



Front cover image: DFAT



micah

Beating Extreme Poverty Together

VOICES FOR JUSTICE 2018

POLICY OVERVIEW



MICAH

Who we are

Micah Australia is a movement of Australian Christians, including individuals, churches and organisations raising a powerful voice for justice and a world free from poverty. It is the successor to Micah Challenge, building on a ten-year legacy of campaigning and community engagement. Now led by Executive Director Tim Costello, Micah has renewed its focus on Australia's aid program and tackling the most pressing global justice issues of our time: extreme poverty, the refugee crisis and modern slavery. The issue of global justice is one in which Christians are substantially invested. We believe that individuals, institutions and nations are called to respond to neighbours in need with generous love and compassion.

Christian aid agencies in Australia collect \$621 million in charitable donations each year¹.

The supporters of Micah don't just call for Government action, they act themselves.

A WORLD FREE FROM POVERTY.

In the world today:



**5.4
MILLION**
children die
before their
fifth birthday



**815
MILLION**
people go to
sleep hungry



**60% OF
THE WORLD**
do not have
access to safe
and adequate
sanitation



An
unprecedented
68.5 MILLION
people are
displaced



40 MILLION
people are
trapped in
modern slavery²

Australian Aid helping the world's most vulnerable



Image: DFAT

Over 1.3 million people are in need of humanitarian assistance in Cox's Bazar, Bangladesh – many of these women and children.

Australian Aid has played a vital role in providing humanitarian assistance to these women and children. In partnership with Australian Aid, The World Food Programme provides life-saving food to more than 700,000 Rohingya refugees every month, ensuring the needs of those most vulnerable are met including hot meals through community kitchens, and nutritious porridge for pregnant women, breast-feeding mothers and children under five. Australian assistance through Save the Children Australia, Oxfam Australia and CARE Australia is delivering life-saving water, food, shelter, protection and household supplies to those displaced by the violence.

THIS IS THE IMPACT OF AUSTRALIAN AID AT WORK.

Clearly, the need to address global poverty and vulnerability is urgent.

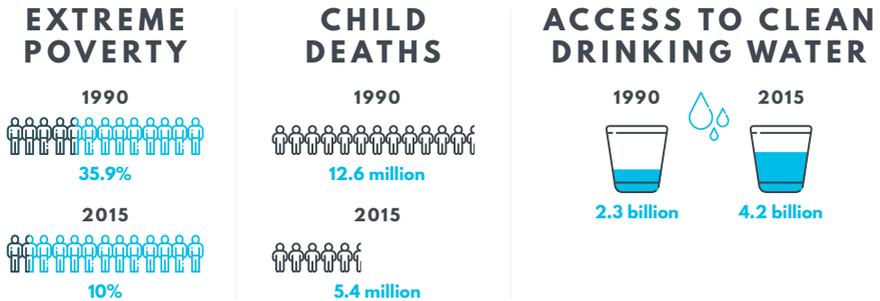
Despite the scale of this task, in recent decades we have witnessed the tremendous change that is possible when the world's nations come together and act for good.

In the year 2000, the largest ever gathering of world leaders, including Australia, committed to a global development plan: the Millennium Development Goals (MDGs) – 8 timebound goals, that expired in 2015, and together served as a blueprint to halve extreme poverty. At their end, the MDGs were hailed by the then UN Secretary General as the 'most successful anti-poverty movement in history'³. From 2015, these goals were replaced by a new framework, the Sustainable Development Goals (SDGs), which applied to developed and developing nations alike. These seek to build on the success of the MDGs by providing a 'shared blueprint for peace and prosperity for people and the planet'.

Since 1990, (the benchmark date for the MDGs), extreme poverty has fallen by almost three quarters. Reduction from 35.9% in extreme poverty in 1995 to 10% (as measured by the \$1.90 per day (2011 PPP) poverty line).⁴

“Over the last 25 years, more than a billion people have lifted themselves out of extreme poverty, and the global poverty rate is now lower than it has ever been in recorded history. This is one of the greatest human achievements of our time”

– World Bank President Jim Yong Kim.



