

## **Different means of advancing human rights**

4.1 This chapter will examine comments from the submissions on the second item in the terms of reference for this inquiry, including:

- project aid;
- microcredit as a means of advancing the rights of women; and
- debt reduction for Heavily Indebted Poor Countries (HIPC).

### **AusAID's submission**

4.2 AusAID did not explicitly address this item, but gave many examples of projects that contributed to civil and political rights in a direct way. The following are examples of projects that were funded in 1999/2000:

- a co-funded project with China for women workers in Tianjin (expenditure of \$A720,857.41);
- an NGO program in Sri Lanka ( expenditure of \$A17,578) combating commercial sexual exploitation;
- an NGO program in the Solomon Islands (expenditure of \$A140,895) providing a health advocacy program for children, youth and women;
- an NGO project providing training and income for Palestinian women (expenditure of \$A58,578), and
- a project with UNDP in East Asia addressing trafficking in women (expenditure of \$A250,000).<sup>1</sup>

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<sup>1</sup> See Submission No 20, pp. 238-242 (*passim*).

## Other views

- 4.3 The ***Australian Public Political Advocacy Council*** supported institutions such as the Grameen and Women's Bank as means of advancing women's human rights. It also suggested that Australia should lobby for the creation of a global bank solely to eradicate poverty, with a prohibition on the participation of nations with records of human rights abuses.<sup>2</sup>
- 4.4 ***Opportunity International Australia (OI)*** is a non-profit global network that has specialised in providing microfinance and training for almost 30 years. It operates in 26 developing countries, and 85 per cent of its clients are women.<sup>3</sup>
- 4.5 It preferred to use the term 'microenterprise development' (MED), rather than 'microcredit', believing that borrowers' human rights are better advanced by providing them with ancillary services, especially business training services. Unlike many microcredit providers, in most cases OI only lends for the creation or expansion of small businesses.<sup>4</sup>
- 4.6 OI listed the benefits of MED as:
- creation of employment;
  - social benefits through the dissemination of information and as a conduit for the building of a community spirit;
  - giving dignity to women lifting themselves from poverty; and
  - recycling aid money to other borrowers.<sup>5</sup>
- 4.7 OI was aware that microfinance was not the single solution to poverty, acknowledging that those who are poor are trapped in a cycle and will also require assistance with health, education, food and housing.<sup>6</sup>
- 4.8 OI believed that there would always be a role for aid in the provision of microfinance. The private sector was unlikely to invest the significant time and funds needed to reach the very poor, unlikely to seek clients from the most depressed areas and did not have the necessary skills to deal with their special needs.<sup>7</sup>

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2 Submission No 1, p. 12.

3 Submission No 6, p. 64.

4 *ibid.* For convenience, these terms will be used interchangeably.

5 Submission No 6, p. 65.

6 *ibid.*

7 *ibid.*, p. 68.

- 4.9 It also believed that there was a need for a tripartite approach to relieving poverty and advancing human rights, between aid organisations, government and the private sector.<sup>8</sup>
- 4.10 In addition, government could encourage greater corporate involvement in aid by giving a profile to companies forming effective partnerships with international aid bodies.<sup>9</sup>
- 4.11 OI stated that there were clear benefits for the advancement of the human rights of women, and their families, through the provision of microcredit, ancillary financial services and educational components integrated in MED initiatives. The focus on women in microcredit programs had proved to be ‘the most direct way’ of improving the fortunes of the family unit: they are more likely to reinvest their funds in their families and are more reliable borrowers.
- 4.12 OI concluded by noting that microfinance and training services, particularly when provided on an institutional basis, clearly conformed to the Australian Government’s goals of sustainable poverty alleviation.<sup>10</sup>
- 4.13 In its submission, *Australian People for Health, Education and Development Abroad (APHEDA)* drew attention to the increase in the combined debt of developing countries since 1970. It suggested that cancelling Third World debt would not solve the world’s problems, but would achieve more for its poor than almost any other step: giving hope to millions and helping to redress exploitation.<sup>11</sup>
- 4.14 It recommended that the Australian Government should:
- work to reform the HIPC initiative further, to make it easier for such countries to meet the onerous conditions currently required for debt relief status;
  - place all debt repayments by Ethiopia and Nicaragua in a trust, to be returned to them as a form of aid until they achieve HIPC status; and
  - cancel the debts of Vietnam, Nepal, Bangladesh and the Philippines.<sup>12</sup>
- 4.15 The *Vietnamese Community in Australia (VCA)* suggested two principles for debt reduction to enable HIPCs to meet the purposes of the initiative:

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8 *ibid.*, p. 70.

9 *ibid.*

10 *ibid.*

11 Submission No 5, pp. 53-54.

12 *ibid.*, p. 54. AusAID advised that none of these countries had qualified for HIPC status.

