



MESSAGE ON THE CONTINUATION
OF TECHNICAL COOPERATION
AND FINANCIAL AID
FOR DEVELOPING COUNTRIES
2004–2007

ABRIDGED VERSION



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Development Cooperation 2004–2007

One-fifth of the world's population – or the equivalent of 1.2 billion people – live in extreme poverty. The UN invites its member countries to commit themselves to reducing hunger and misery so that in the future all people can live their lives without fear and hardship. This challenge affects each of us. Switzerland has been conscious of its responsibility in this regard for many years, for the Swiss Federal Constitution explicitly outlines the following foreign policy objectives:

- Alleviation of hardship and poverty in the world
- Fostering the peaceful coexistence of nations
- Preservation of natural resources

Official development assistance (ODA) fund helps those who are the poorest in this world. For this purpose, the Federal Council applies to the Swiss Parliament every four years to obtain a **framework credit which will enable our country to continue providing technical cooperation and financial aid for the benefit of developing countries.**

For the years 2004 to 2007, a framework credit of CHF 4.4 billion is to ensure development cooperation with countries of the South. This brochure is a short version of the Federal Council's recent "Message on the South" which substantiates the need for development cooperation and describes Switzerland's role in the national and international context as well as its priorities for the coming years.

The credit requested will be used to finance approximately two-thirds of official development assistance expenditures. The remaining one-third will be distributed to additional areas such as humanitarian aid, cooperation with the East, or economic and commercial policy measures in the scope of development cooperation.

Development cooperation is an integral part of Swiss foreign policy. Complete responsibility for this domain lies with the Swiss Agency for Development and Cooperation (SDC) which implements international development cooperation activities and coordinates with other federal offices.

Swiss development cooperation is distinguished by its high quality. Partner countries and international organizations especially value the continuity and reliability of the Swiss commitment. These CHF 4.4 billion are thus a prerequisite to our being able to fulfill our future responsibilities in international solidarity. Moreover, this framework credit represents the Federal Council's repeatedly reaffirmed objective to raise official development assistance from 0.34 percent (2001) to 0.4 percent of gross national income by the year 2010.

* The original text of the "Message for Continuing Technical Cooperation and Financial Aid for Developing Countries" can be obtained from the Federal Office for Buildings and Logistics (FOBL), Federal Publications Sales Office.



Diagnosis: Poverty

Voices of Poverty

In the course of a **poverty study carried out in Tanzania** from November to December 2002, the SDC closely examined the condition of people in a total of 26 households in the Morogoro region. The results clearly show the many facets of poverty:

"I have no bed, no chair, no axe – nothing. I feel so ashamed. I can't even buy bean seeds."

Father of four children

"If I had an education, I'd be able to get a job anywhere."

Boy living in the streets

"I admire a friend who worked as a driver and always used his paycheck wisely. He succeeded in sending his five children to school, two even went to the university. I tried to send my sons to school, but two didn't make it – if only I had sent my daughters to secondary school!"

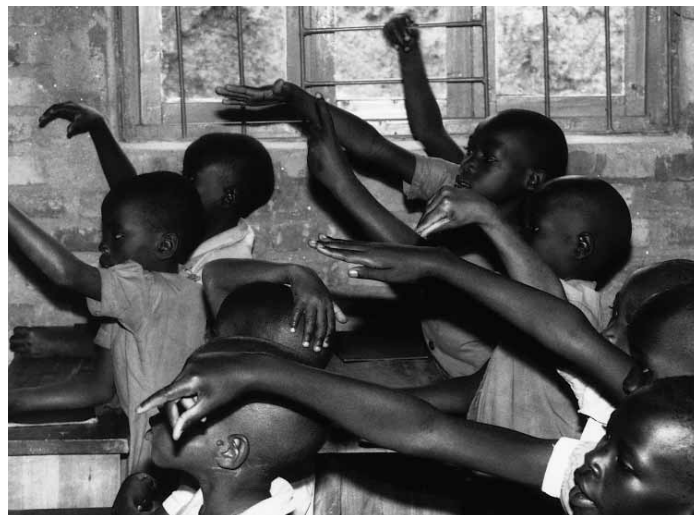
Old man

Poverty can be found everywhere – even in rich industrial countries. Yet being poor in Switzerland differs from living in poverty in southern Africa or in India. When people are born into poor families in Bombay, they live on the street without any perspective of ever having a roof over their heads, of attending school, or being able to earn a living under humane conditions. Many of the poor in Africa, Asia and Latin America do not have enough food for themselves and their families – hunger hurts, causes disease and kills.

