

Global Poverty

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A Consortium of National Community Organisations

GLOBAL POVERTY

Poverty on the world scale has complex causes and wide-ranging effects. This fact sheet examines the scale of the problem together with the origins and impacts of global poverty. It also considers a range of approaches to reducing poverty, and reviews the status of global action aimed at achieving the Millennium Development Goals.

Understanding the scale of the problem

The tragedy of extreme poverty continues to cause extraordinary human suffering, particularly in developing countries where it is not uncommon for people to subsist on less than \$1 a day. Global efforts to reduce poverty have been moderately successful over the last twenty years, with extreme poverty declining in certain areas of rapid economic development, notably China and India. However, progress has been uneven. Debilitating poverty continues to afflict ever-increasing numbers of people in the regions of Sub-Saharan Africa and Southern Asia, where the proportions of people living in extreme poverty are 50 per cent and 40 per cent of the population, respectively. In worst affected areas, the vast majority of the population suffers extreme deprivation, unable to afford to meet basic human needs such as access to clean water or nutrition, let alone adequate health care, education, clothing and shelter. Renewed efforts to address the problem of absolute poverty or destitution are urgently needed.

The World Bank provides official global poverty statistics with reference to the international poverty line of \$1.25 per day (extreme poverty), a figure derived from the average of various national poverty lines adopted by the world's poorest countries. A second-tier international poverty line of \$2 per day (moderate poverty) is calculated from the average of national poverty lines adopted by lower- and middle-income countries. Figure 1 indicates percentages of the world's population living at various poverty levels.

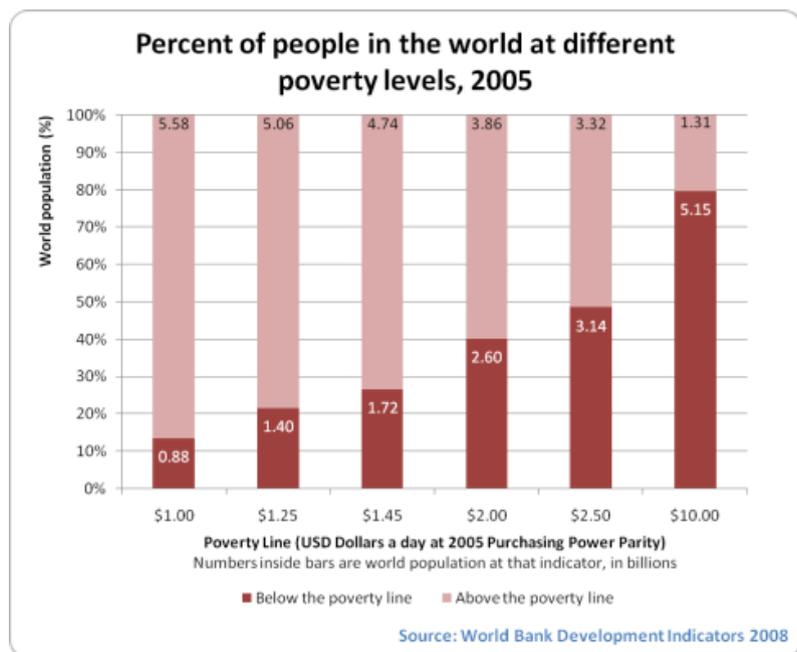


Figure 1: Percent of people in the world at different poverty levels, 2005. Source: World Bank Development Indicators 2008.

Globally, the number of people living below the international poverty line of \$1.25 per day fell from 1.8 billion to 1.4 billion between 1990 and 2005, according to World Bank statistics. Nonetheless, Sub-Saharan Africa registered a devastating increase in extreme poverty during this period, with an additional 100 million people living below the poverty line. Over a quarter of the world's extreme poor now lives in Sub-Saharan Africa. Due to rising population in this region, if poverty is expressed in terms of population percentages, we can see a slight decline in the proportion of the population below the poverty line, even while the numbers of people living under these conditions have continued to increase.

In the African states of Liberia, Burundi, Malawi, Rwanda, Madagascar and Tanzania, more than two thirds of the population lives on less than \$1.25 per day. More than 80% of these populations - together with similar

proportion of people in other African nations (Mozambique, Nigeria, Chad, Zambia, Burkina Faso, Swaziland and the Central African Republic) - lives on less than \$2 per day. In South and South-East Asia, more than three quarters of the population of Bangladesh, Nepal and India lives below this \$2 per day poverty line. While most Caribbean countries are less impoverished, a large majority of the populations of the Cayman Islands and Haiti subsists on under \$2 per day.

