



Budget Recommendations | Fact Sheet 4

Supporting Rural Livelihoods

The Global Financial Crisis and the 2007-2008 Food Price Crisis continue to have deep ramifications for developing nations. An estimated 64 million people worldwide fell into extreme poverty in 2010 as a result of the financial crisis.¹ Data from the Food and Agriculture Organisation of the United Nations shows that an annual, worldwide increase of \$76 billion is needed to invest in addressing food security and hunger. If donor nations only provide half this amount in ODA, \$38 billion in public donations worldwide would be required per annum.

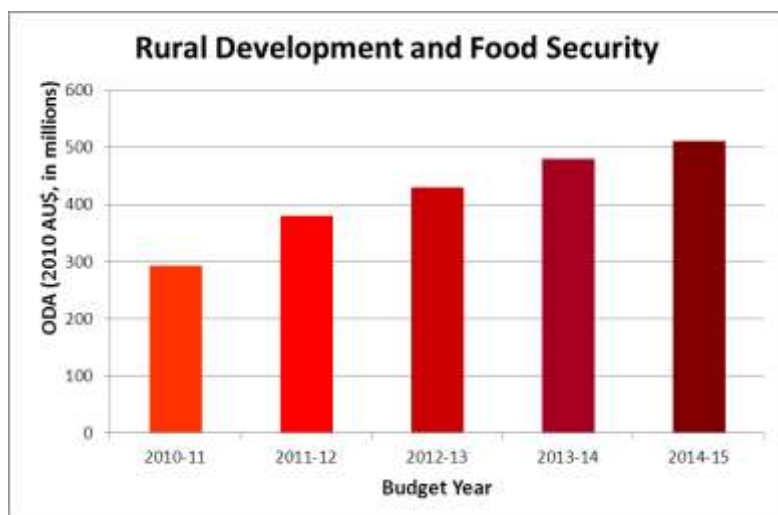
Greater Australian investment in achieving Millennium Development Goal 1, eradicating extreme poverty and hunger, will have a flow-on effect to achieving all of the MDGs.

Recommendation 4.1 – A Timetable for Additional Funding towards Food Security

The Gillard Government has committed Australia to providing \$1.8 billion in ODA to food security by 2015.² **ACFID recommends that the 2011-12 aid budget include a clear timetable to provide \$1.8 billion in ODA for food security by 2015, such as the timetable shown in the diagram below.**

In order to meet the multi-billion dollar shortfall in funding for food security and hunger, ACFID would support additional funds beyond the \$1.8 billion committed to also be allocated to this area. Funding in this area should be directed to investment on agriculture and rural development, food security, social protection, nutrition programs and food assistance. Specific activities should include:

- In the short term, provision of assistance to people who suffer from hunger through nutrition programs, food assistance, cash for work and other safety nets; and,
- In the longer term, support for strengthened resilience and capacity to produce food, improve functioning of markets and the broadening of social protection programs.



Year	Funding for Food Security (AU \$m current)
2010-11	292
2011-12	380
2012-13	430
2013-14	480
2014-15	510

¹ The World Bank <http://www.worldbank.org/financialcrises/bankinitiatives.htm>, last accessed March 2010

² The Hon. Kevin Rudd, Minister for Foreign Affairs, *Australian Statement to the High-level Plenary Meeting of the United Nations General Assembly (Millennium Development Goals Summit)*, New York (22 September 2010).



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Recommendation 4.2 – Increased Assistance for Microfinance in Rural and Regional Areas

ACFID recommends an increase in assistance for microfinance from an estimated \$18 million in the 2010-11 budget to \$40 million in 2011-12. Funding should be directed towards access to credit and other financial services for small agricultural producers and other rural and regional residents to establish small enterprises, with a focus on women as clients. Targeting these services towards women in rural areas is likely to have the greatest impact on poverty reduction, not only by empowering rural women but also because it is likely to result in additional income for nutrition, health and education for families.

According to the Government's financial inclusion strategy;

“There are as many as 2.7 billion adults in developing countries – or almost three quarters of the adult population – who still do not have access to banking services. For the poor, this exclusion exacerbates the challenges of living on very low incomes. Their inability to borrow or save money makes finding a way out of poverty even more difficult and they are more vulnerable when adversity hits... access to financial services can promote social inclusion and build self-confidence and empowerment, in particular among women.”³

Access to credit and other financial services can directly increase the income of households, and can contribute to increased use of education and health services. In many cases financial services which assist individuals and groups to begin businesses, save money and manage their income simply do not exist in rural and regional areas in developing countries.



A woman holds up some of the vegetables she has grown in a garden in Cape Town, South Africa, made possible through the Albalami Bezekaya voluntary association, supported with funding from Australia. The garden helps improve food security through improving production, and generating income for the farmers involved.

³ Stephen Smith and Bob McMullan, Ministerial Foreword, *Financial Services for the Poor: A strategy for the Australian aid program 2010-15*, (March 2010) p.iii.