Throughout the world, each day about 100,000 people, or 36 million people per year, die from the consequences of hunger. Of the almost 800 million people who lack enough food, 95 percent of them live in developing countries. Every fifth human being has no access to clean drinking water. And each day 30,000 children die in this world from illnesses which could have been prevented or treated by modern medicine.

Poverty not only undermines the dignity of human beings, it paralyzes them. A man in Tanzania describes his lot in life as follows: "It's like being locked up in jail." Still another says: "Poverty is a negative concept. It robs one of all strength to build up a future."

Without external support, this vicious circle of poverty can hardly be broken. People weakened by hunger have a high tendency of becoming ill and can hardly develop any personal initiative. Without an education, people find it difficult to assert themselves in a world ruled by money and information. People with no roof over their heads live a hand-to-mouth existence and cannot invest in their future. Poverty creates fear and uncertainty; it drives people into misery, isolation, and indignity – into conditions which induce migration and criminality.



Future Chances

Poverty contradicts each individual's right to **"a life without fear and privation, yet in harmony with the needs of future generations"** says UN Secretary General Kofi Annan.

There are sufficient means and resources available worldwide to eliminate poverty, but this would require both the North and the South to readjust their value systems in many areas and to set new priorities: Rich individuals and nations would have to limit their own prosperity. The wealth of the rich should not grow on the hardship of the poor. Former German Federal Chancellor and Nobel Peace Prize winner, Willy Brandt, had already recognized this back in the 1970s when he said: **"Development cooperation is the peace policy of the 21st Century."**

In many areas, **globalization** has widened the gap between economic and social differences. The least developed countries are especially disadvantaged when it comes to profiting from the growth of world markets and new technologies. Still, globalization also offers opportunities which could turn everyone into winners. The challenge to development cooperation actors is to create the basic conditions which will allow poor countries and their populations to make use of the opportunities provided. These include helping them to understand the rules of the world economy as well as strengthening their local and national potentials.

There are numerous examples of how poverty and misery can be overcome. Take **Vietnam**, for instance, a country completely devastated after many long years of war and which today, supported by the international community, has profiled itself on the world market as an increasingly important supplier of raw materials and products.

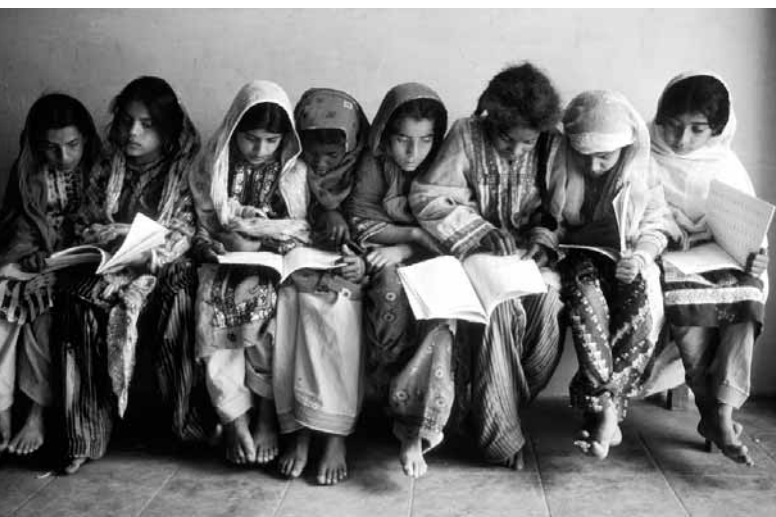
Another example is **Mauritius** where it was possible to develop a constitutional state and democracy in a multicultural society. Thanks to a special agreement, this East African island state was able to successfully market its sugar in Europe for many years at EU prices which were significantly higher than the world market price. The proceeds from this "fair trade" formed the basis for the development of a diversified and flourishing economy.

Still another example is that of Tangalbamba, a village in **Peru** which today boasts of a drug store and where farmers receive improved seeds to enable them to grow potatoes. And all of this is thanks to a development project financed by the Peruvian government in return for a debt cancellation granted by Switzerland.

"My food supply was stolen and I went to the village council, but they did nothing. They don't know me very well. They never visit me and now my confidence is gone and my grandsons live with me to prevent my food from being stolen." Old man

"I do not ask the village council for help in solving a problem because I would have to pay." Young father

"The worst thing is when my baby gets sick. We have no money and can ask no one to help us." Young mother



Resolutions for the New Millennium

At its Millennium Summit in September 2000, the UN General Assembly unanimously adopted a series of goals whose fulfilment would tremendously reduce poverty when compared to the status of 1990. The list includes eight thematic goals with 18 specific targets which are to be reached by the year 2015.