As seen in figure 1, World Bank statistics from 2005 indicate that worldwide, 2.6 billion people live below the \$2 per day benchmark, amounting to 40% of the global population. This large and impoverished sector of the world's population accounts for only 5% of global income, according to the 2005 UN Human Development Report released by the UN Development Program. Indeed, increased economic growth globally has tended to increase inequality rather than reduce poverty. Disturbingly, the world's richest 500 individuals have a combined income greater than that of the poorest 416 million.

While the percentage of the global population living below the poverty line has been decreasing over the past two decades, devastating poverty still affects a majority of the population in many countries. The table below indicates, by global region, the percentage of population living below each of the international poverty lines.

Global region	Poverty headcount ratio at \$1.25 a day (% of population)	Poverty headcount ratio at \$2 a day (% of population)
Sub-Saharan Africa	50.9%	72.9%
South Asia	40.3%	73.9%
East Asia and Pacific	16.8%	38.7%
Latin America and Caribbean	8.2%	17.1%
Middle East and North Africa	3.6%	16.9%
Europe and Central Asia	8.9%	

Table 1: Poverty headcount ratios by global region. World Bank statistics, 2005.

Increased migration from poor farming regions has led to greater urban poverty, especially in the slum zones of major cities. Yet rural poverty rates are more than double those in cities, with slow agricultural progress often hampering economic development. Poverty persistently affects ethnic minorities, tribal and indigenous people, and nomadic pastoralists. There has also been a dramatic rise in income inequality, with worsening disparity between the top and bottom 10 per cent of wage earners affecting 70% of countries in the period between 1990 and 2005. The global economic slowdown has affected low-income groups disproportionately, and such inequalities are likely to continue, particularly in developing countries which are particularly vulnerable to the impact of recession.

Causes of poverty

Causes and effects of poverty are often difficult to distinguish. Some phenomena that result from poverty in turn give rise to further poverty. Consider, for example, the lack of access to birth control and the low educational attainment of women, both hallmarks of extremely poor communities. These conditions lead to overpopulation which in turn can drive further poverty, if rising population levels are not matched by increased resources or development capacity.

To take another example: ill health, unemployment and poverty are linked in a vicious circle of cause and effect in which poor health inhibits a person's ability to work, thus reducing earning capacity and deepening poverty. It is worth bearing in mind this relationship between cause and effect when reflecting on the causes and effects of poverty outlined below.

Some of the principle causes of poverty are international governance, international debt, national governance, inability to meet basic needs and barriers to opportunities.

International governance

Much of the world's poverty exists in war-torn and post-conflict countries, many of which are poorly represented in international negotiations. As a result, the wealth generated by globalisation is not being effectively distrib-

uted. Global trade rules have prevented many developing countries from pursuing industrialisation. The profitability of agriculture in these countries has also been hampered, both by trade barriers and by subsidies to farmers in rich countries. These subsidies enable American and European agriculturalists to sell crops below production costs, which prevents developing countries from competing profitably in the international market.

International debt

Many low-income countries owe crushing international debts to wealthy countries and to international financial institutions. In many cases, the interest due on these debts exceeds the governments' capacity to repay. Indebted countries are obliged to spend vast sums on 'debt service' (repayment costs). This ties up funding that could otherwise be invested in supplying health care, education and other necessities that would enable populations to rise out of poverty.

National governance

In many developing countries, economic growth has been severely undermined by corruption within national governments. Corruption takes many forms, including fraudulent misappropriation of funds (embezzlement), favouritism being granted to relatives or friends of those in power (nepotism), and undue influence of particular lobby groups on political decision-making. Many developing countries have weak democracies (or no democracy at all), and this often results in unfair allocation of resources. Developing countries also have limited infrastructure, which further hinders their economic growth and prosperity, making business investment difficult and obstructing the delivery of international aid.

Inability to meet basic needs

Around the globe, rises in the costs of living have made poor people less able to afford essential items, including housing, food, health care and education. Since poor people spend a greater portion of their budgets on food than richer people, the poor are especially vulnerable to increases in food prices. Popula-

tions in developing countries are largely unprotected when price hikes hit national and international markets due to political pressures or adverse environmental conditions such as drought or soil degradation.

