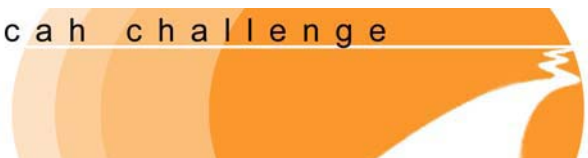




# Samaritan Nation?

STUDIES ON AUSTRALIA'S AID RESPONSE TO OUR POOR NEIGHBOURS

Micah challenge



“We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want.”

*(UN Millennium Declaration by world leaders, including the Australian Prime Minister, United Nations, September 2000)*

“To assist developing countries to reduce poverty and achieve sustainable development, in line with Australia’s national interest”

*(Australia’s aid program objective)*

“Which of these three do you think was a neighbour to the man who fell into the hands of robbers?”

*(Jesus, Luke 10)*

# *Contents*

Study 1. Who Is My Neighbour?	2
Study 2. Why Is My Neighbour Poor?	5
Study 3. Can Aid Help?	10
Study 4. What About Corruption?	14

These studies were written by Scott Higgins, Development Education and Advocacy Officer, Baptist World Aid Australia. Copyright, Baptist World Aid Australia, 2007. Permission is granted to reproduce these studies for use within local churches. They may not be modified, reproduced for profit, nor reproduced in any context outside of local church use without permission.

# Study 1. Who Is My Neighbour?

Welcome to this bible study series, “Samaritan Nation?”. These studies pose a simple question: in a world where over 1 billion people live in extreme poverty, what is the responsibility of a relatively wealthy nation such as Australia? We begin our studies by listening to the story of a poor Bangladeshi man.

## ***An Old Man in Khaliahuri, Bangladesh***

*He is 60 years old. He has four daughters. His economic status is declining year after year. Eight years ago he worked as a sharecropper. He had physical capacity and so could get loans from moneylenders. But his physical strength declined. He could no longer get loans. He sold all his movable assets to give his daughter in marriage. Now he works as a day labourer in the fields or on a fishing boat. However, because of his physical condition, people are less willing to give him work. On average he earns 20- 25 Taka per day (equivalent to around Australian \$0.33-0.40), less in the rainy season. If he fails to get work even for a single day, he has to collect food by begging. Due to the unavailability of work, each member of his family had only one square meal throughout the preceding week. On the day when he gave the interview, he earned only 12 Taka (around Australian \$0.20) working as a day labourer on a fishing boat. He bought 1 kilogram of wheat for 11 Taka. It was to be the only food for the six-member family for that night. They went without food for the rest of the day.*

*Source: Naraya, Chambers, Shah, Petesch, Voices of the Poor. Crying Out for Change (World Bank, 2000) p254*

1. In the year 2000 the World Bank published the *Voices of the Poor* report. Over 60,000 poor people contributed, describing what it is like to be poor. It became clear that poverty impacts on much more than material well-being. Poor people spoke of the physical pain of hunger, inadequate resources and ill-health; of feeling powerless to change their situation; of feeling shamed when forced to beg or unable to provide for their children; of being trapped within unjust social structures; of

anxiety and fear about an uncertain future. What dimensions of poverty do you hear in the story of the old man in Khaliahuri?

2. In a country like Australia a person who falls into poverty may be able to gain assistance from family, friends or the Government. Unfortunately for the man in our story his family, friends and Government are also very poor. Over 45% of Bangladeshis live in extreme poverty, and so lack the resources to provide substantial help to their poor family and friends. The Bangladeshi Government has revenues that are around 1/40<sup>th</sup> of those of the Australian Government and a population of 150 million needing assistance. In 2006, this meant the Bangladeshi Government had an income of around US\$45 per person, compared to Australian Government revenues of around US\$13400 per person. Given this, Australians have a responsibility to help people such as the poor Bangladeshi man. Do you agree? Why/why not?
3. In biblical terms we are asking the question “who is my neighbour?” Specifically, we are asking is this Bangladeshi man our neighbour? Jesus spoke to this issue in the parable of the Good Samaritan. Look it up and read it now. It is found in Luke 10.25-37.