Eradicate extreme poverty and hunger

Target 1: Halve the proportion of people whose income is less than \$1 a day

Target 2: Halve the proportion of people who suffer from hunger

Achieve universal primary education

Target 3: Ensure that children, boys and girls alike, will be able to complete a full course of primary schooling

Promote gender equality and empower women

Target 4: Eliminate gender disparity in all levels of education

Reduce child mortality

Target 5: Reduce by two-thirds the under-five mortality rate (today approximately 11 million small children die each year)

Improve maternal health

Target 6: Reduce by three-quarters the maternal mortality ratio (more than half a million women currently die each year during pregnancy or as a result of giving birth)

Combat HIV/AIDS, malaria and other illnesses

Target 7: Have halted and begun to reverse the spread of HIV/AIDS

Target 8: Have halted and begun to reverse the spread of malaria and other major diseases

Ensure environmental sustainability

Target 9: Integrate the principles of sustainable development into country policies and programs, and reverse the loss of environmental resources

Target 10: Halve the proportion of people without sustainable access to safe drinking water

Target 11: Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers

Develop a global partnership for development

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Target 13: Address the special needs of the least developed countries

Target 14: Address the special needs of land-locked countries and small island developing states

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies



A world of contrasts

While approximately 1.2 billion people live on less than one US dollar per day, numerous European countries subsidize cows at about double this amount.

70% of the poorest people are women.

Out of approximately 815 million undernourished people, 777 live in developing countries; 27 million in transition countries; and 11 million in industrialized nations.

1.1 billion people live in unhealthy and dangerous slum areas and pay water retailers up to 100 times the price that public utilities ask for.

OECD countries spend 522 billion USD annually on military expenditures; 361 billion USD to protect their own agricultural production; and 56 billion USD on official development assistance.

Differing Forecasts

Most Millennium Development Goals (in short MDGs) result from development policy experiences and debates stemming from the 90s. Since then, many countries have made progress in implementing these goals.

While the **World Development Report of 2002** expects 55 countries (or 23 percent of the world population) to reach at least three-quarters of the aforementioned goals, it also anticipates that 33 countries (or 26 percent of the world population) will not even reach half of them. The forecast for southern Africa is especially gloomy unless some additional, enhanced efforts are made. In fact, the reduction of extreme poverty and the realization of most other Millennium Development Goals have even to some extent moved into the distant future due to setbacks in this region.

The World Bank estimates that an **additional 40 to 60 billion USD of official development assistance** assistance is needed to reach the number one objective of halving the number of people living in extreme poverty by the year 2015. This figure is almost tantamount to twice the amount of current official development assistance worldwide.

As concerns the second goal of reducing the number of those starving by half, 51 countries with 46 percent of the world population are well on their way to reaching this goal, while 24 countries are way behind and 15 countries have even recorded some setbacks.

In many nations, achieving goal number three is well on its way: Globally, 84 percent of all girls and boys attend a primary school. **Nevertheless, out of 680 million children in primary school age, 113 million of them will never have the chance to learn the three R's of reading, writing and arithmetic.** Ninety-seven percent of these children live in developing countries.

The Millennium Development Goals are considered **development policy milestones** which are to serve as guides for the international community's development efforts over the next few years. Additional implementation steps have already been decided on at various international conferences. Switzerland played an active role at the World Summit for Sustainable Development held in Johannesburg in September 2002 where the **Action Plan for the Implementation of Millennium Goals** was adopted. For years, it has already oriented its development assistance to supporting the poorest countries and is currently steering its development policy expressly towards the objectives carved out in the Millennium Development Goals.



Five Focal Points

Crosscutting Themes

The SDC's five key topics are closely interrelated so that measures implemented in one area can affect other areas. The SDC thus tries to closely interconnect various focal points, in addition to working with so-called crosscutting themes.

The **equality of men and women** is a crosscutting theme which is integrated into all SDC programs.

Women are often more seriously affected by poverty than men. Additional opportunities can be created by including women in the development process.

The crosscutting approach begins by analyzing the conditions of the sexes. Results then flow into the planning of SDC programs. If necessary, the SDC can support specific projects which foster the equality of men and women.

The Swiss Constitution, the Development Cooperation Act of 1976, the Foreign Policy Report 2000, and the changing international environment comprise the foundation upon which Switzerland's contemporary development cooperation policy is anchored. In order to reply to global challenges optimally and efficiently using the limited funds available, the SDC focuses its poverty-fighting activities on five main areas:

1 Crisis Prevention and Resolution

Wars cause poverty and misery. Development is stifled in areas where conflicts smoulder and people live in constant fear. The central role which securing peace and preventing conflict plays in reducing poverty was only recognized in the past few years. Today the SDC attaches high importance to these themes in its programs and projects.

