

Global Poverty

There was great optimism in the decades after the end of the Second World War about the possibility of ending poverty in the many newly independent countries of the developing world. It was thought likely that the sharing of technical knowledge, the growth of trade and the ready availability of aid and finance would rapidly reduce poverty throughout the world.

Half a century later, there has been modest progress but a great deal of disappointment about the global fight against poverty. A small number of developing countries concentrated in East Asia have experienced rapid economic growth. Others have had lower growth but good results in areas such as health and education. At the same time, half the world's population still lives on less than \$US2 a day (a 'poverty line' established by the **World Bank**), while the gap in income between rich and poor countries has more than doubled since the 1960s.

There has been an understandable frustration at the shortcomings of 'development', and in particular about the effectiveness of much aid expenditure. But significant advances *have* been made. Poverty reduction is not simply confined to increasing national income levels. Since the 1960s, for example, child mortality throughout the world has halved while many diseases such as smallpox and polio have been virtually eliminated.

Global poverty nonetheless remains widespread, troubling and intractable. In parts of Africa and the former socialist bloc, poverty levels have been increasing rather than falling. The tragedy is that so many millions will never have the opportunity to reach their potential and dignity as human beings. As Nelson Mandela said in his address to the 2005 Make Poverty History rally in London: 'Overcoming poverty is not a gesture of charity; it is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life. While poverty persists, there is no true freedom.'



The Millennium Development Goals

At the Millennium Summit in 2000, all UN member nations agreed to a set of eight goals to overcome poverty to be achieved by 2015:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

These eight Millennium Development Goals, and their eighteen associated indicators, provide an ambitious but achievable roadmap for reducing global poverty. With the help of greater and more effective aid, fairer trade rules and substantial cancellation of third world debts, the goals are intended to form the framework of a genuine partnership for change between developed and developing countries.

So far, progress against the Millennium Development Goals has varied greatly by goal and by region. Primary school enrolment rates in many developing countries have passed 90%, showing that the goal of universal primary education is within reach. There has also been real progress in overcoming extreme poverty and hunger in Asia, and in improving health outcomes in most of the developing world. At the same time, little progress has been made against many of the goals in the numerous developing countries in Sub-Saharan Africa. The Global Financial Crisis has placed an added strain on developing countries and on progress towards

the MDGs, a report by the World Bank and International Monetary Fund (*Global Monitoring Report 2009: A Development Emergency*) stating that most of the MDGs are now unlikely to be met.

Australia's role in fighting poverty

Australia is one of the largest economies in the world and has had a successful, sustained economic record over the last decade or so. Australia is also a substantial player in the political economy of the Asia-Pacific region, and is the dominant economy in the South Pacific. Moreover, Australians are the world's second most generous per capita donors to non-profit aid agencies for their global poverty work, with the level of private giving for overseas aid growing at around 11% a year since 2001.

For these reasons, Australia should play a key role in the reduction and eventual eradication of poverty in its immediate neighbourhood and in the world at large. Yet, over the last decade, Australia has had a poor record on its average aid effort compared to the top 10 OECD donor countries. For example, in 2007/08, the Labor Government's official development aid commitment as a percentage of Gross National Income (GNI) of 0.32% (increased to 0.34% in 2009/10) placed it well behind countries like Norway, Sweden, Luxemburg and the Netherlands, which had commitments of 0.95%, 0.94%, 0.91% and 0.81% respectively.

Even with Labor's projected increase in aid to 0.5% of GNI by 2015, Australia will remain in the bottom one third of donor countries. This reflects the fact that European governments and Canada have made significantly higher commitments on this issue for 2015, with most European governments reaching 0.5% of GNI by 2010.

Although the Labor Government has not been prepared to take a greater global leadership role on aid, it has made significant improvements in shaping the design of its forward aid program. In addition to funding three pre-election pledges on avoidable blindness, water and sanitation and climate change, the 2008/09 Budget included:

- a much larger role for partnership with selected international agencies;
- an expanded program in Africa; and
- larger commitments to South East Asia and a disability strategy.

Labor has also committed to an innovative debt swap proposal with Indonesia to facilitate funding for health sector programs and has removed the funding of offshore processing of asylum seekers from the aid program.

In addition to the official aid program, Australian non-profit aid agencies managed an estimated \$780m in public donations in 2007 with an average annual growth in donations over the period 2002-2006 of 16%. These agencies work in over 100 countries and are very diverse in scale and types of operation. Many continue to perform their traditional role as providers of health, education and other basic services.

At the same time, non-profit agencies are increasingly involved in building greater capabilities in local civil society and in supporting livelihood programs such as finance for small-scale enterprises. Their aim is to contribute to local efforts for developing sustainable communities and minimise long-term dependence on international assistance. Non-profit aid agencies are also active in lobbying for more and better official overseas aid and for international action on human rights, trade justice and debt relief.

What needs to be done

Given Australia's economic capacity and the Labor Government's aspiration for Australia to again become a creative middle power which acts as a "force for good" internationally, Australia should aim to reach an aid expenditure level of 0.7% of Gross National Income by 2015.

A notable difference between Australia's aid program and those of other OECD countries has been the low level of partnership with Australian non-profit aid agencies. At 3.8% of the aid budget for 2006/07, Australia's official spending through such agencies was half the OECD average and less than one quarter that of the USA and Canada. Based on evidence of the value-for-money delivered by non-profit agencies, the Labor Government indicated in its 2008/09 Budget that it intends to increase the scale of this partnership with the sector over coming years.

Australian companies can also make an important contribution to poverty reduction through free public benefit ('pro-bono') work, corporate giving and maintenance of high ethical standards in international business. There is an opportunity for Australian companies to join in global

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initiatives such as **Product Red**, which encourage companies to give a percentage of profits towards international development activities. The **Business for Millennium Development** group, formed in 2007, provides a useful link for companies seeking to contribute more actively on these issues while developing business with the emerging markets of the Asia Pacific region.

Individual members of the public will continue to play a vital role in the fight against poverty through private giving, volunteering and social activism. Individuals can have a substantial influence on development debates through making representations to members of parliament, writing letters to the editor and participating in campaigns such as **Make Poverty History**.

Useful sources

United Nations: 'Millennium Development Goals Progress Report 2009'

<http://www.un.org/millenniumgoals/>

World Bank: World Development Report 2009

<http://econ.worldbank.org/wdr?>

World Vision Australia: 'Does Aid Work' Report 2006

http://www.worldvision.com.au/Libraries/3_3_I_Aid_Trade_and_MDGs_PDF_reports/Does_aid_work.sflb.ashx

Other World Vision reports, research, and publications can be found at: <http://www.worldvision.com.au/Learn/ReportsResearchPublications.aspx>

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This fact sheet was prepared by the Australian Council for International Development - <http://www.acfid.asn.au>.

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