Development (II): Poverty & Aid

Some people are so poor, all they have is money.

Enduring Understanding:

Development brings about change, both positive and negative. To maximize the positive effects of change, a balance must be struck between economic growth, societal well-being and environmental protection to attain sustainable development.
**WHAT IS POVERTY?**

Poverty is a condition where a person does not have sufficient economic and other resources to live with dignity, choices and power, which support full participation in society. **Extreme poverty** is defined as living on less than US$1 a day, **moderate poverty** US$1 to US$2 a day and **relative poverty** is that of lacking things that the middle class takes for granted, or being denied things that are considered the normal.

Poverty is also a pronounced deprivation in well-being. It comprises many dimensions - **low incomes** and the **inability to acquire the basic goods and services necessary for survival with dignity.** It also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice and insufficient capacity and opportunity to better one's life, and a lack of capabilities that enable a person to live a life he or she values, encompassing such domains as income, health, education, empowerment, and human rights.

**TRENDS IN GLOBAL POVERTY**

1. **Rich are getting richer, and the wealth gap between rich and poor is getting worse.**
   - a. Other researches tell us that the richest 20% earns 75% of the world income, while 40% of the poorest earns only 5% of its income.
   - b. Low income countries (2.4 billion people) accounted for just $1.6 trillion of GDP (3.3%)
   - c. Middle income countries (3 billion people) made up the rest of GDP at just over $10 trillion (20.7%).
   - d. The world's wealthiest countries (approximately 1 billion people) accounted for $36.6 trillion dollars (76%).
   - e. The GDP (Gross Domestic Product) of the 41 Heavily Indebted Poor Countries (567 million people) is less than the wealth of the world's 7 richest people combined (what injustice.)

2. **Globally:**
   - a. 1.1 billion people live in extreme poverty, 3 billion live under US$2.50 a day
   - b. Asia leads in numbers, but Africa has the largest proportion

3. **Impacts of Poverty (Trends):**
   - a. **High illiteracy rate:** Nearly a billion people entered the 21st century unable to read a book or sign their names.
   - b. **Limited access to facilities:** 1.1 billion people in LEDCs have inadequate access to safe water, 2.6 billion lack basic sanitation, 640 million live without adequate shelter, 270 million have no access to health services. Close to half of all people in developing countries are suffering at any given time from a health problem caused by water and sanitation deficits.
   - c. **High child mortality rate:** 10.6 million died in 2003 before they reached the age of 5.
   - d. **Spread of infectious diseases:** An estimated 40 million people are living with HIV/AIDS, with 3 million deaths in 2004. Every year there are 350–500 million cases of malaria, with 1 million fatalities. Africa accounts for 90 percent of malarial deaths and African children account for over 80 percent of malaria victims worldwide.

**CAUSES OF POVERTY**

1. **ECONOMIC:**
   - a. **Lack of agricultural reforms/Agrarian economy:** Farmers go through cycles of relative abundance and scarcity, and during these periods of scarcity, many families lack sufficient resources to meet their minimal nutritional needs.

2. **SOCIAL:**
   - a. **Social inequalities:** Presence of caste system, discrimination on the grounds of gender, race, class, ethnic group that limit opportunities for advancement

3. **PHYSICAL/GEOGRAPHICAL:**
   - a. **Frequent natural disasters:** These devastate the country, destroy cattle and crops, and what makes it worse - countries often have inadequate resources to construct infrastructure to respond to such disasters nor invest in mitigation strategies
   - b. **Drought-prone climates:** Depletion of water sources directly affects many people directly (lack of water for survival), as well as for their livelihoods (lack of water for irrigation)
   - c. **Landlocked regions with lack of resources:** Country is unable to receive aid easily nor industrialize and capitalize on resources for development
4. HISTORICAL:
   a. Colonial rule: Leaves the conquered regions bereft of education, healthcare, and inadequate physical infrastructure, as colonizers only developed it for resource exploitation

5. POLITICAL/GOVERNMENTAL:
   a. Wars/Conflict/Warfare itself: The infrastructural and human destruction caused by warfare in a major obstacle to development.
   b. Centralization of Power: Power and control of the country is centralized in one area, and as such, in these situations, governments make decisions about places that they are unfamiliar with. They lack sufficient knowledge about the context to design effective and appropriate policies and programs that truly alleviate poverty.
   c. Corruption: Rampant in many developing countries where leaders help themselves to money that would otherwise be used for development projects.