Barriers to opportunities

Among the obstacles to development are institutional corruption, weak rule of law and excessive bureaucratic burdens that inhibit entrepreneurship among the poor. Low standards of health are another barrier to productivity. Where populations suffer inadequate nutrition and are susceptible to infectious diseases, considerable funds need to be diverted to disease prevention and management. Low education levels further limit employment prospects for a majority of the population in developing countries and this too impacts on national productivity, especially during times of recession. War, political instability and crime – including the influence of violent gangs and drug cartels – discourage foreign investment in developing countries. Cultural factors such as discrimination can also limit opportunities for progress and development.

Effects of poverty

Poverty causes suffering and death in staggering proportions. Those living in poverty suffer lower life expectancy and each year, eight million children die from preventable poverty-related causes before their fifth birthday. Some of the major effects of poverty are hunger, illness, poor living conditions and low education levels.

Hunger

Close to one billion people in the world suffer from hunger and malnutrition as a result of living in poverty. Hunger manifests in many ways other than starvation and famine: most poor people who battle hunger deal with chronic under-nourishment and vitamin or mineral deficiencies. According to 2010 UN data, 925 million people are undernourished – that is to say, they consume less than the minimum number of calories essential for sound

health and growth. Chronic undernourishment causes stunted growth, weakness, and heightened susceptibility to illness, disability and premature death. Hunger and malnutrition are the most serious threats to the world's public health, and malnutrition – a problem afflicting nearly half of all children in India – is by far the biggest contributor to child mortality.

Illness

Poverty is 'the world's deadliest disease', according to the World Health Organization. In certain developing countries life expectancy is diminishing, and the poorest die for want of safe water, adequate sanitation and basic health care. Developing countries account for 99 per cent of all deaths due to communicable diseases worldwide.

884 million people lack access to drinking water, mostly in developing regions. 2.6 billion people live without access to adequate sanitation, which poses a high risk of death and disease. Water supplies in developing countries are contaminated by a variety of microorganisms that cause typhoid fever, cholera, diarrheal diseases, amoebic dysentery and other virulent diseases. Each year, more than 3.5 million people die from water-related diseases or inadequate sanitation.

Poverty has also heightened the impact of HIV/AIDS – particularly in Sub-Saharan Africa – due to the high cost of drugs and vaccines. Economic hardship drives many young women and girls into prostitution, and since sex workers are not always in a financial position to resist clients' refusal to wear condoms, HIV/AIDS is readily transmitted.

In Africa and South Asia, complications during pregnancy and childbirth are the leading cause of death for women of childbearing age. Every year, 358,000 women die and a further 10 million suffer severe or long-lasting illnesses or disabilities as a result of complications during pregnancy or childbirth. The leading causes of death are haemorrhage, infections, unsafe abortions, seizures and obstructed labour. Since these complications are highly treatable if adequate care and medicine are available, maternal mortality represents one of the greatest health disparities between rich and poor countries.

Poor living conditions

Poverty gives rise to inadequate housing conditions. 828 million people – a third of the world’s urban population – now live in slums, mostly in the Asia-Pacific region. Poverty also increases the risk of homelessness for adults and children, and there are over 100 million street children worldwide, in addition to those who live in orphanages due to poverty. Provision of adequate housing is further strained by unsustainable rapid population growth and by urbanisation. Low quality housing is often unhealthy and unsafe, causing injury and disease. Furthermore, poor housing tends to limit school performance and economic opportunities, as well as reducing community cohesion.

Low education levels

Children who live in poverty achieve far less educational success than other children. Around the world, 67 million primary school-age children do not attend school. Among those who do attend, school completion is a significant problem. The proportion of children who complete primary school is just 51 per cent in Africa, and 74 per cent in South Asia.

Lack of schooling contributes to the extremely low literacy rates concentrated in the Arab states, South and West Asia, and Sub-Saharan Africa. Most of the world’s 785 million illiterate adults live in developing countries, and two thirds of all illiterate adults are women.

Educating girls is understood to be effective in limiting population growth, because educated women have better economic opportunities, more control within their households and better access to reproductive information and technologies.