The Old Testament Law was quite clear on the need to love one’s neighbour. “Do not seek revenge or bear a grudge against anyone among your people, but love your neighbour as yourself” (Leviticus 19.18). But this begged the question asked by the lawyer, “Just who is my neighbour?” Many in Jesus’ day felt that “your neighbour” was someone from “among your people”. That is, an Israelite should love a fellow Israelite but was under no obligation to love a foreigner. How does Jesus response address this question? What implications does this carry for our approach to the world’s poor?

4. In Jesus’ story the priest and Levite don’t stop to help the wounded man. This will not have surprised his hearers. Priests and Levites had a responsibility to maintain a unique degree of religious purity. The Old Testament Law stated that a priest became ceremonially unclean if he touched a dead body. And if the command to love and the command to maintain purity came into conflict, many would have argued it was more important to maintain purity. They would, however, expect the next “ordinary” Israelite who came down the road to stop and help. But instead of an Israelite they get a hated Samaritan. Contrary to all

expectations, the Samaritan does not find an excuse to pass by but offers time consuming and costly assistance. At the end of the story the lawyer is trapped. He has already identified love for God and neighbour as the central demands of God, and is now forced to admit that it was the Samaritan who fulfilled these high callings, not the priest or the Levite. Jesus' story not only urges us to love, but suggests that love is our highest duty.

Few Australians are concerned with ceremonial purity. But we do find other justifications for failing to love people such as the Bangladeshi man we read about at the beginning of this study. What sort of reasons do we give for not "stopping to help" the world's poor?

5. In these studies we will examine the response of the Australian Government to our poorer neighbours, particularly through its overseas aid programs. It is one thing to suggest that individuals should love their neighbour. Should we expect Governments to do the same? In shaping your answer consider the advice given to kings in Proverbs 31.1-9.
  
6. In the next few studies we will consider ways Australians might be a neighbour to the world's poor. For now, make a list of some of the things that might be part of our response. What things on this list are you already doing? What do you think God might be calling you to do?

# *Study 2. Why Is My Neighbour Poor?*

In the first study in this series we asked whether the world's poor are our "neighbours" and, if so, what that means for us. In this study we will ask "why is my neighbour poor?" If Australia is to be a good neighbour to the world's poor, we need to understand the factors that contribute to their poverty. This will enable us to identify the best ways we can help.

1. What is it that makes one community poor and another prosperous?  
Brainstorm a list of possible reasons.
2. The explanations people offer for poverty and prosperity are often simplistic - e.g. the poor don't work hard enough or people are poor because of corruption. Sometimes these explanations are simply false (many of the world's poor work very hard for extremely long hours in conditions few of us would tolerate!) and sometimes they are too limited (corruption is just one of many factors that may contribute to poverty).  
Read the "Prosperity Cycle-Poverty Cycle" article beginning on page 7 and then return to this question.

Think back upon the last few days. In what ways have you drawn upon the various forms of 'capital' identified in the article? How would your life have been impacted if they had been unavailable?

3. Read Nyuma's story (next page). When you have finished reading discuss why Nyuma and her family are poor. What forms of 'capital' are missing or depleted?