Child Mortality has fallen from 12.6 million per year to 5.4 million per year.⁵

1.9 billion people gained access to piped drinking water.

Official Development Assistance (Aid)

The above gains have been propelled forward by a concerted global mobilisation. Multiple sources have financed this progress: tax, remittances, foreign investment, export revenue and aid. The role of aid has been significant, particularly in achieving progress on health indicators, providing emergency humanitarian relief and assisting in spreading the benefits of economic growth to those most in need.

Impact of Aid

Targeted aid programs play a significant role in improving global health. For example, foreign aid is widely credited as eradicating small pox, an achievement that has saved at least 60 million lives. Aid has helped reduce the number of deaths caused by other diseases such as malaria and diarrhoea (health improvements have averted about 10 million deaths per year, from these diseases alone)⁶. Aid has also meant that millions of children have been able to attend school, communities have been given access to clean drinking water, and governments have received assistance to strengthen their tax systems.⁷

The International Aid Target

Since 1970 there has been a broad consensus amongst the international community that rich nations (of which Australia is one) should aim to give 0.7% of their gross national income (GNI) in aid. This target has been reaffirmed many times since, including at the discussion surrounding the MDGs in 2002 for the Monterrey Consensus, and then again in the lead up to the SDGs in 2015 at the Addis Ababa Action Agenda on Financing for Development.

DEVELOPMENT AID REACHES A NEW PEAK IN 2016 AS REFUGEE COSTS INCREASE

Net ODA, constant 2015 USD billions. Source: OECD (2017), DAC statistics. oecd.org/dac



Since 2000, the world's rich nations – in response to these global development challenges – have been collectively stepping up their aid giving. Aid in recent years has been at a record high, reaching 146.6 billion USD in 2017 – more than double the aid given at the start of the MDG period in 2000.

Six official aid giving nations have achieved the target set in committing to both the MDGs and SDGs, and contribute 0.7% of their GNI to aid. These include the United Kingdom, Sweden, Norway, Luxembourg and Germany.

Even amidst tight austerity measures, in 2013 the UK's conservative Government reached the 0.7% target. In 2015, the UK enshrined this international aid target of 0.7% in legislation. In the face of those calling on him to slash the aid budget, the then Prime Minister, David Cameron, famously said, 'We will not balance our budget on the backs of the world's poor'.

Australia's Effort

From 2000 until 2013, Australia's aid program reflected the global trend, and was on a steady upward trajectory – both in real dollar terms and as a percentage of GNI. Between 2007 and 2013, the rate of increase reached 7% per year, rising from \$3 billion to \$5.6 billion. Australia's generosity in aid rose to 0.33% GNI, and the aid program enjoyed bipartisan support for an aid target of 0.5% GNI.

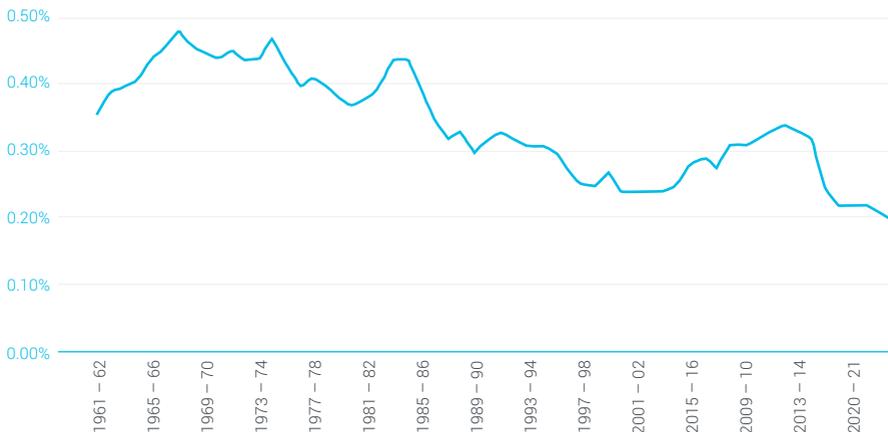
In recent years however,

while other nations have continued to step up, Australia has tragically taken a step back.