Approaches to reducing global poverty**Supplying foreign aid**

One approach to reducing poverty is to supply more effective emergency aid to benefit people most in need. Steps must be taken to ensure that aid money is spent on programs that really work: programs that help countries and communities to lift themselves out of poverty and prevent dependence on aid

in the future. To offset the risks of aid money being stolen by corrupt government officials, rigorous auditing is needed. Where aid programs are effective in serving poor communities, they improve population health, provide education and business opportunities and supply basic infrastructure such as roads, water supply, sewers, power grids and telecommunications.

Aid can be delivered in various forms:

- Supplying money to people in need: money that can be used, as recipients see fit, to cover the cost of basic necessities and improve their standard of living.
- Supplying money to people in need on condition that they perform desirable actions, such as enrolling their children in school or receiving vaccinations.
- Supplying small loans, or ‘microcredit’, to groups of women in impoverished farming communities or villages. This is discussed in more detail below.

Microcredit and the Grameen Bank lending model

Microcredit enables women and their households to advance their economic status, for instance by buying farming equipment and seeds to improve agricultural productivity, or by establishing small businesses and acquiring materials for production or goods to sell. This can help communities break out of the poverty cycle.

The effectiveness of microcredit has been demonstrated by the Grameen Bank, a microfinance institution in Bangladesh which lends small sums of money without requiring collateral (i.e. without requiring borrowers to own property with which to secure loan repayment). The lending system is based on trust, and the Grameen Bank does not take legal action if a person cannot repay their loan.

Currently the Grameen Bank lends to over 8.3 million borrowers, who join together in groups to make collective decisions and share responsibility each other’s loan repayments. Lending to groups promotes financial caution and discipline in making repayments. Borrowers know that they must repay their loan in order to be eligible to borrow again. Almost all loans are offered to groups of women, as women tend to be family-oriented, financially respon-

sible and concerned to build future prosperity for their children. Over 98 per cent of loans issued by the Grameen Bank are fully repaid.

The Grameen Bank operates several development-oriented businesses. It also coordinates a social program which encourages borrowers to improve their living conditions, health and level of education; to discontinue the dowry system; to grow fresh vegetables; and to organise clean drinking water and good sanitation.

The Grameen Bank's extraordinary success in improving Bangladesh's rural economy has been recognised through several prestigious awards, including a Nobel Prize. Its success has also inspired the activities of numerous other microcredit organisations around the globe which currently lend small sums to more than 160 million of the world's poorest people.

Providing debt relief

Increasing annual lending to poor countries has been encouraged by the G20 (a group of economies promoting international economic development) as a gesture to address global poverty. However, many poor countries are already heavily indebted to international financial institutions and governments of wealthier countries. Interest payments on these debts are often more than a poor country can generate in profits. For every \$1 received in loans, low income countries are estimated to pay about \$2.30 in 'debt service' (interest on the debt). Providing loans to poor countries is not therefore sufficient to reverse poverty: debt relief is needed. Debt relief refers to cancelling debts, in whole or in part, or helping to slow the rate of debt growth. Debt relief helps to lessen poverty because money which would otherwise be spent by poor countries on debt payments can instead be spent on health care, education and other priorities that can help populations escape poverty.

Addressing underlying causes of poverty

Another approach to reducing poverty is to minimise the impact of the underlying causes of poverty in the following ways:

- Providing impoverished communities with infrastructure to support trade and development, and access to much higher-quality social serv-

ices including better education, more effective reproductive health and other health services, and improved access to roads on which to transport goods to markets.

- Strengthening the equity of global economic power by increasing representation of poorer countries in the World Bank, the International Monetary Fund and the G-20. This would help to achieve a more balanced dialogue about global financial stability, sustainable economic growth, international trade and cooperation, and poverty reduction in emerging-market countries. It would also accelerate progress toward fair trade in the global market, which requires reforming existing trade rules that work against poor countries.
- Investing in the modernisation of agriculture in the world's poorest rural areas, where poverty is extreme.
- Reducing corruption in government by making public officials more accountable, increasing transparency, ensuring that laws are applied fairly, supporting democracy and promoting government action in the long-term interests of the nation.
- Extending property rights to people living in poverty.
- Making financial services more accessible so that people in poverty have a secure way of saving money.
- Addressing climate change and environmental degradation. This includes stabilising greenhouse gas emissions and reducing pollution, deforestation, soil degradation and biodiversity loss.