IMPACTS OF POVERTY
1. SOCIAL
   a. Social discontent can appear, which leads to dissent, protests, even civil wars that threaten the stability of society and government, and its effects can spread regionally (Arab Spring)
   b. Death and disease are rampant (Malaria, HIV/Aids, Water-borne diseases like cholera)
   c. Increased crimes stemming from poverty
   d. Something interesting to consider:

   ![The Poverty-Repression-Militarisation Cycle](image)

2. ECONOMIC
   b. Lack of funds to pursue development, country is stuck in the development trap
   c. Lowered productivity of economy due to workforce being sick and poor and unhealthy
   d. Unequal job opportunities

3. POLITICAL
   c. Threatens governmental stability due to possible rioting that can stem from social discontent
   d. Threatens government's position especially in a democracy as the poor have a right to vote them out - such as in India, where the poor voted in favour of a pro-poor socialist ideology leader, a change from the current government whom they felt unhappy with
   e. Cost of poverty burdens the country: Government needs to pay for the healthcare of the poor who fall ill for example. (more for cases of urban poverty though)
POVERTY CYCLE

LETS HELP THE POOR – POVERTY REDUCTION STRATEGIES (SMALL SCALE)

1. Providing a sustainable source of income
   a. Through agricultural reform (machination or using better high-yielding seeds) or otherwise, a better way would be to use resources available in the community itself to generate income instead of relying on long-term foreign funding. This can also be done through industrialization and tourism to provide jobs.
   b. HOW IT BREAKS POVERTY CYCLE - Gives people money and access to jobs, thus giving them the ability to have better food, afford education for their children, afford healthcare etc.
   c. TOURISM EXAMPLE: Anja Miray Reserve, Madagascar
      i. Background: Forest reserve was cleared every year by local communities for corn planting, and local communities were hunting the lemurs as a source of protein.
      ii. Aim: Make local communities aware of economic interest in protecting environment as well as to use ecotourism as a way of creating jobs
      iii. A Madagascar-based civil society organization, Association Anja Miray uses ecotourism to create jobs and fund basic social infrastructure such as schools, health clinics and environmental education centers. Today, the forest is a popular attraction for tourists worldwide - in 2011, Anja Miray received 12,000 visitors and generated US$45,000. With the income generated by ecotourism and the sale of handmade items, two schools were built, 450 jobs were created and benefited 1600 people out of a population of 2500.
   d. AGRICULTURE EXAMPLE: Laos
      i. Background: The change in the weather over the past five years presents significant challenges to traditional rice planting in Laos. Moreover, increasing numbers of landslides, land erosion and severe flooding are further affecting the crop that is grown on the slopes of the northern uplands.
      ii. Aim: Make agriculture resilient to changes in weather through crop diversification, and thus provide for a sustainable source of income for farmers all year round.
      iii. How: The Kioutaloun community, along with three other villages, received US$50,000 in 2011 from the Global Environment Facility Small Grants Programme, implemented by UNDP. The initiative has benefited more than 2,000 people, and encourages the community to plant alternative crops that can be more profitable and reliable than rice, such as sweet bamboo and lemons. Farmers receive support in purchasing seedlings and training on land preparation and planting techniques.
   e. EXAMPLE: Kakamega, Kenya - Sustainable Beekeeping Empowerment Program (SBEP)
      i. Background: In a community where women are often marginalized, it is hard for them to find good, consistent work.
      ii. Aim: Improving employment and providing source of income to women to help them achieve financial independence, build self-confidence and build a strong base of support for each other
iii. How: Empowers women by providing them with a sustainable source of income by building beehives on their living compound and completing training on the art of beekeeping and honey harvesting.

2. Providing clean water and sanitation
   a. HOW IT BREAKS POVERTY CYCLE - Gives people basic need of water, which can be used for agriculture, and also protects them from water-borne diseases.
   b. EXAMPLE: Duékoué, Ivory Coast - Program of Support for Poverty Reduction
      i. Background: A decade-long crisis saw hundreds of thousands of people displaced, and much of the country’s infrastructure and facilities such as schools and hospitals destroyed. Water treatment centres fell into disrepair, and water point maintenance stalled, risking the spread of disease.
      ii. Aim: Improve access to clean water in former conflict areas
      iii. How: More than 61,000 people now have better access to water through rehabilitated water pumps and water treatment (using chlorine) of 100 wells. Management committees consist of 10 members each - half of whom are women - are set up in each villages targeted by the programme, and are meant to ensure proper usage of the wells.

3. Bringing power
   a. HOW IT BREAKS POVERTY CYCLE - Gives people electricity, thus improving living conditions. It enables different developments to take place - industrial development can be possible, certain industries that need electricity (hmm sheep shearing maybe, processing of food through machinery) is now available! Which creates jobs, boosts incomes :>
   b. EXAMPLE: Ajderovac, Croatia
      i. Background: 126 villages in Croatia still wait for the electricity distribution network to be restored since the war in the 1990s. Residents rely on diesel-powered generators and candles for lighting in the village of Ajderovac, and though the mountainous area where the village is located has great potential for raising livestock, lack of electricity and difficult living conditions badly hampered its economic prospects.
      ii. Aim: Improve living conditions and economic prospects for the village of Ajderovac by providing electricity
      iii. How: Installation of a solar photovoltaic system to provide energy for the village. The cost of the pilot solar system has proven to be three times cheaper than traditional re-electrification, and demonstrates the potential for solar energy to provide cost-effective and environmentally-sound energy solutions.

