

On aid, trade, and debt, the EU's member states span the full range from heroes to zeroes, says Oxfam GB's Head of Research, Duncan Green

This year is already looking as if it could be potentially pivotal in the evolving relationship between the world's rich and poor countries.

Listening to the airtime currently being lavished by both Tony Blair and Gordon Brown on the plight of Africa and the crusade to end world poverty, we could be forgiven for thinking that when it comes to development, Europe is the kindly global philanthropist, while the US is the gun-toting, oil-thirsty cowboy, intent only on pursuing its own grubby economic self interest.

Scratch the surface, however, and it quickly becomes clear that the EU has its own share of villains, as a name-and-shame report by Oxfam, Action Aid, and EURODAD (European Network on Debt and Development), will demonstrate.

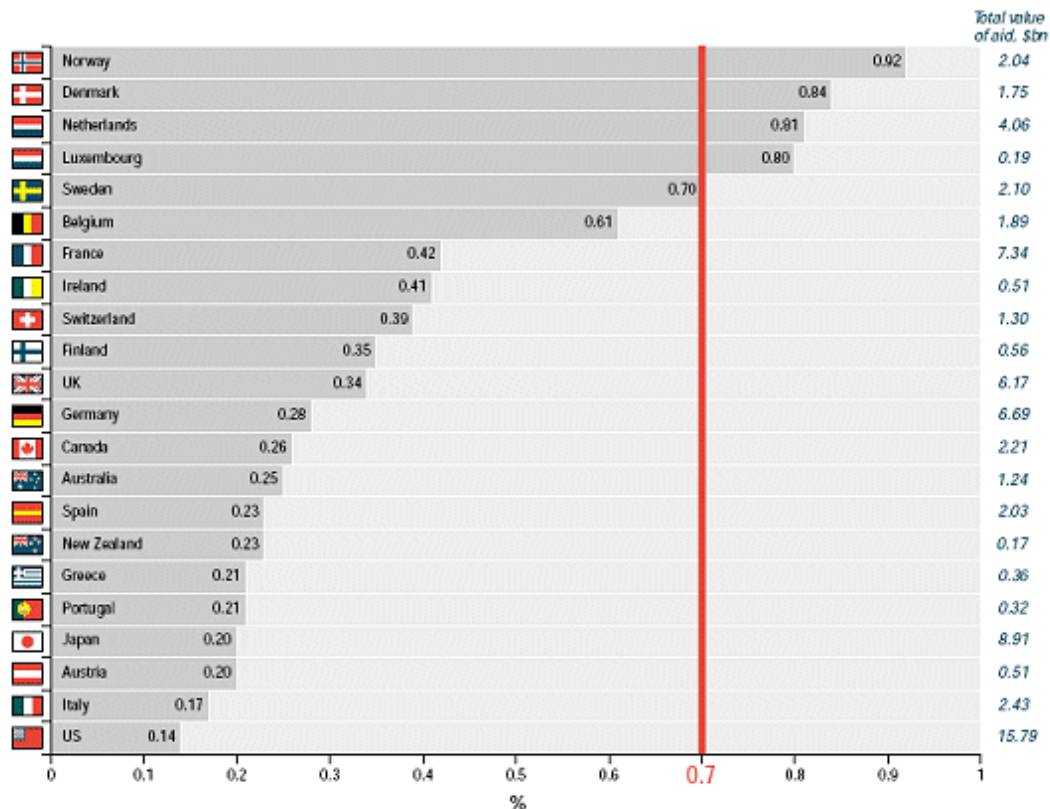
Europe provides over half of global aid flows. In 1970, when Ted Heath was occupying number 10 and Richard Nixon was up to no good in the White House, all UN members set a target for the rich countries of the world to raise their foreign aid budgets to 0.7% of their economic output by 1980.

Missed targets are nothing new, it seems, and 25 years after the deadline, only five countries have achieved it. Four are EU member states - gold stars to Luxembourg, Denmark, Sweden and Holland. Not Britain, though.

Graph of how donor countries measure up.

Figure 5: Most donors fall short of the UN's 0.7 per cent target

Net ODA as percentage of GNI and in absolute terms, by OECD donor, 2003 preliminary data



(Source: compiled by Oxfam from DAC data)

Despite doubling the UK aid budget since they came to power, the Downing Street duo applauded - somewhat prematurely - by Bono as the "Lennon and McCartney of development", have only raised aid spending to half the 0.7% figure.

But the miser-in-chief award has to go to Italy, languishing in the league table's relegation zone with an aid budget of just 0.17% of economic output - on a par with the US.

Meanwhile, Germany's parsimony is in danger of undermining its campaign to secure a place on the UN security council. On current trends, it will not hit the UN target until 2087.

Several governments have promised to do better, setting targets for reaching the 0.7% figure. Public pressure will be essential to stop any backsliding. Ireland has already reneged on its promises to hit the UN figure by 2007.

Judge EU members by the quality rather than the quantity of their aid, and Italy fares no better, giving less of its aid to basic health, education and water services, and tying fully 92% of its spending to the purchase of goods and services from Italian companies: a form of round-tripping which significantly reduces the value of an already paltry contribution.

Still, at least Italy gives a decent slice of it to low-income countries, unlike Greece, which allocates less than one aid euro in every 15 to the poorest nations.

Aid is just one of the Make Poverty History campaign's three steps to development heaven. Poor countries also need relief from the crushing burden of their foreign debts, and a much fairer deal on trade. The three elements are mutually reinforcing: debt cancellation prevents aid promptly returning to the north as interest payments, while well-directed aid can build poor countries' capacity to benefit from world trade.

Sadly, on debt and trade too, the EU's member states span the full range from heroes to zeroes - and it's not just Italy; the report has plenty of brickbats for the other member states.

Progress on aid, debt and trade is not an automatic passport to development: that depends on the effectiveness and accountability of developing country governments and institutions.

But the good news is that there is plenty of progress to report: democracy is squeezing out authoritarianism in many parts of the developing world.

The next step should be to improve the EU's own accountability to the recipients of its aid. Africa needs a louder voice at the table, with more occasions like Nelson Mandela's appearance at the G7 finance ministers' meeting earlier this month.

The EU is fond of talking about "coherence" - the Dutch even made it the central theme of their presidency last year - but the aid regime demonstrates how profoundly incoherent aspects of its foreign policy still are.

Tomorrow (15 February 2005), Europe's development ministers meet in Brussels to discuss aid, giving the good guys the chance to exert some serious peer pressure on the skinflints. The EU should commit itself to hitting the 0.7% UN target by 2010.

The first step in persuading the US and Japan to get serious about aid, trade and debt is to put Europe's own house in order.

In July, the UK takes over the EU presidency, and in this year of Africa, Messrs Brown and Blair need to pull out all the stops.

It may not grab the world headlines like a G7 summit, but getting Europe's development ducks in a row would make a significant contribution to making poverty history in 2005.

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