Progress toward meeting the Millennium Development Goals

At the Millennium Summit in 2000, all UN member nations – including Australia – adopted the Millennium Declaration, which stated: “We will spare no effort to free our fellow men, women and children from the abject and dehumanising conditions of extreme poverty, to which more than a billion of them are currently subjected.” To deliver on this promise, UN member nations agreed to make eight Millennium Development Goals (MDGs) a key framework for international action and cooperation to reduce poverty:

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 MDGs were elaborated with specific targets to be achieved by 2015. Since agreeing to the MDGs, the world has witnessed an unprecedented global effort to meet the needs of the world's poorest, and much has been accomplished. Despite the gains, however, progress remains uneven and slow, as documented in the *The Millennium Development Goals Report 2011*. None of the world's regions is on track to achieve all of the MDGs, and some regions are off track on many of them. So far, progress in achieving the MDGs has varied greatly by goal and by region, and greater resources and renewed commitment are required if the world is to achieve its targets. Most developing countries will only attain the MDGs if they receive substantial support from other countries.

Goal 1

The goal of eradicating extreme poverty and hunger included two targets for the period 1990 – 2015: to halve the proportion of people whose income is less than \$1 per day (with a target of 23% of the world's population living in extreme poverty), and to halve the proportion of people who suffer from hunger. Despite setbacks after the 2008 – 2009 economic downturn, the world is on track to reach the poverty reduction target. Undoubtedly, though, the recent series of global economic crises have impacted severely on the world's most disadvantaged, with a spike in food prices in the latter half of 2010 driving an estimated 44 million more people into poverty in developing countries.

At the beginning of the new millennium, despite the Global Financial Crisis, economic growth and poverty reduction efforts in China and India

lifted 135 million people above the \$1 per day poverty line in a five year period (1999 – 2004) and millions more are projected to rise above this poverty line in the coming decades. This notable achievement in two countries with such large populations makes it very likely that the world as a whole will achieve the goal, and indeed we have seen major reductions in the proportion of the global population living in extreme poverty in recent decades.

However, this conceals the fact that many countries will fail to achieve the goal. In Sub-Saharan Africa, the proportion of people living on less than \$1 a day has fallen, but due to population growth, the absolute number of people living in poverty remains the same at around 300 million people. Current rates of progress in Sub-Saharan Africa suggest that the targets set for 2015 will not be achieved in that region.

Even if these targets were to be achieved, they would fall far short of the vision to eradicate poverty, as 883 million people – 14.4% of the world's population – would remain in extreme poverty in 2015, living on less than \$1.25 per day.

Goal 2

In approaching the goal of universal primary school education, many poor countries have made tremendous strides in increasing primary school enrolment rates. In many developing countries, enrolment rates have exceeded 90 per cent with large gains noted, especially in Africa. Yet the pace of progress is insufficient to ensure that all children complete a full course of primary schooling by 2015. Children – especially girls – from the poorest households and those living in rural areas or conflict zones are the most likely to be out of school.

Goal 3

Considerable progress has been achieved towards gender equality and empowerment of women. There has been a vast improvement on the key indicator of progress – primary and secondary school enrolments by girls – although unequal access persists in many regions. Levels of female education worldwide are now close to matching that of males, and the elimination of gender disparity in school attendance will help to reduce the disproport-

tionate levels of illiteracy and extreme poverty among women. While progress on this front has been encouraging, progress has been slow on other measures of gender equality.

Women lack equitable access to high-level employment, and women's earnings and property ownership rates fall far short of men's, despite women's overwhelming contribution to labour and food production worldwide. Women have not yet benefited as much as men from the 2010 economic recovery, and wide disparities in access to paid work remain. Furthermore, while the representation of women in parliament is at an all-time high, it falls notoriously short of parity.

At a 2010 meeting of the General Assembly, world leaders called for action to ensure equal access by women and girls to education, basic services, health care, economic opportunities and decision-making at all levels, recognising that achievement of the MDGs depends largely on women's empowerment.

Goal 4

Substantial progress has been made in reducing child mortality, with the number of child deaths declining from 12.4 million in 1990 to 8.1 million in 2009, meaning that almost 12,000 fewer children are dying each day. Child deaths have been controlled by remarkable improvements in key interventions such as malaria immunisation, HIV control and measles immunisation. However, child mortality rates are not falling quickly enough to reach the target, and child deaths remain high, especially in Sub-Saharan Africa and Southern Asia. Millions of children could yet be saved by renewed efforts to prevent and treat pneumonia and diarrhoea and to improve nutrition.