- where possible, increase aid rather than allow direct debt reduction, and
  - where there is debt reduction, ensure that the money ‘saved’ helps the people, not the favoured few or the rulers.<sup>13</sup>
- 4.16 The joint submission by the *Human Rights and Equal Opportunity Commission* and the *Asia Pacific Forum of Human Rights Institutions (HREOC/APF)* pointed out that most development had human rights implications. These organisations commented that well-designed microcredit programs seemed to be particularly effective in promoting access to a broader range of rights among the poor.<sup>14</sup>
- 4.17 The *Australian Federation of AIDS Organisations (AFAO)* noted that the financial burden of HIV/AIDS on many countries is enormous, necessitating in its view, a broadly-based international effort that includes measures such as debt relief to help nations cope. It supported the Jubilee 2000 Project, by which the debts of poor nations were to be cancelled by donor nations, as a way to release resources for project aid and development work, including on HIV/AIDS.<sup>15</sup>
- 4.18 The *Salvation Army, Australia Eastern Territory (SAA)* noted that the use of microcredit, with other activities, sought to promote human rights. It therefore loaned money and funded purchases of livestock in microcredit arrangements to assist people to improve their income and, by this means, improving their right to self-determination and their right to make decisions.<sup>16</sup>
- 4.19 The *United Nations Association of Australia (UNAA)* saw debt reduction as a critical part of a global effort towards justice and peace, and welcomed Australia’s contribution to the HIPC initiative together with a promise to forgive the bilateral debts of Ethiopia and Nicaragua.<sup>17</sup>
- 4.20 Its submission quoted the President of the World Bank as saying that debt relief helped to free resources for social spending, but could not replace aid. UNAA said that it was vital that the initiative was seen as a small step, and recommended that a more fair and democratic debt arbitration mechanism be sought to achieve poverty alleviation and basic human

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13 Submission No 8, p. 88.

14 Submission No 10, p. 102. See paragraph 3.31.

15 Submission No 11, p. 137.

16 Submission No 13, pp. 149, 151.

17 Submission No 16, p. 171.

rights. It believed that Australia should participate in the search for such a mechanism.<sup>18</sup>

- 4.21 The ***Australian Lutheran World Service (ALWS)*** acknowledged that project aid, microcredit activities and debt reduction could be viewed as expressions of a rights-based approach to aid. While probably not articulated in such terms, such projects inherently promoted the realisation of objectives such as the right to food, health and education.<sup>19</sup>
- 4.22 It argued that a rights-based approach ‘undergirded’ the Jubilee 2000 campaign, emphasising the human, rather than the narrowly economic, consequences of unsustainable burdens of debt. ALWS believed that that campaign had stressed the people-centred nature of development, emphasising that community participation in decisions and their implementation was essential to any program purporting to support development.<sup>20</sup>
- 4.23 It drew a distinction between violations of, or failures to fulfil, specific human rights obligations by national governments and the international community, and the faster and deeper debt relief now being provided to some extent by international financial institutions (IFIs). ALWS believed that this was indeed provided, if recipient countries complied with even more specific social policy conditions.<sup>21</sup>
- 4.24 ***Oxfam Community Aid Abroad Australia (Oxfam)*** welcomed Australia’s \$A55.5million contribution to the HIPC and enhanced HIPC initiatives, together with the decision to cancel the bilateral debts of Ethiopia and Nicaragua. It saw debt reduction as imperative if HIPCs were to be in position to uphold their international human rights commitments. However, Oxfam said that it was increasingly clear that the HIPC initiative was proving inadequate to deliver to indebted countries a clean exit from unsustainable burdens of debt. Oxfam believed therefore that the HIPC initiative required fundamental reform.<sup>22</sup>
- 4.25 This submission suggested that the limited budget savings provided through the enhanced HIPC initiative indicated that some of the world’s poorest countries would continue to transfer far more to their creditors than they would be able to invest in services such as basic education and

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18 *ibid*, pp. 171-172.

19 Submission No 18, p. 194.

20 *ibid*, p. 196.

21 *ibid*.

22 Submission No 21, p. 271.

primary health care. Oxfam saw these services as enshrined as fundamental human rights in the ICESCR.<sup>23</sup>

- 4.26 Research carried out by Oxfam International indicated that figures, prepared for the meetings of the IMF and the World Bank in 2000, citing large financial gains for HIPCs ‘grossly’ exaggerated the benefits of this initiative.<sup>24</sup>
- 4.27 Oxfam’s submission included details from this research of the implications of post-HIPC debt service projections for 13 countries. The findings suggested that the benefits of the HIPC initiative will be significant for a small group of countries, negligible for a larger group and non-existent for several countries.<sup>25</sup>
- 4.28 Oxfam made a number of recommendations about debt reduction for HIPCs, that Australia:
- advocate that the IMF and the World Bank reform the enhanced HIPC initiative to deliver commitments by creditors to provide a permanent release from the debt crisis, including through-
    - ⇒ implementation of a new approach to debt sustainability;
    - ⇒ immediate debt relief to countries making a commitment to a ‘poverty fund’ in the Interim Poverty Reduction Strategy Paper (PSRP), and
    - ⇒ extension of the HIPC framework;
  - place all payments on money owed by Ethiopia and Vietnam into a trust fund until those countries are eligible for debt relief;<sup>26</sup>
  - actively support calls by the Secretary General to the UN for the creation of a new international arbitration mechanism between creditors and debtors; and
  - provide funds in the aid program for capacity building in CSOs in HIPCs, to enable them to participate more effectively in the PSRP process.<sup>27</sup>
- 4.29 The ***Human Rights Council of Australia*** noted that savings and microcredit schemes have become very popular with development
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23 *ibid.*

24 *ibid.*, pp. 271-272.

