member states of the OECD's Development Assistance Committee (DAC), our country is ranked 11th with a development aid contribution of 0.46 percent (15th in absolute terms). Other countries such as Sweden, Norway, the Netherlands and Luxembourg, have already reached and even exceeded the 0.7 percent target. In 2005 the 15 "old" member states of the European Union agreed to increase their development aid contribution to 0.56 percent by 2010 and 0.7 percent by 2015.

#### Switzerland under pressure

Switzerland is under a certain amount of pressure. In 2000, all UN member states, including Switzerland (see box), agreed to eight development goals for 2015. The eighth goal specifically requires "more generous public development aid." Addressing the UN General Assembly at the 2005 UN summit on the progress made in meeting these "millennium goals," Swiss President Samuel Schmid said: "Switzerland intends to increase its public development aid contribution after 2008."

Nothing much will come of this. If anything, the reverse is more likely. The Federal Council has promised on several occasions to increase development aid to 0.4 percent by 2010.

The government has even resorted to tinkering with statistics to achieve this goal. Expenditure on asylum seekers, spending on peace building, the provision of military materials and, above all, debt relief for Iraq and Nigeria have been included as development aid. Aid suddenly rose to 0.44 percent for 2005, without a single additional franc going to the poorest countries.

In November 2006, the Federal Council decided to increase all federal expenditure (except on education) by a maximum of 2 percent a year. This means that public development aid would still only reach 0.37 percent of GDP by 2015. This approach has come in for criticism. Bastienne Joerchel of Alliance Sud - the Swiss Alliance of Development Organisations - said: "If it stands by its decision, Switzerland will be the only country in Europe whose policy is not in line with the millennium goals. This would be very difficult to justify internationally." Eveline Herfkens, director of the UN millennium campaign, maintains: "In my view, recognising the millennium goals is a moral obligation."

#### An overview of development aid

According to the OECD, worldwide public development aid for 2006 stood at USD 104 billion. Switzerland's USD 1.55 billion contribution may not be decisive in global terms, but it is nevertheless much appreciated (as Economiesuisse - an umbrella organisation for the Swiss economy - points out).

Federal development aid is mainly managed by the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (Seco). These are the figures for 2006: CHF 1.1 billion for development cooperation, CHF 0.3 billion for humanitarian aid, and CHF 0.15 billion for cooperation with Eastern Europe. If help for asylum seekers, spending on peace building and debt relief are factored in, total public development aid stands at a good CHF 2 billion. Around three-quarters of this is spent on bilateral aid for countries and regions, in particular in Africa and Asia, and a quarter on multilateral aid for UN organisations and other international development organisations.

SDC's aid for the South goes to 14 priority countries which include some of the poorest in Africa, Latin America and Asia. The State Secretariat for Economic Affairs, using economic and trade policy measures, focuses on 10 priority countries, mainly in Africa. Swiss humanitarian aid mainly goes to various international organisations (such as the UN's World Food Programme and the Office of the UN High Commissioner for Refugees), the International Red Cross (CHF 98 million), to the Swiss Humanitarian Aid Unit and to Swiss non-governmental organisations (CHF 27 million).

What about the private development aid provided by the many NGOs? And how generous are the Swiss when it comes to donations? Private Swiss aid to developing countries – i.e. the contributions of development organisations and other charitable bodies – reached CHF 413 million or 0.08 percent of the GDP two years ago. The private contribution made by development organisations – mainly through direct donations from the general public – amounted to CHF 55 per capita – the second highest total of all DAC countries.

#### Is development aid really needed?

Yes, without question. There is extreme poverty in Africa, Latin America and Asia. William Easterly, one of the fiercest critics of state development aid, said: "There are three billion people in the world living on less than two dollars a day. The need is endless." That means that three thousand million people are fighting for day-to-day survival. Poverty,

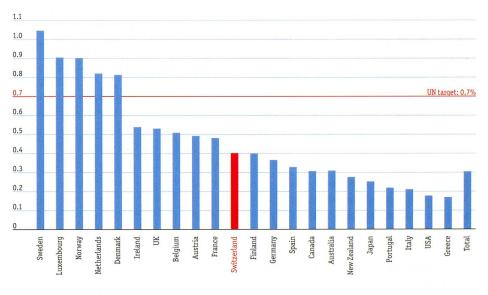
hunger and desperation are part of their everyday lives.

There are lots of facts and figures on world poverty: 980 million people live in extreme poverty, surviving on less than a dollar a day. More than 850 million people are starving worldwide. Every second someone dies of malnutrition. Every year, six million children starve to death before they reach the age of five. More than a billion people have no access to clean drinking water, and more than 2.5 billion do not have access to sanitary facilities. Every minute a mother dies during childbirth or pregnancy due to a lack of medical care. Every thirty seconds someone dies of malaria, despite this being a treatable disease.