In 2009, nearly a quarter of children in the developing world remained undernourished. In Southern Asia, food shortages, poor feeding practices and inadequate sanitation have contributed to creating the highest prevalence of underweight children globally. In that region, no meaningful improvement was seen among children in the poorest households, while nutrition among children from the wealthiest households improved very substantially. Children living in rural areas of developing regions are twice as likely to be underweight as are their urban counterparts.

Goal 5

Improvement to maternal health lags behind progress on the other MDGs, and maternal mortality remains a major burden in many developing countries, despite the existence of proven interventions that could prevent disability or death during pregnancy and childbirth. Attendance at birth by a skilled nurse or midwife has improved, notably in Northern Africa and Southern Asia, and more pregnant women are offered at least minimal care around the world. Still, not enough women receive the recommended frequency of care during pregnancy, and pregnancy remains a major health risk for women in several regions.

The unmet need for contraceptives remains high and is actually increasing in many regions, with inadequate support for family planning. This has adverse impacts on women's reproductive health. Preventing unintended pregnancies could significantly reduce maternal deaths.

Goal 6

There have been strong interventions to combat HIV/AIDS, malaria and other diseases, leading to improved health outcomes in most of the developing world.

With a massive increase in the number of people receiving treatment for HIV, the HIV incidence rate has declined steadily, with a 21% drop from 1997 to 2009. The spread of HIV has now stabilised in most regions, and more people are surviving longer. Thanks to the efficient expansion of antiretroviral therapy programs, major declines in the number of new HIV infections have been observed in Sub-Saharan Africa, the worst-affected region, as well as in Southern Asia. However, many young people in developing countries fail to use condoms during sexual activity.

Improved delivery of malaria services across Africa has enabled more communities to benefit from mosquito net protection. The use of more effective anti-malarial drug treatments has also been rapidly increasing. In African, 11 countries have reduced malaria cases and deaths by over 50 per cent. However, poverty continues to limit access to malaria control measures and children from the poorest households are least likely to receive malaria treatment.

Tuberculosis prevalence is also falling in most regions, and deaths attributed to the disease have fallen by more than a third since 1990. Between 1995 and 2009, a total of 41 million tuberculosis patients were successfully treated and close to 6 million lives were saved due to effective international protocols for tuberculosis treatment. However, only Western Asia appears to be on track to achieve the 'Stop TB Partnership' target of halving 1990 prevalence rates by 2015.

Goal 7

Environmental sustainability remains a major issue. The rate of deforestation is still alarmingly high in South America and Africa, despite the positive effects of tree-planting schemes and natural forest expansion. Worldwide, and especially in poorer countries, there is an increasing risk of death, disability or economic loss due to natural disasters. Global greenhouse gas emissions continue to rise, and climate change is impacting most on vulnerable populations who have contributed least to the problem. However, the Montreal Protocol has supported unprecedented success in helping to restore the ozone layer and to curb climate change, providing an example of what international cooperation can achieve.

The world has missed the 2010 target for biodiversity conservation and innovative approaches are needed to meet new targets for the conservation of priority ecosystems. Key habitats for threatened species are not being adequately protected, and the number of species facing extinction is growing rapidly, especially in developing countries. With global marine resources continuing to decline, ensuring the sustainability of fisheries remains a challenge.

The world is likely to surpass safe drinking water targets, and great improvements have already been registered in Eastern Asia and Sub-Saharan Africa. Yet safe water supply remains a challenge in many parts of the world, especially in rural areas, and more than 1 in 10 people may still lack access in 2015.

The target for access to improved sanitation is out of reach, with sanitation unavailable to half the population of developing regions. While gaps in sanitation coverage between urban and rural areas have narrowed,

improved sanitation has failed to reach the poorest households in Southern Asia.

Considerable interventions to improve slum conditions are not keeping pace with the rate of urbanisation. The number of poor people in urban areas continues to grow, especially in countries affected by conflict.

Goal 8

Some positive steps have been taken towards developing a global partnership for development. Developing countries are getting better access to the markets of developed countries and fair trade is increasing. New trade rules are helping to benefit the world's least developed countries by reducing their export costs. However, world leaders agree that global economic growth needs to become more sustainable, inclusive and equitable.