### ***Nyuma's Story***

*Nyuma Muntbali, 51, lives with her eight children in Khwalala, a village beside the shore of Lake Malawi [Africa] in the country's northern region. Nyuma's father died just before she was born, and as a child she worked to pay her own school fees to grade three. "I am grateful for the availability of casual labour at that time," she says. "Without it I wouldn't have managed to get any education."*

*Nyuma married and had her first child at 16. Seven more children followed. To support her family, Nyuma grows cassava and rice. In the early years she was able to produce enough food for the household and have some left over to sell to pay for school fees, clothes, and other necessities.*

*"In those days" [says Nyuma,] "farming was profitable because soils were fertile and rains were reliable. But today rains are unpredictable. They can be too heavy and wash away our crop...Soil fertility has been lost due to heavy rains and over-cultivation. This has increased the problem of hunger."*

*The rains also have made roads difficult to navigate and have caused many of Khwalala's fragile thatched houses to collapse. Nyuma says that the heavy rains and poor yields have been reported to authorities, "but the government is silent. This has made me think that there is no remedy and our situation will not in any way improve. And this year it's even worse, floods are just everywhere." Villagers who participated in the study are confident that they can fix the roads and the houses once the rains end. The hunger, though, seems here to stay.*

*Until recently, the farming in Khwalala was done largely by women, while many men migrated to South Africa for work and sent their earnings home. When the cassava, Khwalala's principal crop, became infested with mealy bugs in 1987, men turned to farming to help their families survive. The harvests have not fully recovered, and South Africa's migrant labour program ended in 1989.*

*Nyuma's oldest son is employed in the city of Mzuzu and helps by sending money. The other children, including a daughter now divorced, are unemployed and depend on her for support. "I hardly make it. I don't know what to do," says Nyuma. "If there were any job opportunities in this village, I would send my children to the better-off people to work so as to get some money for upkeep. But with all these dependents, I don't see how I will ever get out of poverty."*

Source: *Voices of the Poor: From Many Lands* (World Bank, 2002) pages 51-52



4. The bible is not an economics text. Nonetheless, when it describes poverty it is possible to observe some of the capital depletion issues we have described. Look up and read the following passages.
  - a. Genesis 41.14-31
  - b. Exodus 1.1-14
  - c. Job 1.13-19 and 2.7-8
  - d. Isaiah 58.1-7

What forms of 'capital' were depleted or missing, and how did this contribute to the experience of poverty?

5. When God brought the Israelites to Canaan he gave them laws to live by. Many of these addressed issues of poverty and wealth. The Sabbath laws were particularly important. There were Sabbath days (every seventh day), Sabbath years (every seventh year) and a special Sabbath year (every 50<sup>th</sup> year). To make sense of these Sabbaths keep in mind that ancient Israel was a small scale farming community. Each family was allocated land to farm. Poverty tended to occur when people lost their land. If their farm income failed a person might borrow money to meet basic needs and provide for the next season, or sell their land and sell their services as a day labourer or slave. Read the following passages.
  - a. Sabbath Day - weekly (Deuteronomy 5.12-15)
  - b. Sabbath Year – every seven years (Deuteronomy 15.1-25; Leviticus 25:1-7)
  - c. Special Sabbath Year – every 50 years (Leviticus 25:8-28)

What did the Sabbaths provide for? How would this build capital and overcome poverty?

6. In this study we have asked 'why is my neighbour poor?'. We have seen that long term, extreme poverty occurs when people are unable to access the various forms of capital required to build prosperity. Poverty can be tackled by addressing either the consumption or investment parts of the poverty cycle. "Humanitarian aid" addresses consumption, providing food, clothing and shelter right now to meet people's immediate needs. "Development aid" addresses investment in capital, aiming to help poorer communities build the foundations to lift incomes and negate escape the poverty cycle. What implications does this have for ways Australia might be a good neighbour to the world's poor?

# The Poverty & Prosperity Cycles

Christians believe that God created a fruitful and abundant earth. Why then do some communities suffer extreme deprivation while others have growing wealth?

## The Prosperity Cycle.

To earn income people must have access to some basic resources (or ‘capital’). Capital refers to things such as healthcare, infrastructure, education, and technology.

A farmer, for example, must have access to water and fertile land, farm technologies (e.g. tools, compost, pesticides), healthcare and medicines (if the farmer falls sick during harvest the crop will be lost), markets in which to sell the produce, roads to get the produce to market, and credit (to allow borrowing for equipment, seeds, living expenses, etc while waiting for the crop to be harvested and sold).