For the past five years, Australia's aid program has experienced unprecedented and consistent cuts. The largest single year cut occurred in December 2014, with a massive funding slash of \$1 billion, equivalent to 20% of the entire aid program.

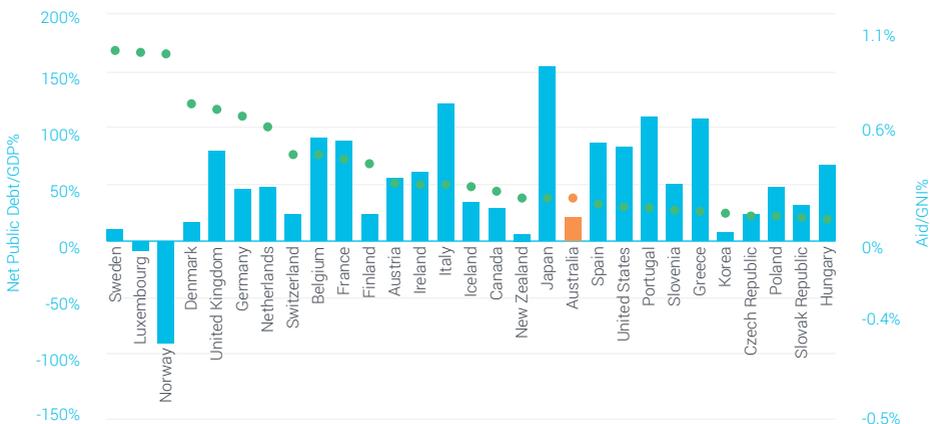
GENEROSITY: AUSTRALIAN AID AS A PERCENTAGE OF GNI

Source: Development Policy Centre, Aid Tracker.



FOREIGN AID VS. NET PUBLIC DEBT

- Net Public Debt
- ODA/GNI% 2017
- Australia



Australia now ranks 19th among rich country aid donors. And Australian aid generosity languishes at a historic low of 0.23% GNI, and is budgeted to continue falling.

The Australian Government justifies these cuts pointing to a tight fiscal position and rising Government debt. However, Australia is one of the least indebted countries amongst all official aid givers (with net government debt set to peak this year at just 19.1%). The only countries with comparative debt levels that give less aid than Australia are the Slovak Republic and Korea. These countries have significantly lower incomes (33% and 55% respectively, when measured by GDP per capita) and they are both former aid recipients that have only recently graduated to become aid donors.

Australians are the wealthiest people on the planet, when measured by median wealth⁸; the Australian budget is set to return to surplus in the next financial year; the nation has had the longest run of uninterrupted economic growth in the developed world and Australia, has relatively low Government debt.

Micah believes that compassionate generosity reflects the values that Australians hold dear. Compassionate generosity is also consistent with the kind of nation Australia aspires to be. As one of the most prosperous and least indebted developed nations in the world, Australia is well placed to be a world leader in terms of generosity towards its global neighbours.

Aid Quality

The Australian aid program has received consistently positive external reviews. For example, in the most recent Development Assistance Committee peer review of Australian Aid, the aid program was said to have a robust performance framework that puts value for money at the forefront.⁹

However, since the period of cuts launched in 2013, significant concerns have arisen that the quality of aid has deteriorated. The 2015 Development Policy Centre Australian Aid stakeholder survey, completed by aid experts who, "have worked with the aid program regularly and who have first-hand experience of its performance", found that while the majority of aid stakeholders (61%) think that Australian aid is effectively given, most worry that the quality is getting worse. 75% of aid experts believe that the aid program's performance had deteriorated since 2013, with respondents clearly attributing the reduced effectiveness to budget cuts.¹⁰

Australian Aid is Strategic

Beyond being the right thing to do, increases in aid are strategic – strengthening our prosperity and our security. South Korea, once an aid recipient, is now our fourth biggest export partner¹¹. Analysis of Australian export and aid data between 1980 to 2013 by the Australian National University (ANU) demonstrated that every dollar spent on aid resulted in an average of \$7.10 in Australian exports to aid recipient nations.¹²

Aid has been crucial in maintaining our influence in the region. As our aid program has diminished, and its predictability and consistency undermined, other nations have expanded their engagement and aid. This has eroded some of the influence we have with our neighbours.

