

## Micah Challenge MP Briefing Sheet 2009

### About Micah Challenge

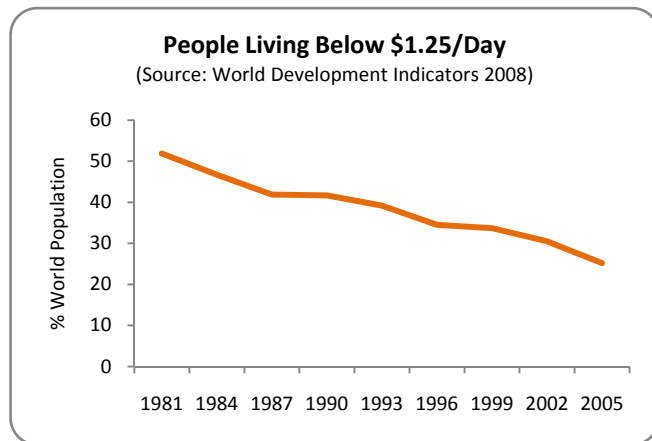
Micah Challenge is a global movement of Christian agencies, churches, groups and individuals which aims to deepen people's engagement with the poor and to help reduce poverty as an integral part of Christian faith. Micah Challenge takes its name from the prophet Micah, who wrote, "What does the Lord require of you but to do justice, to love kindness, and to walk humbly with your God" (Micah 6:8).

### The Problem

#### 1.4 Billion People Are Extremely Poor

Almost 1.4 billion people live in extreme poverty<sup>1</sup>. This means they live on less than US\$1.25 a day, which is insufficient to meet their most basic needs. They are hungry, susceptible to disease and lack access to things Australians take for granted, such as clean water, decent sanitation and access to health care.

Poverty is declining, as demonstrated in the chart to the right. Nonetheless, poverty remains one of the greatest challenges of our age.



#### Recent Gains Are Threatened

Global progress on poverty is threatened by four related crises:

- **The food crisis:** in recent years global food prices have escalated and it is estimated they will stay high. In February 2009 cereals were 78% more expensive than in 2003<sup>2</sup>. This has contributed to a rise of 75 million in the number of undernourished people in the world<sup>3</sup>.
- **The financial crisis:** the global financial crisis is expected to have severe impacts on the world's poorest countries. Declining economic growth will see millions of the world's poorest lose their jobs. At the same time, decreased tax receipts and difficulty in accessing finance will see many developing countries unable to provide basic services to their people<sup>4</sup>.
- **The climate crisis:** climate change will have the harshest impacts on the world's poor. Reports from developing countries suggest these adverse impacts are already being felt, yet the poor have the least capacity to adapt<sup>5</sup>.
- **The trade crisis:** the 'Doha' round of trade talks, designed to address issues of concern to developing countries, has collapsed.

<sup>1</sup> World Bank (2008), *World Development Indicators 2008*. Note that \$1.25 is the new international poverty line and refers to 'purchasing power parity' in 2005. According to the WDI2008 report "PPP can be defined as the number of units of a country's currency needed to buy the same amount of goods and services in that country as one U.S. dollar would buy in the United States".

<sup>2</sup> FAO Food Price Index. <http://www.fao.org/worldfoodsituation/FoodPricesIndex/en/>. Accessed March 26, 2009.

<sup>3</sup> FAO, (2009), *The State of Food Insecurity in the World 2008*. The World Bank's *Global Monitoring Report 2009* estimates that despite a fall in food prices since mid-2008, 100 million of those pushed into poverty by high food prices would remain poor.

<sup>4</sup> World Bank, (2009), *The Global Economic Crisis: Assessing Vulnerability with a Poverty Lens*

<sup>5</sup> World Bank, <http://go.worldbank.org/VRETHAGHE0>. Accessed March 26, 2009

## The Possibilities

We believe extreme poverty can be ended. Over the course of the last 200 years today's developed countries eliminated extreme poverty and in the last 50 years a number of newly developed countries have done the same. The republic of Korea is a good example. In 1960 Korea's development indicators were lower than many of the world's poorest countries (per capita income for example was only 1/3 of Cambodia's today), the nation had just emerged from a civil war that claimed four million lives and destroyed half its manufacturing base and more than three quarters of its railways, the nation was ruled by a reputedly corrupt former general and a USAID report described the country as a "bottomless pit". Yet with a mix of market incentives, state direction of the economy, and substantial aid (over US\$5 billion from 1960-1980) Korea was able to eliminate extreme poverty<sup>6</sup>.

KOREA: A SUCCESS STORY	1960-65	Today
Income Per Capita (current US\$)	\$130	\$19,690
Life Expectancy at Birth	54 years	76 years
Child Mortality Rate (per 1,000 live births)	127	5

## What We Are Asking

Micah Challenge believes Australia can and should play its part in achieving the human development gains identified in the Millennium Development Goals. This would see Australia taking action to support developing nations in the areas of aid, trade, debt, governance and climate change.