Using these various forms of capital, the farmer produces a crop and sells it to earn income. Part of the income the farmer earns is spent on consumption needs such as food, clothing, and entertainment. Some of it is saved and invested. It can be invested by the farmer in things that directly increase the farm income (e.g. buying new tools or attending a course that teaches improved irrigation methods), in a bank (which allows other people to borrow money to invest in their businesses), or in taxes (which enables the government to improve the roads, train new doctors, etc). Each of these types of investment will either maintain or improve the farmer’s resource base, which enables the farmer to *increase* her income next year. The cycle then repeats, creating ever increasing prosperity.

The prosperity cycle applies whether we’re thinking of income earned from agriculture, manufacturing or services. By progressing along this ‘prosperity cycle’, countries such as Australia have been able to grow very wealthy.

## The Poverty Cycle

The poverty cycle occurs when there is insufficient income to meet both the consumption and investment needs of a



household or community.

Consider the situation of farmers in Malawi. In the absence of electricity and gas supplies people use firewood to cook their food and heat their homes. As the population expands, deforestation occurs. Deforestation sees topsoils eroded, which makes the land less fertile. This means the farmers now get fewer crops. The family eats and can afford basic healthcare, but there is no money left over to pay for pesticides and fertilisers for next year's crop. Next year the farmer's capital base will be even further depleted (low quality soil and now no fertilisers to enrich it), which means that the farm produces even less leaving less income. This creates a poverty cycle of depleting capital leading to lower income, lower consumption and lower investment.

### ***The Prosperity and Poverty Cycles in the First World and the Third World***

One of the big differences between rich countries such as Australia and poor countries such as Malawi is that we have a high level of 'capital formation' *and* fairly equitable access to it. The vast majority of us are able to access decent roads, healthcare, education, electricity, credit, etc. This means that while individuals may fall into the poverty cycle they are more often than not able to find their way out.

People in poor countries do not have the same opportunity. When everyone else, (including the Government) is poor, there is no-one to provide the capital required to kickstart the prosperity cycle. And so poor countries and poor communities can easily get trapped in a long term cycle of extreme poverty. Some see their capital base depleting and poverty deepening, while others are unable to grow their capital base quickly enough to lift their people out of poverty.

### ***What forms of capital are needed?***

You can see that at the heart of the prosperity cycle is a growing capital base and at the heart of the poverty cycle is a declining capital base. Development economists suggest that access to the following forms of capital are essential to a community's development:

Human Capital:	a healthy, educated, skilled population
Environmental Capital:	healthy ecosystems, arable land, biodiversity, water
Financial Capital:	access to banking, affordable credit and markets
Infrastructure:	water, sanitation, transport, energy, communications
Social Capital:	trust, cohesion, peace, equity
Knowledge Capital:	scientific and technological know-how
Business Capital:	equipment and facilities
Institutional Capital:	government services, law, judiciary, policing

If any of these forms of capital are missing or depleted, a community can find itself experiencing difficulty. If multiple forms of capital are depleted, extreme poverty can result.

## *Study 3. Can Aid Help?*

In our first study we asked “Are the world’s poor our neighbours?” We recognised that if we answer “yes”, we have an obligation to love the poor generously and sacrificially. Our second study looked at why our neighbours are poor. We recognised that communities fall into a poverty cycle when they are unable to build their capital base, including their human capital (health and education), social capital (trust and cohesion), institutional capital (well-functioning social institutions), physical capital, environmental capital, and technological capital.

In this study we take our discussion a step further, focussing on how aid can be effective in helping poor communities lift themselves out of poverty. Our previous studies began with stories of people mired in poverty. In this study we consider the story of a family lifted out of poverty.