Fragile Progress and an Urgent Global Need

Australian Aid has been part of a tremendous story of change in the fight against global poverty and suffering. The progress the world has seen has been remarkable, however these gains are becoming increasingly fragile. There are still 5.4 million children globally that die before their fifth birthday; 60% of the world do not have access to adequate and safe sanitation; and climate change, proliferating conflicts, and poor governance are threatening to reverse many of the world's hard-won improvements. Resultantly, for the first time in decades, hunger and acute malnutrition are on the rise and the amount of people displaced around the world has risen to an unprecedented 68.5million people¹³. Significantly, this displacement is fuelling trafficking and forcing millions into extreme poverty.

Australia can and should do more.

As one of the richest and least indebted aid giving nations in the world Australia, should be a leader in aid generosity. It's time to begin moving in this direction.

Australia should return to the top half of rich country aid donors by the end of the next parliamentary term¹⁴.

Australia should commit to achieving the internationally agreed aid target of 0.7% by 2030.

	2017-18	2018-19	2019-20	2020-21	2021-22
Generosity (aid/GNI)	0.23%	0.246%	0.263%	0.279%	0.295%
Aid Volume (nominal \$ million)	4161.00	\$4,667.6	\$5,250.0	\$5,868.4	\$6,505.5
Aid Increase (\$ million)	84	\$497.6	\$582.4	\$618.4	\$637.1
Percentage Increase	2.02%	11.93%	12.48%	11.78%	10.86%

To achieve this ask, Australia would need to scale up its aid program to approximately 0.295% GNI by 2021-22. Italy currently ranks 14th amongst the 29 members of the Organisation of Economic Cooperation and Development Assistance Committee, with an official aid to GNI ratio of 0.2946%. The above table is one possible pathway to achieve this target (with aid to GNI scaled up at a consistent rate until the end of the next parliamentary term, 2021/22). This ask is consistent with the Australian Council for International Development's call to rebuild the aid program to 0.33% of GNI in the next 6 years, starting with a minimum increase to the aid program of 10% per year.

Australia – Doing More for the World’s Poorest

Australia’s aid program should preference the world’s poorest and most in need. One fifth of people in extreme poverty live with a disability. People with disabilities are often poorer, experience higher levels of discrimination, and are more likely to receive inadequate services¹⁵.

Australia has been a global leader in supporting people with disabilities – introducing a disability inclusion strategy into the aid program in 2009 and renewing its commitment to disability inclusive development (DID) in 2015. Despite this, the earmarked funding for disability has been declining in real terms for the past four years. Specified funding for DID has been static at the nominal value of \$12.9 million.

Australia should inject a further \$1 million in the next financial year to make up for this reduction in real value. It should also commit to index this funding in the forward estimates to support our disability inclusion strategy.

Australia – Doing More for those Trapped in Slavery

62% of the 25 million people trapped in forced labour: are in Australia's backyard- the Asia-Pacific region. Far too many of those are being exploited to produce the goods and services that Australians enjoy. Australia has been a global leader in tackling this heinous crime. A position that has been strengthened in recent years. Firstly, by our 2016 International Strategy to Combat Human Trafficking and Slavery, which coordinates, prioritises and strengthens our previous anti-slavery efforts. Secondly, by the landmark (planned) introduction of the Modern Slavery Act, which compels large businesses to disclose how they are tackling slavery in their supply chains and other operations.

The Global Fund to End Modern Slavery (GFEMS) is an innovative and bold public-private partnership seeking to leverage \$1.5 billion USD to make slavery unprofitable¹⁶.

To date, only the US and UK governments have contributed to the GFEMS. Adding Australian support to this fund would leverage and strengthen our position as a leader in the fight against global slavery.