2 Good Governance

The purpose in fostering so-called good governance is to create a favorable environment for development. Important elements needed to achieve this are a strong constitutional state founded on the rule of law and human rights, the equitable sharing of power, and macroeconomic stability.

3 Social Development

The poor must have access to vital services in the areas of education, health care and hygiene. In order to make sustainable development possible, the poorest of the poor must be able to participate in political, social and economic processes. Participation and empowerment (helping people help themselves) thus form central themes in the SDC's work.

4 Employment and Income

The SDC supports the creation and safeguarding of jobs and income. Essential elements to achieve this are the promotion of fair economic rules, cooperation with the private sector, the introduction and observance of social clauses, the guarantee of access to education and training, the development and maintenance of knowledge and technologies, as well as the establishment and strengthening of the financial sector and (small) businesses.

5 Environment

The sustainable management of natural resources is an indispensable prerequisite for the long-term improvement of living conditions in all nations. This alone can guarantee the preservation on our planet of the indispensable foundations for life and the bases for production.



Core Strategies

The high quality and independent profile of Swiss development cooperation are based on clearly established values. The SDC has defined four core strategies as the basis for all its activities and according to which it directs its partnership work.

Help for self-help

Swiss cooperation projects should aim at making its partners in the South independent, in other words capable of determining their own development. This includes strengthening their institutional competencies and capacities so that those affected can analyze problem areas, plan, and implement projects on their own.

Knowledge

Know-how is an important prerequisite for development. Whenever possible, the SDC passes on "knowledge" and contributes to its dissemination locally and internationally. It especially supports the enhancement and utilization of local knowledge.

International Dialogue

Increasing cross-border and global problems call for transnational approaches when it comes to finding solutions. In cooperation with other federal offices, the SDC engages in international networking and specifically introduces development policy concerns into international dialogue.

Solidarity

Switzerland supports the countries of the South in their fight against poverty and hardship. In order to gain widespread support for this cooperation, the SDC works together with other federal offices, with nongovernmental organizations, and with private industry.

The SDC shapes its activities so that they are

sustainable:

Development is a medium to long-term process which must also take into account the needs of future generations.

future-oriented:

Development cooperation follows solution- and future-oriented approaches.

impact-oriented:

The success of cooperation is measured primarily against the objectives reached.

partner-oriented:

Development is a common task of partners in the North and South.



Multifaceted and Varied Tasks

Switzerland's foreign policy objectives as stated in the Swiss Foreign Policy Report 2000 are to:

1. Promote the peaceful coexistence of nations.
2. Foster respect for human rights and promote democracy.
3. Safeguard the interests of Swiss trade and industry.
4. Alleviate world poverty and hardship.
5. Preserve natural resources.

SDC programs and projects are an important element of **Swiss foreign policy**, helping our country in various ways to achieve foreign policy objectives and thus gain international prestige.

The fact that Switzerland has no colonial history and does not engage in power politics makes it a highly esteemed partner, and Swiss development cooperation receives broad international recognition thanks to its political orientation and effectiveness.

The past years have witnessed new themes arising on the foreign policy and development cooperation agenda stemming from the growing internationalization of various political domains and emerging with Switzerland's opening up in the realm of foreign affairs in the 1990s. The number of actors in federal offices working in the area of "international cooperation" has thus increased.

The entire concept of development cooperation is a mutual task shared by the **SDC, the State Secretariat for Economic Affairs (seco) and the Swiss Federal Department of Finance**. Overall coordination for the conception and implementation of development cooperation is the responsibility of the SDC, and its most important internal government partner is seco.

As concerns international environmental policy, the SDC works together with the **Swiss Agency for the Environment, Forests and Landscape (SAEFL)**. Important related areas of activity are **humanitarian aid** and **cooperation with Eastern Europe**, each of which is presented to the Swiss Parliament in a separate message. Also up for debate in Parliament is a **framework credit to finance measures for civil peace promotion and for the consolidation of human rights**.

In addition to the aforementioned offices – and depending on the theme and given circumstances – other federal offices are also involved in international cooperation work, for example: the Federal Office for Refugees, the Federal Office for Public Health, the Federal Office for Agriculture, the Swiss Science Agency, the Federal Department of Justice and Police, as well as offices of the Federal Department of Defence, Civil Protection and Sports.



The SDC and its Partners

Depending on the program and theme, the SDC cooperates with selected partners and organizations. Bilateral development cooperation projects are planned and implemented together with people in the geographical priority countries and regions, and are usually realized in the form of long-term country programs.