### ***Diomedes’ Story***

*Diomedes Rubio is a Filipino man who was working as a farm labourer and receiving very low wages. He and his family were very poor. One day Diomedes wounded his foot while working but was unable to afford medical treatment. When it later became badly infected, amputation was recommended. Some local community organisations were able to fund the surgery but a return to farming was impossible. To help support the family, Diomedes’ wife found work as a housekeeper in Manila but Diomedes became very depressed about the family’s future.*

*While waiting for a doctor’s appointment, Diomedes observed a shoe repairman and asked the craftsman to teach him to make shoes. Quickly learning the skill, Diomedes was determined to set up his own business in the markets of his hometown Mindoro. For some time Diomedes’ wife, Jacqueline, had been part of a Share Group program coordinated by local development organisation SAO Philippines (Share Group members contribute small amounts of savings to a group funding pool from which members can take loans). Jacqueline was able to borrow 5000 pesos from the Share Group and provide the funds for Diomedes to establish his shoe shop.*

*The shoe business was a success. After a short time Jacqueline was able to leave the house-keeping job in Manila to work alongside Diomedes and their eldest son. Diomedes makes the shoes, Jacqueline handles sales, and their eldest son makes deliveries. The thriving business enabled the Rubio’s to lift themselves out of poverty.*

1. In the last fifty years, hundreds of millions of people like Diomedes Rubio have lifted themselves out of poverty. How do stories like Diomedes' impact you? What strikes you as most significant in the story?
  
2. In study 2 we identified the various forms of “capital” communities need to lift themselves out of poverty. They are listed on page 11. Gaining access to which forms of capital helped Diomedes Rubio escape the poverty cycle? How?
  
3. Aid is one way countries like Australia can help poor communities lift themselves out of the poverty cycle. Australians provide aid in two ways. First, many Australians make donations to overseas aid and development charities. In 2007 members of the Australian public donated around \$750 million to overseas aid and development charities. Second, the Australian Government has its own aid and development program which is funded from tax revenues. This focuses on small scale community development programs (such as micro credit schemes of the type that helped the Rubios) and larger scale projects (such as construction of roads and training of public servants). In 2007 the Australian Government provided around \$3 billion in aid.

How much aid should a country like Australia give to poorer communities? Is the amount our Government gives too little, too much, or just right? We will consider this in light of 2 Corinthians chapters 8. Although this passage focuses on Christians donating to other needy Christians, the underlying principles are applicable to all humanity. A severe famine had struck Palestine and Paul was coordinating a relief effort that would see churches in Greece and Asia Minor contribute funds for the needy Christians in Jerusalem. Read the passage. What are the key principles Paul uses to help the Corinthians determine how much they should give? Pay particular attention to Paul's use of Jesus as a model in verse 9 and to his comments in verses 13-15.

4. In 2 Corinthians 8.13-14 Paul says “the goal is equality”. Do you think he has in mind strict equality (i.e. everyone has exactly the same income/resources) or equity (i.e. everyone has enough to meet their needs and sustain their well-being)? In what ways does his thinking reflect larger biblical themes?

5. In 2 Corinthians 8 Paul was not outlining an aid policy for nations in the 21<sup>st</sup> century. Nonetheless, the principles he identifies appear to build on the idea that God has created a fruitful world that was sufficient for all and that human beings are responsible to love one another in their use of those resources. Which of the key principles you identified in question 3 could be helpful as a guide for the Australian Government aid program? How would you apply them?
  
6. Aid to poor communities can serve two functions: *humanitarian* and *developmental*. Humanitarian aid attacks the poverty cycle at the point of consumption, enabling people in crisis to eat, be clothed and find shelter. Developmental aid attacks the poverty cycle at the point of investment and capital formation, helping communities develop the capital base they require to lift their incomes and move out of the poverty cycle.

Many of the world's poorest countries lack the income required to meet both the consumption and investment needs of their people. The table below makes clear just how limited are the income resources of many poor countries.

