



Australian Council for  
International Development

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# MYTHS BUSTED

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The Facts About  
Australian Aid

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*August 2011*



**Australia has the capacity to make a difference in the lives of thousands of poor people.** 18 out of our 20 closest neighbours are developing countries, with some of the highest rates of child malnutrition and maternal deaths in the world. Australian aid can help solve these problems, reversing trends like:

- **22,000 children under five dying every day, many from easily preventable illnesses**
- **1.4 billion people living on less than US\$1.25 a day**
- **100 million children being unable to attend school.**

**Photo: Brendan Esposito, Sydney Morning Herald:** Chien is having his eyesight restored as part of The Fred Hollows Foundation's training program in Vietnam.

Australian aid plays a crucial role in saving lives when emergencies strike. Living in a country susceptible to natural disasters itself, Australians understand the immediate needs of communities when disasters hit. Disasters and emergencies require strong, speedy responses, and Australia has the resources and know-how to make a difference.

Our aid helps to create security and stability in our region and beyond.

With Australia promising to help halve global poverty by increasing our aid spending, now is an important time to shine a light on Australian aid and separate the facts from the myths.

# Myth 1

## BUSTED

‘Australians do not benefit from money spent on overseas aid.’

Our aid money directly benefits Australians, by

- **Creating stability by lifting people out of poverty.** Did you know that in the Pacific the average age is 21? In Australia it is 37. Poverty and high youth unemployment have caused rising crime in some Pacific countries. Australian aid helps to educate young people and provides opportunities for them to be a productive part of their society. In a region where our closest neighbours have rising youth populations, this kind of work makes Australia more secure. From 2011, Australian aid will be providing high-quality learning materials to over 100,000 students in the Pacific annually. Teacher training is also planned for over 7,500 teachers.

**Australian aid helps to create a safer, more stable world.**

- Providing schooling and sustainable work for young people helps to create a safer world for Australians travelling and **makes Australia less likely to be threatened by or drawn into regional conflicts**, as has occurred in the past.

- **Delivering economic benefits** to Australians and to people overseas. Prosperous and stable countries offer new markets for Australian businesses.

- **Creating a lower risk of health pandemics** and medical problems worldwide – which makes the health risks for travelling Australians lower and **reduces the likelihood of diseases entering our country.** Just last year some North Queensland communities experienced an influenza outbreak which spread to Australia from nearby Papua New Guinea – aid directed towards health and immunisation programs lowers the spread of such diseases.

- **Addressing the root causes of refugee flows** by helping people to live sustainable lives in their home countries. Australian aid and diplomatic efforts can help build peace and stability within countries by being a part of the solution to conflict. Following the devastating rule of the Khmer Rouge in Cambodia, Australian aid and diplomacy helped build peace and reconstruct the country. Aid directed at peace-building is necessary to reduce the likelihood of conflict breaking out and people fleeing as refugees.

**Good for Australian businesses:** “Aid...helps foster opportunities for Australian businesses and their employees – to not only conduct business in Asia, the Pacific and increasingly Africa but also to do good. As you would expect in a global economy, the success of Australian business is increasingly linked to the economic health and stability of our neighbours.” - **Businessman and Australian of the Year Simon McKeon, 2011**

# Myth 2

## BUSTED

‘Charity begins at home - Australia cannot afford to increase aid and still look after our own needs.’

**Australia has enough money to look after our own needs and still help people in poor countries get a fair go.**

Our aid spend is roughly equal to one cup of coffee a week for every Australian. We spend much less on aid than most people think. In each \$100 of Australia's gross national income, we don't even give \$1 to aid - we give just 35c. In fact, aid makes up only 1.7% of our entire federal budget.

There is arguably no other area of Australian Government spending where such small amounts of money can make such huge differences. Just \$2.50 pays for a birthing kit which can save a mothers' life and less than \$3 immunises a baby against life-threatening diseases including diphtheria, pertussis, tetanus, hepatitis B and Hib (a deadly type of influenza).

Australia has the 13th largest economy out of 196 countries in the world. Aid is affordable for Australia and produces immeasurable benefits in people's lives.

# Myth 3

‘Our aid money supports militants and radicals.’

**BUSTED**

**Aid lessens the threat of terrorism. One of the best ways to ensure peace and security is to build educated, productive societies where there are real opportunities for people.**

In Indonesia, one of our very close neighbours, Australian aid will help to construct around 2,000 schools this year and will help establish a national teacher training system. The importance of these activities cannot be underestimated.