#### Criticism of development aid

"Developing countries all lack public infrastructure, access and the right to water, education, healthcare services and employment opportunities," explained Peter Niggli, CEO of Alliance Sud, the Swiss Alliance of Development Organisations. There is no lack of critics of development aid, despite the enormous human need in the third world. Some of the most common criticisms (and the response to them) are:

There is still tremendous poverty in the third world despite half a century of development aid. Unfortunately, that is true. Development aid has nevertheless achieved a great deal, in particular in terms of healthcare and education but also in terms of biological farming, mini-credit lending and democratisation. Fewer people live in extreme



Development cooperation: Switzerland versus other countries (Source OECD 2007)

poverty today (though nevertheless 19 percent of the world's population). Life expectancy has risen, child mortality has dropped significantly, diseases such as smallpox have been wiped out and others, such as polio, reduced. Illiteracy has fallen sharply and more children complete primary education. Humanitarian aid has helped millions of people to survive. The living conditions of millions of people have improved thanks to aid on the ground.

The good news comes from Asia, while the bad news is from Africa. Poverty is on the increase in sub-Saharan Africa, and the number of people living in extreme poverty is rising. Poverty is so persistent in Africa because of the growing population. Fighting poverty is not always the motive behind state development aid. Donor countries are often more concerned with strategic and economic interests (such as access to raw materials and markets).

## Development aid does not contribute to economic growth in the recipient countries.

True and false. Developing countries in Asia, such as China, India and Vietnam, are achieving high levels of economic growth. They have open markets and can sell their goods on the global market. They are also politically stable. However, the environmental and social costs of this economic growth are enormous, as the example of China illustrates.

Traditional development aid is aimed at the meeting the needs of people. The main aim of development cooperation is not economic growth. It is economic and social development from the bottom up. "A society that meets basic requirements - such as water, nutrition, education, peace, democracy and the rule of law - provides a good foundation for a strong and growing economy," say Helvetas in their "Poverty is not Destiny" publication.

Access to other markets is vital for third world countries. The developing countries are calling on industrial nations to abolish farming subsidies and to get rid of import duties. According to development critic William Easterly, "It is truly scandalous that there is still so much protectionism against exports from poor countries."

Development aid stops third world countries from devising their own initiatives and taking on responsibility for themselves.

#### MILLENNIUM DEVELOPMENT GOALS

All of the world's nations, including Switzerland, signed the United Nations Millennium Declaration in 2000. Eight Millennium Development Goals oblige governments to fight the most extreme poverty and help the world's most needy by 2015. This declaration provides a global framework for international development cooperation. The first and best-known goal is the elimination of extreme poverty and hunger. The other goals are to achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve ma-



Advertising campaign run by Swiss relief agencies for the "0.7% -Together against poverty" project

ternal health, combat AIDS, malaria and other diseases, ensure environmental sustainability, and build a global partnership for development (which will also ensure more generous public development aid)

There is some validity in this argument. Development aid has sometimes led politicians and people on the ground to develop a handout mentality. Today's development organisations recognise this problem. "Development cooperation is a way of helping the poor to help themselves. It is based on enabling them to develop their own initiatives and assume joint responsibility," say Helvetas. Aid is only provided when the local population is actively involved in a project. At the same time, those living in poverty need all their strength to survive day-to-day.

Development aid only benefits the corrupt elite and does not reach the poor. There is some truth in this too. Mismanagement and corruption are rife in Africa, the world's poorest continent. This is why development aid organisations have adopted a cautious approach. They select their partners carefully, and project management always includes monitoring and financial controlling. The development organisations work specifically with the local population and not with the elite. Building solid partnerships, developing a local presence and fostering good governance, democracy and legal stability are all part of the work carried out by development organisations.

The outflow of capital, not least to Switzerland, is another problem. The flow of ca-

pital out of Africa is estimated at around USD 30 billion a year: more than the total public development aid for the continent (USD 25 billion). Africa's assets abroad are higher than its foreign debt. The Swiss National Bank reported CHF 13 billion in fiduciary deposits from Africa, mainly for tax evasion purposes.

#### Aid is in our interest

Micheline Calmy-Rey, Swiss Federal President in 2007, insists that "Development aid is an ethical duty and also in our interests. When human rights are being violated, hunger is widespread and people are left with no hope, the danger of conflict and terrorism grows. Development policy is also an investment in our own security and future."

#### DOCUMENTATION

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