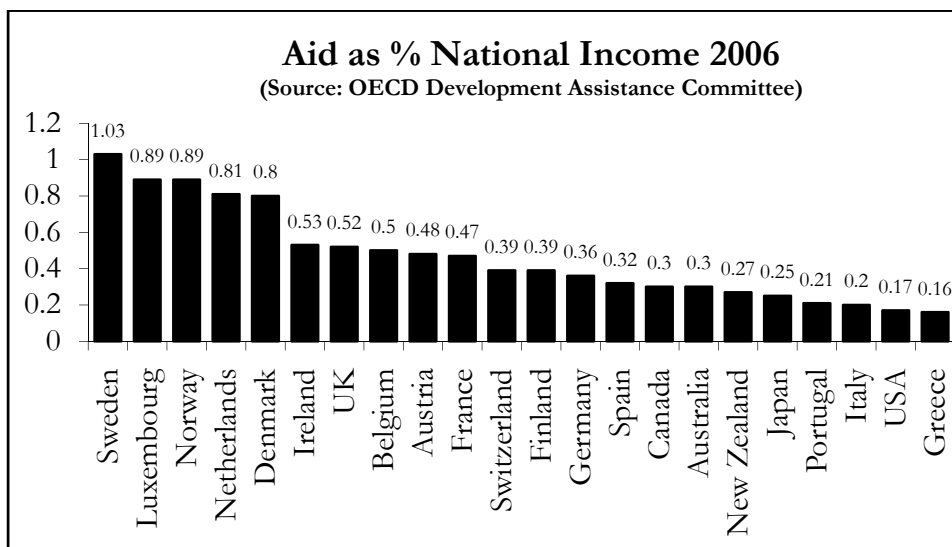
Country	Population Size (2007)	Proportion Population in Extreme Poverty	Government Income in 2006 (\$US million)	Govt Income P/Person
Australia	20.4 million	NA	268,200	13,400
Bangladesh	150.4 million	45%	6,633	44
Cambodia	13.9 million	35%	836	60
Malawi	13.6 million	53%	1,000	74

Consider the gulf in government income between Australia and the poorer countries in the table. What does this suggest about the capacity of poor country Governments to invest in the developmental and humanitarian needs of their populations? What do you make of this in light of Paul's teaching in 2 Corinthians 8?

7. It has been estimated that if the world's poorer countries made plans to eliminate extreme poverty and devoted as much of their own income as possible to achieving those plans they would still face many decades (and in some cases more than 100 years) before their plans reached fulfilment.

International aid, when used for developmental purposes, helps poor countries accelerate the pace at which they invest in capital and so escape the poverty cycle. In 1970, the international community accepted an international aid target of 0.7% of national income. That is, richer countries such as Australia should devote 0.7% of their national income as aid to poorer countries. This is less than one cent in every dollar earned. It has recently been estimated that if the world's rich countries achieved this target and ensured the bulk of that aid was used for developmental purposes, poorer countries could overcome extreme poverty in two generations.

Some richer countries currently meet or exceed the international aid target. Others have promised to gradually scale their aid programs to 0.7% of national income by the year 2015. As at 2007, Australia devoted 0.3% of its national income in aid (approximately \$3 billion) and has promised to scale up to around 0.36% of national income by 2010. On the basis of what we have seen so far, do you think Australia should meet the international aid target of 0.7% of national income?



- Decide upon an action your group can take as a result of this study. One suggestion is to write a letter to your local member of Parliament, expressing your concern for the world's poor and asking the Government to increase the aid budget to 0.7% of national income.

# Study 4. What About Corruption?

In this study series we have seen that Australia is called to be a good neighbour to the world's poor and that one of the ways we can be a good neighbour is by increasing the aid we provide for humanitarian and developmental purposes. But providing aid will be of no benefit if it doesn't reach the poor! When the issue of aid is raised this leads many people to ask "But what about corruption?" Their concerns are not unfounded. During the Cold War years large amounts of aid were given with the political goal of winning allies in the fight against communism. There was often scant regard to the ways these funds were used. Since the end of the Cold War however, there has been a much greater focus on poverty and development. Consequently, recent years have seen a sustained focus on aid effectiveness. Corruption is one of the threats to aid effectiveness, especially as most poorer countries lack the regulatory mechanisms that have helped countries such as ours minimise corruption.