25 *ibid.*, p. 272.

26 See also paragraph 4.15. The Vietnamese Community in Australia disagreed with this recommendation: see Submission No 8a, p. 456.

27 Submission No 21, pp 273-274.

agencies, both governmental and NGO. In examining how such schemes advanced women's human rights, the Council observed that most of these schemes exclude some people, and deny them their rights. Thus, without a human rights perspective, these schemes can lead to further discrimination.<sup>28</sup>

4.30 The Council recommended that;

- support for microcredit projects should require analysis of people excluded from participation and consideration of how their rights are to be addressed; and
- the obligations of local authorities to respect, protect and fulfil rights should be included in dialogues with the beneficiaries of aid.<sup>29</sup>

4.31 At the time it forwarded its submission, the *United Nations Children's Fund Australia (UNICEF)* was managing 35 projects funded by AusAID in 20 developing countries. It believed that project aid incorporated the six key principles underpinning Australia's aid program, and gave examples of the ways that its own projects supported these principles, by:

- focusing on partnerships;
- being responsive to urgent needs;
- taking practical approaches to poverty alleviation and sustainable development;
- clearly identifying priorities;
- reflecting Australian values abroad; and
- being open to new ideas and approaches.<sup>30</sup>

4.32 UNICEF supported the use of microcredit to advance women's human rights, and recommended that the aid program continue to use it as a means to that end.<sup>31</sup>

4.33 It believed that debt is a human rights issue because demands on governments to make repayments made it difficult for them to provide social development programs. Applied effectively, it saw the HIPC initiative as an excellent tool for advancing human rights. Free of debt, countries would have more resources for alleviating poverty. Africa is

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28 Submission No 23, p. 293.

29 *ibid.*

30 Submission No 25, pp. 338-339. These were the key principles outlined by the Minister in 1997: see paragraph 2.4.

31 Submission No 25, p. 340.

home to 33 of the 48 least developed nations, and relief of their debts would be of great assistance to them.<sup>32</sup>

- 4.34 UNICEF urged continued support by Australia of the HIPC initiative, to harness its capacity to influence regional neighbours and encourage them to follow this country's example.
- 4.35 In the context of the Jubilee 2000 campaign, UNICEF pointed out that reckless lending made its contribution to the debt burden of some countries. It saw the one-time cancellation of debt as an opportunity for both creditors and debtors to launch a war on poverty, and to direct resources to the most needy by concentrating on human development.
- 4.36 UNICEF also urged the Australian Government to implement the '20/20 vision', adopted at the World Summit for Social Development in 1995, whereby the aid allocated for basic social services would be increased to 20 per cent of the total budget.<sup>33</sup>

## Conclusions

- 4.37 In the submissions received by this inquiry, there was considerable support for the use of microcredit in poverty alleviation. Through the views of practitioners such as OI, it also demonstrated that it was not the only solution to poverty and that there would always be a role for aid in providing microcredit.
- 4.38 Because it was intended to provide additional resources for social programs in very poor developing countries, there was a similar degree of support for the HIPC initiative. Oxfam expressed the view that, while debt reduction was imperative, this initiative was not in fact freeing the poorest countries of debt. There were also some concerns about the effectiveness of the HIPC initiative and the conditions that nations were required to meet to acquire that status.
- 4.39 Particular concerns were expressed about the current situation in Africa, including drought, the HIV/AIDS pandemic, civil wars and resulting uncontrollable population movements. While European countries give aid to Africa and this country's main concern is its own region, some commentators argued that the dimensions of the problems in Africa demand that a wealthy nation such as Australia can and should give more

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32 *ibid*, p. 341. See paragraph 3.60.

33 Submission No 25, p. 342.



assistance for humanitarian reasons to African people dealing with a terrible combination of problems.

- 4.40 Australia's cancellation of debts owed by Ethiopia and Nicaragua was noted, and it was suggested that the debts of other nations should also be cancelled. **The Committee believes that the Australian Government should give serious consideration to the cancellation of the debts of other heavily indebted nations.**
- 4.41 It was also suggested that Australia should work for further reforms to the HIPC initiative. **The Committee notes this view, and believes that the Australian Government could take the lead in convening an international conference on the Heavily Indebted Poor Countries initiative. Such a conference should review the process of admission to that initiative, so that acquisition of the status actually improves economic and social conditions in those countries.**