Local anchoring is a central concern of Swiss development cooperation. In addition to governmental channels, the SDC's partners also include nongovernmental actors such as associations, nongovernmental organizations (NGOs), universities, private enterprise, etc. Either the SDC assumes on-site responsibility for work performance, depending on the availability of the required professionals, or it contracts out the work to NGOs and enterprises, or cooperates with international organizations.

The SDC also maintains a tight network of nongovernmental partnerships in the North. For many years, it has been closely cooperating with numerous **private Swiss development organizations**, both in development policy discussions as well as in operational implementation. The SDC has signed agreements with various organizations on multi-annual program contributions. All in all, it has confided management of a total of 25 to 30 percent of its bilateral development programs to Swiss NGOs.

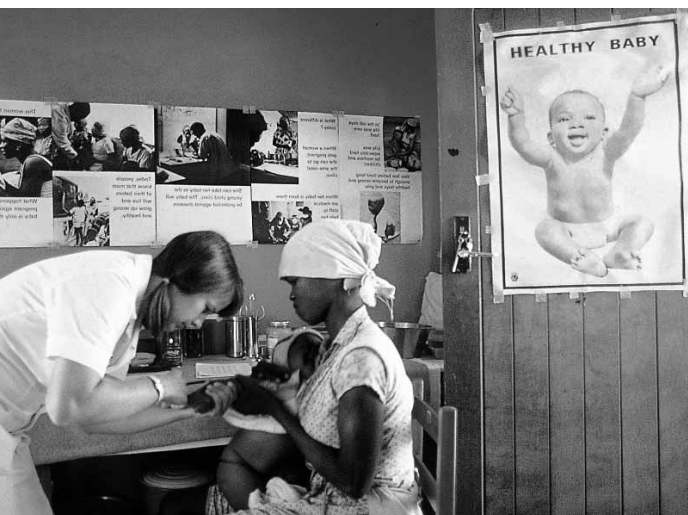
Over the past years, cooperation with scientific institutions such as **universities, colleges and competency centers** has also gained in significance. This permanent exchange with academic institutions plays an important role in the strategic and practical alignment of development cooperation. Access to knowledge and the ability to develop and use scientific knowledge independently are key factors necessary to permanently improve the situation of people in the South. This is one of the reasons why the SDC supports **research partnerships with the South** particularly within the frame of a National Centre of Competence in Research.

The Millennium Development Goals, first and foremost the one aiming at reducing poverty by half, are not attainable unless **the private sector** is included in development cooperation. In the future, the SDC intends to increasingly support innovative forms of cooperation with private enterprise, such as, for example, socially targeted investments of private business (social investment), or NGO alliances with economic and state actors with the aim of promoting fair trade.

In the future, the SDC intends to promote **cooperation with the private sector** provided that

- such collaboration can lead to permanent improvement of living conditions for disadvantaged population groups
- the ensuing economic growth brings proportionally greater benefits to the poor segments of the population
- the SDC's activities are in conformity with its principal mission
- such cooperation is subsidiary and does not provoke any distortions of the market.





Programs and Projects

Poverty englobes a combination of numerous different factors so that today, **networked and multifaceted actions** are striven for in development cooperation. It is not enough to drill a water hole in an arid region so that people can quench their thirst. To maintain sustainable usage of the well, the people must be able to maintain and repair the pump themselves. Moreover, questions on property and water rights must be settled and the well project must fit into a secondary development concept which benefits the whole village or an entire region.

The SDC avoids backing and implementing costly, isolated projects. Currently, it places all of its activities in a higher development policy perspective. **Programs** conceived in such a way increase the quality of cooperation and make broadly supported and sustainable development possible. This does not exclude the need for additional innovative and **single landmark projects** which, in turn, can serve to catalyze new programs.

Switzerland's reliability and persuasiveness are the best prerequisites upon which it can build when making longstanding commitments in projects and programs. Thus, long-term invested cooperation with priority countries not only enables our country to sustainably establish, but also to deepen its **development policy competencies**.

The SDC aims at achieving the **broadest possible effect** with the resources available and at improving systems as a whole. Depending on the size and extent of a program, the SDC can involve the complete national economy of a country in its work, or only individual sectors such as agriculture, health or education.

As a rule, the SDC directly finances individual projects and the deployment of experts by means of its credit line. However, with larger programs which involve one sector or the entire national economy of a country and where several partners are involved, it coordinates with other donors and strengthens the partner with carefully controlled budgetary aid.