4. Investing in education*****
   a. HOW IT BREAKS POVERTY CYCLE - Knowledge is power! Having education enables access to a whole host of better job opportunities, increasing basic incomes, having better homes, food etc. and enables the young to contribute back to their community with their knowledge and skills in the future, thus helping the community out of poverty themselves. Good, no? Many have said that education is usually the most sustainable way out of poverty, as it helps the community to help themselves, instead of relying on foreign aid and being stuck in jobs that have meagre incomes.
   b. EXAMPLE: Bangladesh
      i. Background: Children belonging to ethnic communities are faced with a language barrier to education due to them speaking their ethnic languages only, leading to high dropout rates and low enrollment.
      ii. Aim: Remove the language barrier, and make education relevant and accessible, so as to achieve 100% primary school enrollment by 2015.
      iii. How: An education programme in Bangladesh has opened 150 multilingual primary schools, enabling more children to access education. Multilingual education allows teachers to gradually introduce the official language of Bengali, so that towards the end of primary school, students can switch completely to the national curriculum, which is taught in Bengali. It provides students with an incentive to come to school due to the comfortable environment, and also preserves ethnic languages.

5. Improving healthcare & nutrition
   a. HOW IT BREAKS POVERTY CYCLE - Knowledge is power! Having education enables access to a whole host of better job opportunities, increasing basic incomes, having better homes, food
etc. and enables the young to contribute back to their community with their knowledge and skills in the future, thus helping the community out of poverty themselves. Good, no? Many have said that education is usually the most sustainable way out of poverty, as it helps the community to help themselves, instead of relying on foreign aid and being stuck in jobs that have meagre incomes.

b. EXAMPLE: Anzaldo, Bolivia - SaludAdelante (Healthcare)
   i. Background: Malnutrition is a very pressing issue in Anzaldo
   ii. Aim: Make children's healthcare & nutrition in Anzaldo sustainable
   iii. How: Equipping parents with skills in enterprise, gardening, health, and sanitation as a means of standardizing the nutritional goals in the community.

FOR SPECIFIC CASE STUDIES AND PROJECTS THAT TUG AT YOUR HEARTSTRINGS, VISIT: http://www.undp.org/content/undp/en/home/ourwork/povertyreduction/overview.html
(All my examples are from this amazing website.)

SOME OTHER STUFF WHICH ARE USEFUL AND I'M LAZY TO TYPE, SO HERE'S A PICTURE:

GIVING A BAND-AID TO EASE THE PAIN – GLOBAL POVERTY REDUCTION
An ideal way proposed by smart economists and geographers to close the development gap is to have education + debt relief + appropriate aid + fairer trade. These are all inputs that are also subject to change - and this can impact the output - developmental status.

1. DEBT RELIEF
   a. Debt Relief is the partial or total forgiveness of debt, or the slowing or stopping of debt growth, owed by individuals, corporations, or nations.
      i. Most famous of all is the Greek Bailout which I don’t feel like elaborating a lot on basically the IMF + Eurozone countries dumped money on Greece which was in debt (ok not exactly dump. loaned). They even lowered Greece’s debt-to-GDP ratio!

2. APPROPRIATE AID
   a. TYPES OF AID:
      i. Emergency or short-term aid – needed after sudden disasters such as the 2000 Mozambique floods or the 2004 Asian tsunami.
      ii. Conditional or tied aid – when one country donates money or resources to another (bilateral aid) but with conditions attached. These conditions will often be in the MEDCs favour, eg the controversial Pergau Dam project in Malaysia, where Britain used aid to secure trade deals with Malaysia.
iii. **Charitable aid** – funded by donations from the public through organisations such as OXFAM.

iv. **Long term or development aid** – involves providing local communities with education and skills for sustainable development, usually through NGOs.

v. **Multilateral aid** – given through international organisations such as the World Bank rather than by one specific country

**b. WHY SOME COUNTRIES GIVE AID:**

i. Moral Responsibility of the Rich (Norway gives a portion of their GDP - around 1% - to foreign aid. In contrast, the US gives 0.19%. but then again US is in debt)

ii. Maintains stability in the region so that it does not affect the donor country’s economy/people (let’s say people are rioting in a country with a good government. give the government some weapons aid and we’ll show them who’s boss. :< )

iii. Political agenda + Spread influence + Gain some international moral standing.

