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Credit to the poor - not a priority in our aid program

The recognition of a Nobel Peace Prize, as awarded to Muhammad Yunus last week for his pioneering banking system for the world's poorest people, stands at odds with our own Government's commitment to Microfinance in our aid program. So says RESULTS Australia, part of an international grassroots poverty advocacy group which has long campaigned for an increase in aid funding for Microfinance.

Australia's overseas aid for Microfinance has hovered around \$14 million per year for the last three years, equating to a mere 0.6% of our total aid, with little prospect for a significant increase, according to Maree Nutt, National Manager of RESULTS.

Ms. Nutt says 'Poor people need access to credit and a safe place to save their money just like anyone else. Access to credit to start or expand micro businesses to earn an income has proven to be a critical tool for enabling poor people to reduce their own poverty. Like health and education programs, microfinance should be an important part of any donor country's toolkit for assisting poor countries.'

The Grameen Bank and others have grown to the scale of now covering their costs and turning a profit. This is good news for poor clients because it means a Microfinance institution will still be there long after the grants from public and private donors stop.

'But to get to this point, grant funds are needed in the initial phase of around three to five years. This is where AusAID (the Australian Government aid agency) has helped in the past, but it could do much more' says Ms. Nutt.

RESULTS is calling for Australia's aid funding for microfinance to increase to \$40 million annually by 2008.

The microfinance 'industry' has moved a long way in the last ten years with a predicted 100 million of the world's poorest people now accessing microfinance.

On November 12-15, the world of microfinance will unite with Muhammad Yunus at the Global Microcredit Summit in Halifax Canada to share successes, innovations and lessons learned and also to commit to a ten year goal for further expansion worldwide.

RESULTS had pushed for Ministerial representation at the Summit, but instead, the Government will send a representative from AusAID.

Let's hope this is a first step towards greater Government commitment.

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