### Aid Volume

Well targeted aid enables poorer nations to make investments in health, education, infrastructure, environment and other forms of capital that will enable them to end extreme poverty. Australia currently devotes 0.34% (or \$3.8 billion) of its national income in official development assistance. The Government has committed to increase this to 0.5% by 2015. This is very positive but still leaves Australia well short of the international aid target.

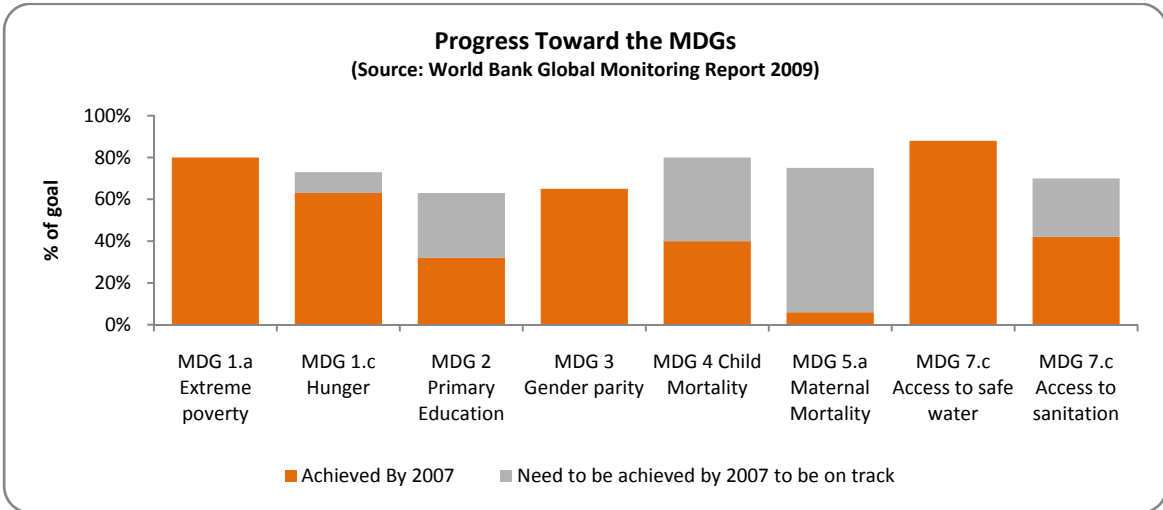
Both the current and previous Australian Governments identified an aid budget of 0.7% GNI as an "aspirational goal". ***Micah Challenge believes the Government should make this a firm, timetabled commitment and calls on the ALP and the Coalition to indicate the date by which Governments they lead will achieve the international aid target.***

### Aid Focus

The Government has made the Millennium Development Goals a central focus of its aid program, which led to substantial increases in the 2009-10 aid budget for water and sanitation, basic education, health and rural development. We believe this is a very positive step.

We believe however that more aid needs to be devoted to health care. As the chart below shows, progress has been particularly slow on the maternal and child mortality Millennium Development Goals.

<sup>6</sup> Information from World Bank online database (accessed March 26, 2009) and Ha-Joon Chang (2008), *Bad Samaritans*, Bloomsberry Press



Progress on maternal mortality, child mortality and HIV/AIDS can be made if developing countries are able to strengthen their health systems. It is estimated that to achieve this developing countries will require \$50-60 billion a year in development assistance by 2011-12<sup>7</sup>. Given Australia’s economy is approximately 2% the size of the combined OECD economies, Australia’s ‘fair share’ of health aid required by 2011-12 is \$1180 million. **Micah Challenge calls on the Australian Government to scale up aid devoted to the health sector from \$600 million to \$880 million in 2010-11 and \$1180 million in 2011-12.**

	2008-09 Actual	2009-10 Budget	2010-11 to be on track	2011-12 required
Health system strengthening maternal and child health, family planning and major infectious diseases excluding HIV and AIDS	260	370	445	520
Community based education, demand and accountability programs	<5		25	50
HIV and AIDS – prevention, treatment, care and support	130	160	280	400
Health research	<10	<10	60	110
Other health expenditure, including \$80 million specific funding for disabilities	40	60	70	100
<b>Total</b>	<b>440</b>	<b>600</b>	<b>880</b>	<b>1180</b>
<b>Share of total aid budget</b>	<b>13%</b>	<b>16%</b>	<b>22%</b>	<b>26%</b>

### Tanzania. A Positive Example

In 1990 more than 14% of Tanzanian children died before reaching their fifth birthday. By 2004 this had fallen to 8.3%. Analysis in the prestigious medical journal *The Lancet*<sup>8</sup> shows that the declines were due to changes in provision of health care: doubling of public expenditure on health; decentralising of health services; increased coverage of key child-survival interventions, such as integrated management of childhood illnesses, insecticide-treated bed nets, vitamin A supplementation, immunisation and exclusive breastfeeding.

This example shows that with sufficient investment in affordable, known medical services, child mortality can be dramatically reduced.

<sup>7</sup> Make Poverty History (2008), *Nine Steps to Achieving the Millennium Development Health Goals in Our Region*

<sup>8</sup> Masanja, de Savigny, et al (2008), “Child survival gains in Tanzania: analysis of data from demographic and health surveys” *The Lancet* 371: 1276-83.