1. Read the story of corruption in the text box below.

*In September 2007 a public housing official in NSW admitted that he had taken bribes to help people jump to the top of long public housing waiting lists. Appearing before the Independent Commission against Corruption, the official initially denied any involvement in the bribes-for-housing scandal. His confession came after secretly recorded videotapes were played.*

*The scheme had become so well known that a sign had appeared in a Miller public toilet saying, "If you want a flat, go to Douggie". A witness provided an example of how the bribes worked. He and the official secured a bribe of \$1700 to gain a two bedroom house for a man with two children. To establish the man's need they arranged for him to empty his bank account and then get bank statements to show he had no money.*

*The official confessed that he took bribes to feed a gambling addiction and that he knew a number of those whom he elevated to the top of the housing list would use the properties to deal drugs.*

(Source: Information drawn from ABC and Sydney Morning Herald News reports.)



We often think of corruption as a third world problem. Yet cases such as this, the exposure of corruption in the Victorian police service in late 2007, and the \$300 million in bribes that the Australian Wheat Board paid to secure wheat sales to Saddam Hussein's Iraq, remind us that even countries like Australia experience corruption. What do you think drives corruption? Do you think the presence of corruption means Australian Governments should abandon public housing programs, police services or support to industry? Why/why not? If not, what should we do to combat corruption? What implications do your answers have for our approach to foreign aid?

2. 1 Samuel 8-10 tells how the institution of kingship began in Israel. For many years the nation had no centralised human leadership. God was king, and leadership was spread among priests, prophets, 'judges', households, clans and tribes. In the face of ongoing security threats from surrounding nations, the people decided they needed a human king. In 1 Samuel 8 their request is brought to God by Samuel. Read that chapter. What does God suggest kings will do? Why will this be bad for the people?
3. When human beings have power over others there is always the possibility they will misuse that power. Corruption – taking what is properly intended for others and using it for oneself – is one example of this. Kingship presented a particular threat to Israel due to the immense power wielded by kings. Yet there were checks and balances upon kings. In particular, the prophets exposed the wrongdoing of kings and called them to account for their behaviour. A good example can be found in 1 Kings 12.1-14. David has murdered the husband of Bathsheba in an attempt to cover-up his adulterous liaison with her. What is the prophet Nathan's role? What are the key strategies he uses to address the situation? What does this teach about dealing with corruption and abuse of power?
4. In the mid 1990's, Emmanuel Tumusiime-Mutebile was Secretary of the Ugandan Ministry of Finance and Planning. A tracked survey of education spending found that apart from teachers salaries, only 13% of funds released for primary schools was actually reaching the schools.
  - a. Imagine you are part of a group of people advising Emmanuel Tumusiime-Mutebile. Brainstorm a list of things that could be done to improve this situation.

b. The solution Tumusiime-Mutebile devised was quite simple. Each time money was released the Ministry for Finance informed the local media and sent a poster to each school detailing what it should be receiving. Three years later the tracking survey was repeated, and showed that 90% of funding was now reaching the schools. What do you learn from this example about making spending effective?

5. Three keys to making aid effective and avoiding corruption are:

- Ownership: the aid is being spent on something the recipients want and have identified as a priority (when people have a vested interest in something they are more likely to be concerned about how the money is spent);
- Transparency: the amounts of money being spent and the things on which they are to be spent are known to people who have an interest in the outcomes;
- Accountability: the project has measurable goals that are independently evaluated and reported against. The results should be open to scrutiny both upwardly (i.e. to higher levels of Government and aid donors) and downwardly (i.e. to the people of the country).