As concerns its multilateral engagement, the SDC brings its bilateral cooperation experience into international organizations and thus contributes to **safeguarding the quality of multilateral programs**.

The SDC – a constantly evolving organization

People repeatedly ask about the specific achievements and benefits of any efforts made to reduce poverty. Various international studies have shown that global development cooperation improved in the 90s thanks to adaptations both in orientation and operational implementation.

On an international level, the countries belonging to the Organisation for Economic Cooperation and Development (OECD) mutually review their development activities every three to four years. Switzerland received good grades in the last check made of its work. However, to improve sustainability, the OECD advises that Swiss development cooperation should in the future:

- firmly increase its orientation to the goal of reducing poverty;
- limit itself to interventions in selected areas;
- extend its efforts to involve local partners in project implementation; and
- reinforce political coherence.

An optimal management of **knowledge and experience** fosters both the learning process and institutional evolution. The SDC's partners must have access to knowledge and must be able to use it in order to combat poverty and injustice. And for the SDC, the process of learning and gaining experience continues to unfold in its cooperation with these same partners.

Successful processes and practices thus become applicable above and beyond their original application area. Many promising strategies and approaches can be supported by optimally networking information stemming from different areas of experience. At the center of this are learning and transition processes which can be adapted to existing and specifically outlined conditions in development cooperation work.

The SDC safeguards and checks the effectiveness of its own work using an efficient system which is based on three principles:



Lessons learnt

No sustainable development progress is possible without improved social justice.

In the past, most agricultural and commercial projects lacked market orientation and were thus seldom financially viable.

People who act in an ecology-minded way, and those who refrain from their right to exploit certain resources must be compensated.

Participation in political dialogue must be coordinated with the donors so as not to subject a partner state to conflicting demands.

Striving for social balance and justice inevitably touches on questions dealing with the redistribution of power.

The instruments used to reduce poverty must take into account the vicious circle of poverty–AIDS–poverty.

Targeted Implementation

Switzerland's UN Commitment

Subsequent to Switzerland's joining the UN in September 2002, our country expressed its commitment to pursue the following development cooperation priorities within this organization over the coming years:

- aligning the UN system to the Millennium Development Goals
- implementing the decisions of the major and/or specialized UN conferences
- striving for the coherence and coordination of various development activities
- ensuring the adequate representation of the poorest developing countries

Because overcoming global challenges such as poverty, environmental destruction, migration, and AIDS requires close international cooperation, the international community increasingly seeks common approaches to solutions.

Multilateral institutions, not only UN organizations, but also the Bretton Woods institutions (the World Bank and the IMF) and regional development banks, all support programs in developing countries which go beyond the possibilities of bilateral cooperation due to their complexity, global relevance, or the financial volume required.

In its Foreign Policy Report 2000, the Federal Council states its plans to vest the multilateral activities of Switzerland with a key role in the future. Resources for multilateral development cooperation are thus to be increased to about one-third of the SDC's total budget between the years 2004 to 2007.

Approximately two-thirds of all SDC funds are reserved for direct support to individual countries and regions in the framework of bilateral development cooperation.

The goal is to lay the foundation for a sustainable development process in programs and individual projects conducted on a partnership basis both on the national and local levels.

Depending on the country and the conditions prevailing, the SDC is engaged in the areas of good governance, social development, conflict prevention, sustainable usage of natural resources, as well as the creation of employment and income.

The SDC concentrates its efforts both on key themes and geographic areas, focusing on six special programs and cooperation with 17 priority countries in the South.

■ Priority Countries and ■ Special SDC Programs in the South

Together with its priority countries the SDC carries out extensive, long-term cooperation programs, each of which is financed by annual funds amounting to from 8 to 10 million Swiss francs.

Smaller in scope, its special programs are often geared to meeting the immediate requirements of a temporary situation, or are rather more pilot project in character.





New Approaches

An extremely promising new approach is the supranational **regional development policy** which the SDC has initiated in its priority countries over the past few years. Especially in Central America (Nicaragua, Honduras, El Salvador) and in the general region of the Mekong River in Southeast Asia, it has paved the way towards establishing multinational networks which enable cross-border exchange of experience.

In this way, synergies are created which not only reduce costs, but in particular also broaden the effects of projects and programs. These positive experiences motivate the SDC to continue the step-by-step development of already existing regional programs and extend it to other regions wherever possible. From today's perspective, such regionally centered activities are especially appropriate in southern Africa and the Sahel countries.

While traditional SDC development cooperation pursued activities mainly in the social sector, recent years have witnessed the increasing significance of two other themes which are especially important for the improvement of the framework conditions without which no sustainable development can be conceived. The SDC vigorously supports the promotion of **good governance**, for example, by supporting democratization processes.