Debt burdens are easing for developing countries, and levels of international aid are continuing to rise. Donor countries' official development assistance to poorer nations has grown markedly in the past few years due to various emergency aid and relief efforts, and aid to developing countries is now at a record high. Nonetheless, overseas development aid still falls short of promises made in 2005. Only five donor countries (Denmark, Luxembourg, the Netherlands, Norway and Sweden) have reached or exceeded the United Nations target for aid. For most donor countries, including Australia, this represents an aid budget of 0.7 per cent of gross national income (GNI) – a target for which the Australian Government expressed support in 2005.

The Australian Council for International Development reports that in 2010, Australia spent \$4.3 billion on overseas development assistance, equivalent to 0.33 per cent of GNI. Aid/Watch reports that Australia, like many other countries, inflates its aid figures by including expenditure that is not focused on poverty alleviation. Despite such inflation, Australia's current level of international aid at 0.33 per cent of GNI falls well short of the OECD average of 0.48 per cent, and far below the UN target of 0.7 per cent of GNI.

Through AusAID, the Australian Government provides grants to accredited non-government organisations (NGOs) delivering aid that addresses AusAID's priorities. In 2008-09, Government funding for NGOs through AusAID amounted to \$160.45 million, constituting about 14.5% of the total

funds raised by the NGO sector, while about 73% of the sector's funding was donated by the Australian public.

Since 2009 there has been a notable increase in Australia's overseas development aid relative to that of other countries. For 2011–2012, Australia has undertaken to allocate 0.35% of GNI to overseas aid. While this increase from 2010 levels has been welcomed by international development advocates, Australia's levels of development aid continues to be widely criticised as inadequate, with insufficient Government funding being allocated to both United Nations programs and NGO partnerships.

The failure of many donor countries – including Australia – to reach the United National target for aid leaves unattended many problems that could be addressed with sufficient funds. The landlocked developing countries of Africa are particularly adversely affected by the shortage of aid money needed to tackle extreme poverty.

Many developing countries still lack access to affordable, essential drugs, especially for the treatment of chronic diseases. And while demand is growing for information and communications technologies, the majority of the world's people still have no access to the internet. Prices of fixed broadband services are extremely high in developing countries, particularly in Africa.

The importance of overcoming global poverty

Despite the seeming intractability of the problem, there are three compelling reasons to work towards eradicating poverty in the developing world.

Firstly, poverty reduction is an ethical imperative which finds expression in the 1948 Universal Declaration of Human Rights, in the assertion that “everyone has the right to a standard of living adequate for the health and well-being of himself and of his family.” With poverty and deprivation drastically impacting on the life expectancy, wellbeing and quality of life of billions of people around the world, swift and sustained action must be taken.

Secondly, in our globalised world, poverty reduction not only assists the poor but also serves the self-interest of wealthier countries, for instance by lessening pressures of international labour migration and controlling the

spread of disease by building capacity in impoverished regions. The drastic human costs of continued poverty and economic inequality extend beyond geographical boundaries with distressing worldwide impacts.

Thirdly, poverty reduction in the developing world relieves pressure on populations to engage in unsustainable and ecologically damaging practices in an effort to survive and service their debts. These practices, including over-exploitation of natural resources and increased levels of pollution, pose grave threats to both local and global natural environments.

In light of these reasons, wealthy countries continue to face a pressing responsibility to help developing countries overcome the many afflictions of severe poverty: hunger, illness, slum-dwelling, lack of education and decent employment, childbearing risks, and depleted environmental resources. Intensified efforts to reduce poverty must especially target the poorest of the poor and those disadvantaged due to their sex, age, ethnicity or disability.

Individual citizens around the world can play a meaningful role in the struggle against poverty by engaging in private giving; volunteering; participating in social activism and political lobbying; joining public debates about development issues; and supporting campaigns such as ‘Make Poverty History’.

In our age, poverty remains a scourge that causes much of humanity to live in tragic circumstances. It is the purpose of the MDGs to alleviate such circumstances. If the vision of the MDGs is to be realised, the world must act energetically to revitalise efforts aimed at reducing and eventually eliminating global poverty.

Useful Sources

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World Vision regularly researches and publishes a variety of publications – reports, briefings and policy updates – on key development issues. This website also includes extensive resources for teachers and students in the section ‘School Resources’.

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Michelle Sowe, independent researcher and writer in the humanities and social sciences.

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