How do you see these three principles in operation in the Uganda story and the “Making Education Aid Work in Bangladesh” story (see text box on the next page)? What are some ways you think aid can help countries combat corruption?

## **Making Education Aid Work in Bangladesh**

*It is easy to make simplistic equations between corruption and aid effectiveness. But the reality is that aid can be effective even in corrupt environments. Bangladesh is ranked by Transparency International's Corruption Perceptions Index as having very high levels of corruption. Yet aid has been effective. For example, since 1993 the International Development Association, an arm of the World Bank that provides concessional loans and grants to poor countries, has spent US\$185 million funding the Bangladesh Female Secondary School Assistance Program. Designed by the Bangladeshi Government Department of Education, the program provides tuition stipends to girls who attend secondary school, teacher training, performance incentives to schools, water and sanitation facilities. The program covers 6,666 schools in 119 of Bangladesh's 480 sub-districts and included careful policy design and measurement and reporting of results. During the period of the program:*

- *Enrolments of girls in secondary school tripled*
- *Secondary School Certificate pass rates for girls in the project areas increased from 39 percent in 2001 to 58 percent in 2006*
- *66,000 members of school management committees have been trained in school management accountability with a focus on education quality and a conducive learning school environment*
- *Indirect benefits of the project included delays in the age of marriage and reduced fertility rates, better nutrition, and more females employed with higher incomes.*

*The key to successes such as these is to build ownership, transparency and accountability into the program. In this instance the program was initiated and designed by the Bangladeshi government (indicating high levels of ownership), had clear targets that could be reported against, and had both upward accountability (the Bangladeshi Government had to demonstrate to donors that it was implementing the program and achieving results), and downward accountability (people knew they should be receiving stipends and would follow up if they weren't, and school management committees ensured funds were used properly).*

6. Aid finances can be provided in three ways. In each instance it is necessary to ensure there is transparency and accountability if the funds are to be used properly.
- Budget support: a poor country Government develops plans to overcome poverty. These should cover areas such as health, infrastructure, education, etc. Australia transfers aid funds directly into that country's treasury to support Government plans.
  - Project support: a poor country Government identifies specific projects that are needed (e.g. a particular road built, a particular hospital constructed), the project is tendered out, and Australian aid funds are dispersed directly for that project.
  - NGO support: Australian aid funds are transferred to non government organisations such as World Vision, Baptist World Aid, and UNICEF. These funds do not pass through the hands of the poor country Government at any time, but are used to fund development at community/grassroots levels.

Consider the following scenarios. In which of these would you use budget support, in which would you use project support, and in which would you use NGO support? How would you direct the aid?

- a. Country 1 has a highly corrupt government. Ruled by a dictator who has little sense of accountability to his own people (nor to the rest of the world), funds are routinely stolen from the Treasury and deposited into the secret bank accounts of the dictator and his supporters. His people are starving, and the international community is concerned how to get humanitarian aid to them.
- b. Country 2 has a reasonably effective government. Each ministry develops plans with clear goals and full costings. Each year an audit is conducted showing how funds are allocated and spent. This audit is reported to Parliament and in the media. Yet the Government is very poor. It cannot afford to pay a decent wage to teachers, nurses, doctors, and other public servants. As a result there are high levels of bribery in service delivery. Teachers, doctors, and police charge bribes for services that are supposed to be offered at no charge.
- c. Country 3 has a well intentioned but low capacity government. Accounting and audit procedures are weak and there are few people skilled in these areas. The Government has developed a costed plan for improving education by building more classrooms, training more teachers, and subsidising school costs such as uniforms.

7. In a perfect world it would be easy to be a 'good neighbour'. In a sinful world it is often not-so-easy! Power gets misused, people get mistreated, and people do what disappoints. Yet it was precisely into a sinful world that Jesus came as our Good Neighbour and it was to a sinful world that he called us to be good neighbours. From what you've seen in this study how can Australia be a good neighbour in a world that includes the sin of corruption?