As with good governance, the same importance is attached to **securing peace and preventing conflicts**, because social and economic development can only get off the ground when the people living in crisis regions feel safe and secure and do not have to live in constant fear of new threats.

Years of building up development cooperation in mountain regions has given Switzerland substantial experience in this sector. Following the UN Year of the Mountains 2002, it launched the international partnership initiative called **Sustainable Mountain Development**. As concerns the **the new information technologies** – considered an important factor in globalization – the SDC sees its role in making these available to its partners in the South to help reduce poverty and achieve sustainable development.

The SDC also engages itself in the areas of **development and migration, water, HIV/AIDS and global public goods**.

New Technologies

The **Global Knowledge Partnership (GKP)** is an international network which promotes access to knowledge and information for the most disadvantaged.

This is of great importance, especially in the age of the **digital revolution** in which the use of **radio and Internet** opens up new perspectives for the people in the South.

The SDC is actively involved in developing the GKP network and uses its influence to ensure that the **new communication technologies** also benefit the most poor.

Securing Peace

In **Niger** the SDC supports live-stock breeding and by so doing simultaneously promotes peace: In a region prone to **conflicts between nomads and resident farmers** due to scarce ground and water resources, this development program in support of livestock helps defuse the conflict. Still, a closer analysis of the situation shows that such a program alone does not suffice to safeguard sustainable **peace**.

Development has its price

Government expenditures
(in CHF billions)
based on the Federal Accounting
Report 2002
Social Welfare
(Old Age and Surviving
Dependents' Pension,
Disability Insurance,
health insurance, etc.):
CHF 12.78 billion
Transportation: 8.09
Defense: 4.78
Agriculture: 4.07
Education and Basic Research:
3.59
Development Assistance: 1.39

According to the World Bank,
Switzerland's per capita income
in the year 2001 was USD
38,330. The per capita income
in the Democratic Republic of
the Congo, the poorest country
according to World Bank
statistics, was USD 80; and
the world average was around
USD 5,120.

The living standard in 49 of
the poorest countries is currently
lower than 30 years ago.

The average income of the
20 richest countries is 37 times
as high as that of the 20 poorest
nations. Today, the difference
between these two groups
of states has doubled that of
40 years ago.

Despite all development efforts, the gap between the poor and the rich is growing around the world. Current international debate clearly shows how difficult it is to improve the situation of the poor when the interests of the rich appear to be endangered. Demands for developing country debt cancellations and for the opening of markets in the North for products from the South are only two examples which show how slow-moving this process of "equitable globalization" is proving to be.

In this context, development cooperation has an important function since traditionally it is clearly on the side of the poor and is active in the combat to reduce poverty. Hence, its role in implementing the goals set by the UN's Millennium Declaration is important. Switzerland as a rich country is therefore obliged to contribute its share for the sake of development cooperation.

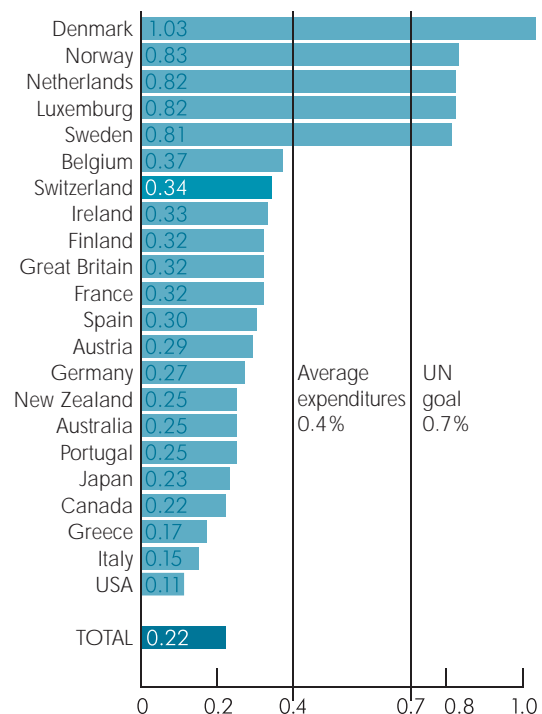
With the present framework credit of 4.4 billion francs for "the continuation of technical cooperation and financial aid for the benefit of developing countries" from 2004 to 2007, the Federal Council is endeavoring to expand the resources earmarked for official development assistance from 0.34 to 0.4 percent of gross national income (GNI) by the year 2010.

