

# What do YOU buy in a day?

COFFEE groceries RENT clothes  
LUNCH hair cut bus fare  
new shoes medicine SODA

**\$2/DAY**  
**challenge**

## Poverty and Development

### Overview of the Issue

One bottle of water. One cappuccino. The cost of a drink equals the amount that nearly three billion people live on each day. As the global economy has grown, so has the gap between rich and poor, leaving millions marginalized and living in conditions of extreme poverty. Eight years after the United Nations agreed to halve extreme poverty by 2015 as part of the Millennium Development Goals, nearly 3 billion people still live on less than \$2 a day (UNHCR, 2007)<sup>1</sup>. On average, poverty in the developing world is on the decline, with the deepest reductions in East and South Asia. However, in sub-Saharan Africa, the number of people living in extreme poverty has actually increased.

### Poverty and Development

With 3 billion people unable to have productive and healthy lives, it is important to ask ourselves why. Development is a multi-pronged process encompassing governance, human rights, economics, infrastructure, education, gender equality, healthcare and the environment. For families living on less than \$2 a day, the inability to meet their basic needs for shelter, food, water combined with a lack of access to education, healthcare, or other services makes their goals of leading healthy, productive lives for themselves and their families nearly unattainable.

Yet, reducing poverty and increasing equity is critical both to the current generation as well as future generations. Improving incomes and living conditions and creating more access to opportunities enable youth to thrive. Reducing poverty has important impacts on a range of development issues. For example, improving incomes, particularly for women, translates into better food, healthcare, and education for their children.

### Meeting Basic Needs

#### Food Security

Two dollars a day is not enough to meet basic dietary needs in any country. Where 854 million people, almost 13% of the entire world population, were undernourished in 2006 (FAO 2006), the World Food Program now estimates that at least 130 million people have been pushed deeper into poverty by the recent wave of food-price inflation.<sup>2</sup>

- In Guatemala, the minimum salary no longer covers the cost of suggested daily calorie intake. Families that used to get by, now spend 50% of their total family income on food, with poorer families spending between 70% and 80% of their income in food.<sup>3</sup>
- In Egypt, some families now spend nearly 100% of their salary on food, even after having scaled back to only two meals a day.
- In Ethiopia, a storeowner, forced to close her shop due to rising food costs, comments: "People rely on their animals for money, but one goat is now worth less than a pair of flip-flops."<sup>4</sup>

While a combination of rising oil and energy costs may contribute to rising food costs, the "crisis" stems from the fact that many developing countries have either neglected or been discouraged from investing in local food systems and encouraged to grow food for export. In the wake of this crisis, the concept of "food sovereignty"—the right of peoples to define their own food, agriculture, livestock and fisheries systems in response to local consumption needs—has been receiving increased favorable attention. In addition to providing short-term emergency food aid, the UN and other development/relief organizations are now calling for worldwide reinvestment in agriculture. With determination over local food systems and closer proximity to food sources, supply chains become more predictable, more accessible to the poor, and in many ways, more sustainable.

## ***Water Security***

Today more than 1 billion people lack access to safe drinking water. Almost two in three people lacking access to clean water survive on less than \$2 a day, with one in three living on less than \$1 a day. Lack of water and unclean water contribute to the death of a child every 15 seconds in low-income countries. Eighty-percent of all illnesses in low-income countries are water-related. Moreover, women spend hours each day walking to get water for their families, time that could be spent on other endeavors. Twelve percent of the world's population uses 85 percent of its water, and these twelve percent do not live in low-income countries. Yet, governments have contracted with corporations to collect, maintain and provide water and water services to citizens. These corporations have increased the fees for water in many countries, reducing the quality of services and pricing the cost of water beyond the reach of many indigent citizens. In Bolivia, the contract with Bechtel, a San Francisco based water corporation, almost led to a new municipal law which would have prevented families from collecting rainwater without a license.

## **Providing Access and Opportunity**

### ***Education***

Education is the single most effective tool in breaking the cycle of poverty. Education leads to higher earnings as well as better health outcomes. In low-income regions in South Asia and Sub-Saharan Africa, the percentage of children immunized is higher when the mothers have some secondary education. Primary school education is important. Costs associated with education such as school fees currently prevent 77 million children—60 percent of these are girls—from attending primary school.<sup>5</sup> Sixty percent of these children are girls.

The transition to secondary school is particularly hard for the poor—who often must send their children to work instead of school. In Cambodia, for example, 43 percent of boys are already working by ages 10-12. By age 13-15, 62 percent of Bolivian working males are already out of school. Young girls often marry rather than attending secondary schools. Countries and NGOs are trying a range of programs from school vouchers to remedial education, to literacy and job-training to enable youth to continue their studies into secondary school as well as support youth who are no longer in school but still need to attain additional skills and job training.

Countries need support to meet challenges for nontraditional educational programming as well as for primary and secondary schools which have seen increased enrollment as user fees have been removed. From additional classroom space and hygiene facilities to materials and qualified teachers, these are necessary investments that need to be made if we are to make this transition sustainable.

### ***Jobs***

Employment can be a pathway out of poverty for young people. However child labor and other types of employment with low pay and little skills development may keep indigent youth stuck in dead-end jobs with few prospects for improvement. In Brazil, boys who enter the work force before age 12 earned 20 percent less per hour than boys who start working after age 12. In general, young people have a hard time finding stable employment which affects their ability to provide for themselves or contribute to family incomes. In Egypt, Indonesia, Qatar and Syria, youth comprise more than 60 percent of the unemployed. In addition to securing jobs, youth require on-the-job training, access to credit to start their own businesses, and employment options in rural areas where many young people and their families reside.

### ***Solutions***

- Increase funding for U.S. development assistance with particular attention to providing education and job employment for low-income youth, particularly girls.
- Ensure that U.S. trade and development policies promote pro-poor growth and enhance local food systems and access to potable water.
- Create mechanisms for young people in the U.S. and low-income countries to participate in developing youth-centered development and trade policies through consultations with policymakers, donor agencies, and others.

## **Take Action**

1. Raise awareness about this issue by participating in AID's \$2 a day challenge.

The \$2 a Day Challenge is an innovative new campaign from Americans for Informed Democracy (AID) to raise awareness about global poverty and to raise funds to support small, locally-run organizations in low-income countries who are doing great work improving incomes, combating disease, protecting the environment and promoting peace. For more information, go to: [www.aidemocracy.org](http://www.aidemocracy.org)



2. Get your Member of Congress to take part in the \$2 a Day Challenge.
  
3. Raise awareness of poverty, fair trade, and development issues and how U.S. youth can promote responsible U.S. leadership on these issues. Go to [www.aidemocracy.org](http://www.aidemocracy.org) for information on how AID could provide your campus with a mini-grant to run a campus campaign on fair trade, labor rights, or host a conference or film screening.

For more information about AID and our work on poverty and trade, contact Sarah Frazer at [sarah@aidemocracy.org](mailto:sarah@aidemocracy.org)

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<sup>1</sup> <http://www.globalissues.org/TradeRelated/Facts.asp#src1>

<sup>2</sup> <http://www.wfp.org/english/?ModuleID=137&Key=2853>

<sup>3</sup> [http://news.bbc.co.uk/2/hi/talking\\_point/7287793.stm](http://news.bbc.co.uk/2/hi/talking_point/7287793.stm)

<sup>4</sup> [http://news.bbc.co.uk/2/hi/in\\_pictures/7521947.stm](http://news.bbc.co.uk/2/hi/in_pictures/7521947.stm)

<sup>5</sup> <http://www.actionaidusa.org/what/education/>