**c. AID DISADVANTAGES:**

i. Aid can increase the **dependency** of LEDCs on donor countries. Sometimes aid is not a gift, but a loan, and poor countries may struggle to repay.

ii. Aid may not reach the people who need it most. **Corruption** may lead to local politicians using aid for their own means or for political gain.

iii. Aid can be used to put **political or economic pressure** on the receiving country. The country may end up owing a donor country or organisation a favour. (hey country I gave you aid now you owe me one -evil laugh- ONLY ACCEPT MY DEVELOPMENTAL PROJECTS IN YOUR COUNTRY AND REJECT THE REST OF THE WORLD)

iv. Sometimes projects do not benefit **smaller farmers** and projects are often large scale.

v. Infrastructure projects may end up **benefiting employers** more than employees.

vi. It may be a condition of the investment that the projects are run by **foreign companies** or that a proportion of the resources or profits will be sent abroad.

vii. Some development projects may lead to food and water **costing more**.

**d. AID BENEFITS:**

i. Emergency aid in times of disaster saves lives.

ii. Aid helps livelihoods and **rebuild housing** after a disaster.

iii. Provision of medical training, **medicines** and equipment can improve health and standards of living.

iv. Aid for **agriculture** can help increase food production and so improve the quality and quantity of food available.

v. Encouraging aid **investment in jobs** and industrial development can create jobs and improve transport infrastructure.

vi. Aid can support countries in developing their **natural resources** and power supplies.

vii. Projects that develop **clean water** and sanitation can lead to improved health and living standards.

**3. FAIRER AND “FREER” TRADE**

**a. Free trade:**

i. BENEFITS: Please refer to your own SS notes :>

ii. WHAT COUNTRIES CAN DO: Sign more Free Trade Agreements to increase price competitiveness of goods and stuff

**b. Fair trade:**

i. An organized social movement and market-oriented approach that aims to help producers in developing countries obtain better trading conditions and promote sustainability

ii. Advocates the payment of a higher price to exporters as well as higher social and environmental standards, so that these producers can earn more money from their goods.

**INTERESTING THING THAT FITS NOWHERE**

1. **Improve government capacity to provide universal access to essential goods and services** (e.g. potable water, affordable food, primary health care, education, housing and other social services.)

   **a.** Global governments have adopted the 20/20 Initiative, which calls for 20% of national budgets and 20% of foreign aid to be spent on human services
GLOBAL DEVELOPMENT AS A SYSTEM:
SYSTEM: PROCESS, INPUTS, OUTPUTS

WHY IS THERE A DEVELOPMENT GAP?
Development is a system which largely follows a set path and has set stages. There are inputs (causes, reasons, obstacles etc.) that can in fact cause the output (developmental status) to be affected due to the processes of development (implementation/impacts). Countries are at different stages of development, but following the same progression and path (same system). Rostow’s Model is fantastic for showing how development is a system (if you’re not in RA, this is great enrichment for you!)

The problem is: not every country starts out on the same footing. Different countries have different resources (see the link to resource endowment in Term 1/2?), and thus, differing potential for development and different obstacles. There are different inputs for different countries, and this affects the output.

But guess what? Globalization comes into the fray (aha, now manufacturing is here) and changes the processes and usual paths to development. No natural resources to industrialize on your own? No problem - be a call centre and exploit your people! Global affluence is increasing, and this also has an impact - tourism is not a profitable industry to develop!

So going from this, every country has a chance to develop, good right? Wrong :( Countries that develop faster and have stronger economies (called the “core”) usually suck the life and potential out of poor countries (the “periphery”), as they monopolize supply and create demand for goods! They get richer and richer due to cumulative causation (advantage leads to another advantage). The Periphery also faces a mass exodus of people to the Core. :( And the rich even exploit the poor (just look at bad examples of outsourcing), BUT the poor can’t do anything as they are DEPENDENT ON THE RICH to feed them demand for goods, to feed demand for labour etc. (Dependency Theory!)

BUT HOPE IS NOT LOST because all is dependent on a spread effect - positives from the richer countries can cause positives in the periphery as well. The Core may be unable to supply all the products the it is demanding so the periphery countries can step in to fill that gap -> people and companies may move to the periphery as it’s cheaper to do so than the high rents in the core. The problem is that most of the time backwash occurs (all the negative effects you learnt from manufacturing, Sec 3 Migration go here) though.

SUSTAINABLE DEVELOPMENT
Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:
1. The concept of needs, in particular the essential needs of the world’s poor, to which overriding priority should be given; and
2. The idea of limitations imposed by the state of technology and social organization on the environment’s ability to meet present and future needs.