Although Switzerland will slightly improve its position in the international comparison by increasing its share of development cooperation funds, it will still be way behind the countries of Northern Europe, failing to meet the UN goal which calls for donor countries to raise their development funds to 0.7 percent of the GNI. In the scope of this international discussion on the implementation of MDGs, numerous countries have declared their readiness to considerably enlarge their financial commitment in the coming years.

In 2001, expenditures for official development assistance in OECD countries totalled USD 52.34 billion which corresponds to 0.22 percent of the total gross national income of these countries.

When comparing the percentage GNI of all countries to each other, the average earmarked for ODA is 0.4 percent.

Expenditures for official development assistance (ODA) in percentage of gross national income for 2001





Development cooperation benefits all

Although the 1.4 billion francs which the Swiss Confederation annually sets aside for development cooperation are especially earmarked to **help the world's poorest people**, these expenditures and the SDC's work also benefit the **people of Switzerland**. In today's almost completely globalized world, the well-being of each and every individual depends more and more on the guaranteeing of a minimum living standard for all. **Development cooperation helps to reduce poverty and thus tackles one of the main causes for excessive population growth, environmental destruction and migration.** Fostering human rights, democracy and the rule of law contributes to consolidating peace and stability and, as a result, to enhanced global security.

When people have enough to eat thanks to development, they will take the initiative to improve their situation. When children go to school, knowledge will be disseminated. Where new buying power emerges, economic activity will be stimulated. And where people see future perspectives, they will not be forced into migration. This is why current SDC activities play an increasingly important role, one which goes well beyond foreign policy objectives.

At the same time, development cooperation also directly benefits Switzerland. **The Swiss economy profits substantially from expenditures in this area.** Estimates have shown that any franc spent on official development assistance contributes about 1.50 francs to gross national income. All in all, the demand of development cooperation for goods and services in Switzerland generates between 13,000 and 18,000 jobs.

With the new 4.4 billion franc framework credit for the years 2004 to 2007, the SDC will continue its already successful commitment to reducing poverty. This credit provides it with the opportunity of investing in long-term development programs and enables it, when necessary, to react rapidly to new and evolving situations. The SDC will pursue its mission with competence and in close collaboration with the international community.

Globalization

A process in which the networking and mutual dependency of countries, economies and people constantly increases due to the rapidly growing circulation of goods and capital and ever increasing transportation and communication speeds.

Global Public Goods

Global public goods are universally used commodities, i.e., they are available in principle to everyone, including future generations. They include natural global commons (climate, the ozone layer), human-made global commons (universal norms and principles such as human rights, knowledge) and global conditions (peace, health, financial stability, free trade, social equity, sustainability).

MDGs**Millennium Development Goals, or: International Development Goals**

International goals of development acknowledged by important actors (G-8, the UN, the World Bank, etc.) which the international community aims to achieve by the year 2015. The International Development Goals (www.paris21.org/betterworld/goals.htm) or Millennium Development Goals (www.developmentgoals.org) consist of the following objectives:

- Eliminate extreme poverty and hunger.
- Achieve universal primary education.
- Promote gender equality and empower women.
- Reduce child mortality and improve maternal health.
- Fight HIV/AIDS, malaria and other diseases.
- Ensure environmental sustainability.
- Develop a global partnership for development.

ODA**Official Development Assistance**

The OECD defines official development assistance as the total of all transactions which

- are provided by public bodies (federal government, cantons, communities)
- are granted at concessional conditions (gifts or loans at low rates of interest)
- have as the main objective the promotion of economic and social development of recipient countries
- are intended to benefit countries or territories on the list drawn up by the OECD.

OECD**Organisation for Economic Cooperation and Development**

The OECD serves as a platform for its 30 member states for discussing, evaluating and improving their policies, especially in the area of development cooperation. In the light of globalization, it offers governments the opportunity to exchange information and experience, as well as to seek common solutions. Moreover, various OECD institutions devote their activity to themes of development policy.

OECD members:

Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Great Britain, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxemburg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United States of America.

OECD Priority Themes:

- Good governance (rule of law, human rights, democratization, decentralization, gender)
- Conflict prevention and resolution
- Low-income countries
- Poverty and social development
- Sustainable development
- Development financing and official development assistance (ODA)
- Coordination (coherence) of development policies
- Harmonization of aid management procedures
- Evaluation

WSSD**World Summit on Sustainable Development**

From August 26 to September 4, 2002 the largest conference ever organized by the United Nations was held in Johannesburg. The World Summit on Sustainable Development (WSSD) was a follow-up to the Rio Conference (1992) and focused on the significance of the three pillars of sustainable development: the environment, social issues, and the economy. (www.johannesburgsummit.org)

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