In some countries, like Afghanistan, schools that are poorly run or influenced by radicals can otherwise be the only option. There are simply no other schools. Providing well trained, well paid teachers working to modern, national curriculums does make a difference.



Photo: Christine Crosby,  
Australian Volunteers  
International:

Australian volunteer Briony  
Steven chats with the children  
she's been working with at  
a school near Siem Reap,  
Cambodia.

# Myth 4

‘There is no need to rush - we can wait and increase aid when economic circumstances are better.’

**BUSTED**

**For thousands of people, waiting too long will mean it's just too late.**

Australian aid plays a crucial role in saving lives when emergencies strike such as the recent Asian Tsunami. When this happens there is no time to wait, we need to act quickly to save lives. These emergencies are occurring at an increasing rate. Australians have responded to 18 international natural disasters over the last two years alone.

Our aid can make immediate differences in other urgent areas too. Last year half a million expectant mothers died needlessly during childbirth – almost all in developing countries and almost all due to complications that could have been addressed with simple medical interventions. More expectant mothers died last year in nearby South Asia than in any other part of the world except Sub-Saharan Africa. For these women, as well as the 22,000 children estimated to die each day, waiting for aid is a life and death matter.

Economic circumstances have been tough because of the global financial crisis. But the Australian economy has one of the lowest debts levels in the world compared to other developed countries. The UK, which has a much higher debt, is still increasing their aid because of the urgent need in the world, and because giving aid makes sense. Australia can afford to increase our aid and meet urgent needs now.

A woman with dark hair pulled back, wearing a red t-shirt with a graphic, stands outdoors holding two young children. The child on the left is wearing a green patterned shirt and looking towards the camera. The child on the right is wearing a yellow and black checkered shirt and has a sad expression. In the background, there is a wooden structure, laundry hanging on a line, and a hazy mountain range under a clear sky.

Photo: Josh Estey, CARE Australia

Mothers like 27-year-old Leoneta da Silva simply can't wait for Australia to deliver on its promise to help halve global poverty. Leoneta has experienced the kind of pain

that any mother would dread – the pain of hearing her children cry from hunger. Living in East Timor, Leoneta's primary challenge is feeding her family. She is now working with CARE Australia to turn her life around and make sure her children don't go hungry.

“It's demonstrated that Australia has a good heart and the people of Australia will always respond to a deserving cause in a very generous fashion and they've certainly done that.”  
- **Former Prime Minister John Howard**, announcing a \$1 billion Australian aid package for the Asian Tsunami in 2005.

# Myth 5

‘Aid doesn’t work – it creates dependency on us.’

**BUSTED**

## Aid has been proven to save lives and change communities for the better.

It has been a long time since aid was about providing just a hand out. Aid programs today are focused on making sure there is sustainable, lasting change. Australian aid ‘teaches the person to fish’ – it is a hand up, not a hand out, to people who really need it. When aid is directed at reducing poverty great gains are made:

- **Over the last 20 years aid money has helped save about 14,000 lives per day**, according to the United Nations
- The number of people living under the international poverty line of US\$1.25 a day has declined from 1.8 billion in 1990 to 1.4 billion in 2005, despite a growing world population
- Aid has helped to eradicate polio in the Pacific and decreased the overall number of mothers dying during childbirth by 40%.

These are astounding figures, which have meant the difference between life and death for thousands.

Aid has also helped to bring some countries out of poverty despite massive hurdles. South Korea, once a large recipient of foreign aid, now has its own growing program that delivers aid to poorer countries.

“The fundamental objective for Australia’s aid program is to help people overcome poverty. We work to improve the lives of those living in conditions far below what Australians find acceptable. We focus our resources and effort on areas of national interest, and where Australia can make a real difference.” - Australian Government July 2011.



Photo: Jenni Lee

Midwifery student Champa Munny holds a newborn baby in her arms. Australian volunteer Jill Moloney (in the background) is helping to implement a training course for midwives with the support of Australian Volunteers International and AusAID.

With the help of Jill, Champa is graduating this year and is determined to play her role in reducing the maternal-infant mortality rate in Cambodia.

# Myth 6

‘ Too much aid is being spent in far-away places, like Africa, instead of in our own region.’