Australia should contribute \$17 AUD million to the GFEMS. This amount would bring us in line with what the UK gave (in proportion to GDP).

Australia – Doing More for the Displaced

With protracted crises around the world, and increasing instances of unstable and negligent governments, an unheralded 68.5 million people have been forcibly displaced. 85% of these displaced people are hosted within developing countries, Only a very small proportion of displaced people are being resettled or accommodated within rich nations¹⁷. In Australia for instance, just 0.15% of the population are refugees; yet in Lebanon, refugees comprise 16% of the population – 112 times more than Australia.

Given the scale of the crisis, resources available from donors for refugees and other displacement situations are significantly stretched. Based on funding to date, the UNHCR anticipate they will receive just 55% of the \$8.2 billion USD that is needed to provide essential services to displaced people¹⁸. The burden of this shortfall will be felt by refugees in the form of malnourishment, inadequate health services, dilapidated shelters and children going without schooling.

Increasing funding to the UNHCR is not just compassionate, it is strategic. Lack of essential services in displacement situations add to the ‘push factors’ that cause asylum seekers to take dangerous boat journeys. In its Foreign Policy White Paper, Australia has acknowledged that it should substantially increase its humanitarian funding. Focusing a portion of this funding on the UNHCR is not just compassionate, it is consistent with Australia’s policy of reducing the need for people to take unsafe journeys in order to find protection.

Australia should increase its funding to the UNHCR, from the current \$25 million to \$100 million per annum.

Footnotes

1 Calculated using revenue figures from ACFID members, and adding the largest Christian non-ACFID member, Compassion International. 2 UNDP. *The Millennium Development Goals Report* (2015), Food and Agricultural Organisation of the United Nations. *The State of Food Security and Nutrition in the World 2018* (2018), WHO and Unicef Joint Monitoring Program, *Progress on drinking water, sanitation and hygiene: 2017 update and SDG baselines*. ILO and Walk Free. *Global Slavery Index 2018* (2018). 3 Ban Ki Moon in UNDP. *The Millennium Development Goals Report* (2015) accessed at undp.org/content/dam/undp/library/MDG/english/UNDP_MDG_Report_2015.pdf 4 World Bank World Development Indicators (2018). Accessed at data.worldbank.org/topic/poverty Most recent data is for 2015. 5 UNICEF (2018) *Levels and Trends in Child Mortality*. 6 Kenny, C. (2011) *Getting Better. Why Development is Succeeding*. 7 Owen Barder, 'Is Aid a Waste of Money?' Centre for Global Development accessed at cgdev.org/blog/aid-waste-money 8 Credit Suisse. *Global Wealth Report 2018*. 9 OECD. *OECD Development Cooperation Peer Reviews: Australia* (2018). 10 Development Policy Centre. *'The 2015 Australian Aid Stakeholder Survey Summary'* (2015). 11 DFAT. *Australia's Trade in Goods and Services 2016-2017*. Accessed at dfat.gov.au/about-us/publications/trade-investment/australias-trade-in-goods-and-services/Documents/australias-goods-services-by-top-15-partners-2016-17.pdf 12 Dornon, M and Otor, S. *How does Australia Foreign Aid Impact Australian Exports* (2017). 13 UNHCR. *Statistical Yearbook 2018* (2018) Accessed at unhcr.org/en-au/figures-at-a-glance.html 14 This would be moving up to a ranking of 14th position, and an aid budget that is at least 0.29% of GNI. An ask consistent with ACFID and C4AA's aid ask. See Micah's extended policy briefing paper for more detail. 15 World Health Organisation. *World Report on Disability* (2011). 16 Global Fund to End Modern Slavery, 2018. 17 UNHCR. *Statistical Yearbook 2018* (2018) Accessed at unhcr.org/en-au/figures-at-a-glance.html 18 Ibid.

About Micah

Micah Australia is a coalition of churches and Australia's largest Christian non-government organisations, raising a powerful voice for justice and a world free from poverty.

We have a vision to see every Australian Christian as an advocate for the world's poor, vulnerable and oppressed.

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