

A few dollars make a difference

It costs very little to give impoverished people the wherewithal to improve their lives, PETER GRAVES writes

Peter Singer, in last week's *Forum*, challenged each of us to make poverty history and to give and shout about it. There are ways we can respond to his challenges and share our good fortune: I want to share my responses from the past 22 years. Ending poverty is possible, affordable, and we can each make a difference. Yes, we can.

Singer mentioned microfinancing - small loans of about \$200 to the poorest of the poor, so that they can start their own businesses and lift themselves out of poverty. In these troubled financial times, it's also good news for the value of Australia's aid dollar - help that is not a hand-out, but a hand-up.

Singer also pointed out that 27,000 children die each day around our world from preventable causes such as malaria, measles and diarrhoea. Their mothers can die, too. A woman in Niger has a one-in-seven chance of dying from complications during pregnancy or delivery.

Those 27,000 preventable and unnecessary deaths are the equivalent of 60 jumbo jets filled with children crashing each day. Twenty-two years ago those daily deaths numbered 40,000, so progress is possible - 13,000 fewer children are dying each day, and that's worth shouting about. That's because of efforts by the UN Children's Fund, the World Bank, the World Health

Organisation, governments and many committed organisations and individuals. In 1987, I was asked if I wanted to help prevent the deaths of 40,000 children and was shown how it was possible. It didn't cost much.

Three billion people around our world struggle to live on US\$2 a day. Yet the value of a cup of coffee in Australia changes lives in our developing world. Microfinance is one small step for the world's poor and one giant leap for ending hunger and poverty.

The recently released State of the Microcredit Summit Campaign 2009 report said that in 2007, more than 100 million of the world's poorest families received a microloan. This was the attainment of an audacious goal set by the Microcredit Summit Campaign and more than 2900 delegates from 137 countries at the first microcredit summit in Washington DC in 1997. Achieving this goal now touches the lives of an estimated half a billion family members.

The Grameen Bank of Bangladesh was started in 1976 by Muhammad Yunus to combat rural poverty by providing credit to the very poor. He and the bank jointly shared the 2006 Nobel Peace Prize for 30 years of providing small, collateral-free credit for income-generating activities to poor rural people. As at December 2008, Grameen Bank had lent a total of US\$7.6 billion to 7,670,000 members - 97 per cent of them



NOBEL LAUREATE: Muhammad Yunus.

women. Living in 83,000 villages, these borrowers have a repayment rate of 98 per cent.

About 21 per cent of the Grameen Bank borrowers have managed to lift their families out of poverty within about four years of participation. Through its Millennium Development Goals, the UN wants to cut absolute poverty in half by 2015. There has been significant progress since 1990: 280 million fewer people are living in extreme poverty; 40 million more children are in school; three million more children survive each year; two million people now receive HIV/AIDS treatment.

Microcredit plays a critical role in achieving change. As well as offering financial services, microcredit has become a platform for delivering services such as health education, renewable energy and housing. Small loans that generate income can reduce poverty directly, while simultaneously stimulating benefits such as better health.

At the most basic level, higher and steadier incomes make it easier to put food on the table each day. When health problems emerge, having reliable ways to borrow and save can make it easier to pay for treatment. Financial access also can help people cope with unemployment caused by illness and forestall the need to sell assets.

The world's development aid is diminishing and cuts are expected to increase as the economic crisis deepens. But last year Norway announced that it would boost its foreign aid to US\$4.2 billion (\$A6.45 billion) in 2009. For every \$US100 generated by the Norwegian economy, it will give one dollar to aid.

That's three times more than Australia's present 32c. The Government can be congratulated on its plans to lift this to 50c of gross national income by 2015; this will restore it to the levels of 1974-75.

The Asia-Pacific region contains 64 per cent of people who live in absolute poverty, and the majority of microfinance borrowers. Australia is

well-placed to respond to their needs by helping the poor gain access to microfinance services. Over the past decade Australia's aid program has supported several successful microfinance organisations, including in Bangladesh and Vietnam.

However, at around \$10 million annually in recent years, Australian government aid funding for microfinance is surprisingly low. The Rudd Government has publicly stated its commitment to increasing aid for microfinance. Given our total aid of \$3.7 billion, about \$45 million would be a good target.

The Australian Government's aid in one year represents a small \$2.40 from each of us. Would we feel it if this were doubled? We can ask our local parliamentarian to urge the Government to do this.

We can also help to create so much. For example, \$5000 could help to start a microcredit bank in Malawi. The price of a large plasma TV in Australia can instead mean child and adult literacy, clean water and agricultural training in one community in Afghanistan.

Whether they are government or private, Australian dollars help end world hunger and poverty. We can make a difference.

Peter Graves, an advocate for microfinance, is a Canberra resident who supports Peter Singer's call to end world poverty (thefeyoucansave.com).