## BUSTED

**Our region receives the lion’s share of Australia’s aid money, with Africa receiving less than 7% of Australia’s aid. 88% of the Australian aid program is spent in Asia and the Pacific.**

Africa is the poorest continent in the world. 33 of the least developed countries in the world are located in Africa. It is a region plagued by drought and weak governance, with the first famine of the 21<sup>st</sup> century being declared in Somalia this year. There are also a number of African nations that are starting along the road to building peaceful, free democracies. It’s right and it makes sense for Australia to provide aid to this region.

And while it is important for Australia to play a leadership role in our region, **conflict and instability in Africa, which is home to a huge 14% of the world’s population, also affects Australia.** A healthy, prosperous and stable Africa will open doors in the areas of trade, new markets and new investment partnerships. Already Australian businesses have invested more than \$20 billion in African countries – mainly in the mining sector, where we have strong expertise.



Photo: CARE Australia

In the African nation of Malawi, more than half the female population is illiterate. For poor families, the cost of school fees, books and uniforms usually mean that children miss out, and more often than not it’s the girls that get left behind.

As 16-year-old Grace posed for this photograph she told of her hopes to one day become an accountant. She is able to attend school because of a scholarship, supported by CARE Australia.

# Myth 7

## BUSTED

‘Australia gives too much aid to countries that are relatively rich, like Indonesia.’

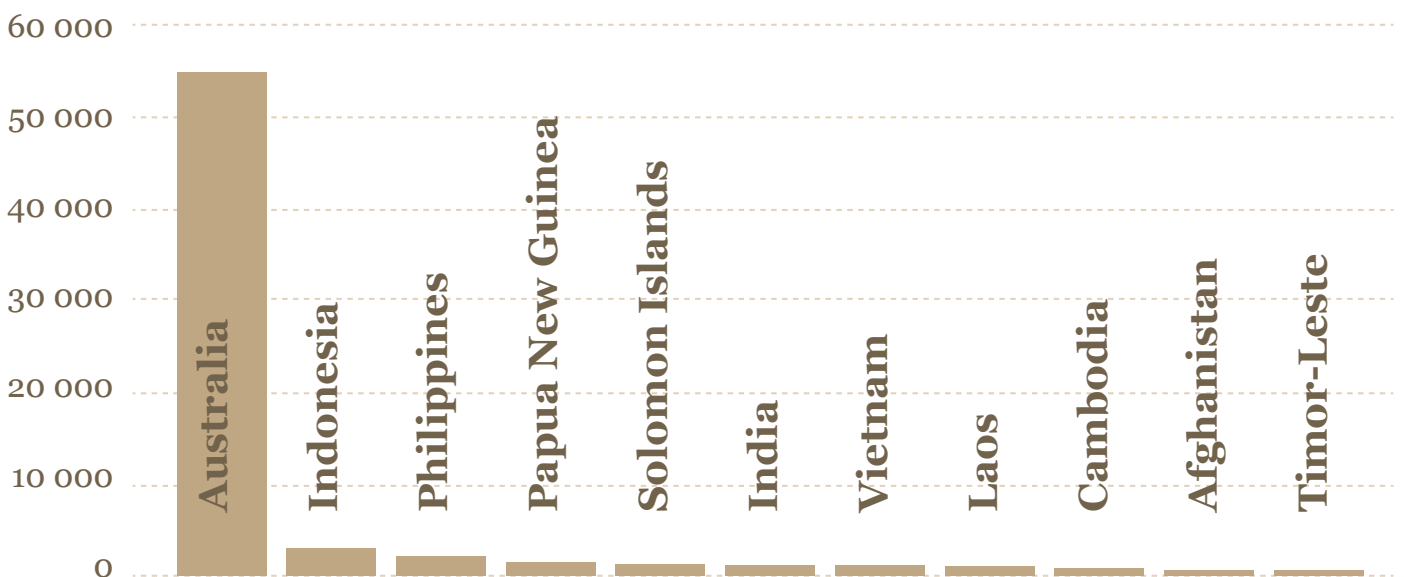
In comparison to Australia, middle income countries like Indonesia are not rich at all. Australia’s gross domestic product per person is about \$55,000. For Indonesia, it is only \$3,000 and for Papua New Guinea it is about \$1,400. That’s a huge difference.

An estimated 75% of the world’s poorest people now live in middle-income countries, like Indonesia. The money available in most of these countries isn’t

accessible to everyone – with pockets of extreme poverty remaining devastatingly underdeveloped, often in rural areas. Australian aid can target

the poorest people in these countries, as well as work with their governments to implement services and policies that reduce gross inequality.

### Average per capita income for Australia and our major aid recipients, US\$ 2010



Source: IMF World Economic Outlook Database, GDP per capita (nominal)

# Myth 8

‘Aid is wasted on corrupt governments and fraud.’

**BUSTED**

**There are strong systems to manage fraud in the Australian aid program. The Government has a ‘no tolerance’ policy for fraud, with all cases being investigated and taken seriously. As a result, there are very few cases of fraud in relation to Australian aid.**

All fraud cases over the past 4 years add up to only 0.017% of the total money spent on aid during that time. This low rate is an achievement, given that Australia’s aid program works in countries where governments are fragile, failing or absent altogether.

Australia’s aid is directed at helping people in challenging environments. But the risk of fraud is no reason to pick up our bat and ball and walk

away. This would not be fair to the vast majority of people who need and deserve our help.

Australian aid also works directly to eradicate corruption in governments and public service organisations in developing countries. The Australian Federal Police, for example, have successfully been working to achieve this with the local police force in the Solomon Islands.

And, not-for-profit aid charities that sign up to the Australian Council for International Development (ACFID) Code of Conduct make a commitment to accountability, transparency and integrity in their operations. They commit to the 150 plus obligations of the Code and must have transparent, public complaints processes.

# Myth 9

## BUSTED

‘Too much aid goes to non-essential projects, instead of food and shelter.’

Australian aid agencies do amazing work providing food and shelter when it is urgently needed. After the devastating 2010 Pakistan floods, for example, Australian agencies gave immediate assistance through food, medical treatment and shelter to approximately 1.3 million people.

**But giving away food and constructing temporary shelters are not lasting solutions to poverty.** Australian aid agencies seek to address

**Aid projects that do more than the basics help people to take charge of their own lives. Most people don't want handouts. They want to have the opportunity to work, earn money and feed and shelter their families.**

the immediate needs of people as well as finding long-term solutions to problems. For example, investing in women and girls is one of the most effective ways to help communities overcome poverty.

Research by CARE Australia has shown **if we help one woman out of poverty, she'll bring four others with her.** Australian aid supports women earning an income through developing skills, providing access

to income-earning assets and microcredit. By looking at the wider problems like these, **Australian aid is helping people to overcome poverty for good.**



Photo: Angela Wylie, The Age

These young women attend one of only a handful of schools for girls over the age of 10 on the Thai-Burma border. They are getting the chance to increase their confidence and be trained in practical leadership skills, with the support of the International Women's Development Agency.

# Myth 10

**BUSTED**

‘Trade is the best way to help other countries overcome poverty, not aid.’

**Trade is very important in helping lift economic conditions in poor countries, but it cannot do the job of fighting poverty alone.**

Better economic conditions don't always mean improvements for the very poorest people in poor countries. Women, people with disabilities and people living in rural areas can miss out on economic improvements if they aren't also given the space and assistance to harness those changes and make them work for their own benefit. People living in rural areas, for example, often don't have access to the banking facilities and infrastructure which would allow them to grow their personal wealth with that of the nation. Responsible trade and local development need to go hand in hand for everyone to benefit.

Trade also doesn't always mean better economic outcomes for people in poorer countries. Subsidies and tariffs are sometimes used to block products from developing countries from entering the market. For example, farmers in the European Union receive on average almost \$2.20 a day in subsidies for each cow they own. Over a year, this means each cow in the EU receives subsidies equal to almost twice the average annual income of farmers in the developing world. Access to markets for poor producers helps the benefits of trade be shared. Responsible and equitable approaches to trade need to be championed in order to ensure that poor people can benefit.

Aid is not the answer to every question and it cannot overcome poverty on its own. But well-targeted aid along with responsible trade, economic and environmental policies can save and significantly improve the lives of thousands.



Photo: Hanh Tran

Ly (left) had been blind for three years prior to the sight-saving surgery she received from the Fred Hollows Foundation. She and her

friends had to travel from a rural province in the north of Vietnam to Bac Quang General Hospital in order to have their sight restored.



**Australian Council for  
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**Want to learn more  
about Australian aid  
and development?**

Contact the Australian Council for  
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ACFID is the independent peak Council  
for Australian aid and development  
NGOs, working towards a world where  
gross inequality and extreme poverty  
are eradicated.

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**Cover photo: Christine Crosby**

Mother and child participate in a  
maternal health workshop in a village  
near Siem Reap, Cambodia.