



[www.results.org.au](http://www.results.org.au)

## RESULTS Australia Submission for the 2012 Budget

### ISSUE: OVERALL AID VOLUME

The Australian aid budget is expected to increase in 2012-13 to 0.38%, 2013-14 to 0.42%, 2014-15 to 0.46%. This offers an appropriate path to achieve the stated aid target of 0.5% of gross national income (GNI) by 2015-16.

In relation to country specific and regional focus, RESULTS supports the geographic focus recommended in the Aid Effectiveness Review and adopted by the Government. This would involve continued growth in Indonesia, Papua New Guinea, East Timor and other Pacific and East Asian countries. RESULTS also supports Australia increasing aid to South Asia and Africa mainly through multilaterals and partners.

**Recommendation 1: To maintain the 2015-16 bipartisan target of 0.5% of GNI, RESULTS International Australia requests continued commitment towards the 2012-13 0.38% of GNI target, which is likely to be approximately \$5.6 billion.**

**Rationale:** The Australian Government's commitment to aid reaching 0.5% of GNI is important as a source of additional funding itself, and through the example it sets for other donor countries. The significance of the increase in the overall level of Australian aid in 2012-13 is the following:

- The priorities for Australia's aid will have an influence on the continued progress that countries in the Asia-Pacific region, and other parts of the world, can make towards achieving the Millennium Development Goals (MDGs). While there has been significant progress towards the MDGs, a number of countries are lagging. In key areas such as education, health and agricultural development greater donor assistance has been shown to make a significant difference.
- Australia is one of a minority of countries continuing to strongly increase aid due to widespread economic and budgetary difficulties.
- Australia's leadership in increasing and improving elements of its aid program will help to influence the actions of other donors.

### ISSUE: ACCESS TO EDUCATION

The Australian Government has committed \$5 billion for aid to education over the five years to 2014-15. In 2011-12 the Government committed \$842 million (19% of Overseas Development Assistance [ODA]) to education and scholarship programs. Recently Australia lifted its support to the Global Partnership for Education to \$270m over four years.

**Recommendation 2: Maintain the proportion of aid for education at 19% of sector-allocated aid, which represents around \$980 million in 2012-13. Basic education should continue to represent a significant portion of this expenditure at around \$560 million or 57% of education aid. Within this increased funding, it is important that assistance to education is targeted effectively to increase opportunities for marginalised children, especially those with disabilities, as well as supporting girls to complete primary education. Australia should also use its position as a major supporter of the Global Partnership for Education to both leverage other donor commitments and incentivize continued expansion and reform of the GPE, including its full independence from the World Bank and a focus on access to education for the most marginalised.**

## **Suggested Government Funding Allocation to Education (By Year)**

- ✓ 2012-13 = \$0.98bn
- ✓ 2013-14 = \$1.13bn
- ✓ 2014-15 = \$1.3bn
- ✓ 2015-16 = \$1.48bn

**Recommendation 3: Gender parity and disability needs to be targeted in the education programs funded in Indonesia and Papua New Guinea. This is in line with the Australian Labor Party's (ALP's) overall education platform which seeks to improve access to education by supporting girls to enrol and complete primary school, and supporting disabled children to enrol and complete primary school.**

**Rationale:** At the moment, 67 million primary school age children are not attending school, including 27 million in the Asia-Pacific region. While many countries have made progress in increasing primary school enrolments, the Millennium Development Goal of universal completion of basic education would not be achieved on current trends. Evidence from a range of countries indicates that increased completion of at least basic education, especially by girls, leads to higher incomes, lower birth rates and higher health standards.

Among the countries in which Australia provides the largest country aid programs, Papua New Guinea (PNG) still has a relatively low primary school enrolment, at only 36% in half of its provinces. PNG also has a high dropout rate with only 58% completing primary education. Furthermore, of increasing concern is the high gender disparity in education in PNG. In Indonesia, which is a large recipient of Australia's education funding, over 400,000 children are currently denied access to basic education. Most are from poor or marginalised groups who are less likely to access education, or experience a poor standard of education. Children with disabilities are particularly vulnerable with 70% of children with disabilities not attending school.

## **ISSUE: SAVING LIVES**

### **Overall Australian Aid Budget for Health**

**Recommendation 4: In the 2011-12 Budget, the Australian Government made a commitment of \$760 million (17% of ODA) to health related programs. RESULTS recommends that funding for such programs in the 2012-13 budget should reach \$1.1 billion and that within this, priority should be given to maternal and child health programs and communicable disease control (including tuberculosis).**

**Rationale:** The Government's response to the Independent Aid Review released in July 2011 sets out a new statement of purpose for Australian aid and prioritises "Saving Lives" as a core strategic goal. Based on this priority, and the demonstrable effectiveness of health aid, the Australian Government should increase funding for health programs: (i) in total and (ii) as a share of the overall aid budget.

Many country recipients of Australian aid are plagued by extremely poor health outcomes, which are a major cause and consequence of poverty. In some countries, the chances of dying in childhood or while giving birth are at levels many Australians would find incomprehensible.

Health programs are a "best buy" for overseas aid because of their cost effectiveness and because of the inextricable link between health and development. This is partly because healthy people are more likely to develop skills and actively participate in society and the economy. Furthermore, new vaccines have created an opportunity to dramatically accelerate progress in reducing child mortality and morbidity from pneumonia and diarrhea, which together account for over one-third of all deaths among children under five.

## **Global Fund to Fight AIDS, Tuberculosis and Malaria**

**Recommendation 5: Increase Australia’s three-year contribution (2011-13) to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) from A\$210 million to a minimum of A\$500 million. This represents 2.5% of the estimated US\$20 billion needed for full funding of GFATM grants from 2011 to 2013.**

Table 1 Proposed phased funding for the Global Fund

	Estimated ODA A\$m	Estimated increase in aid A\$m	Proposed Global Fund contribution A\$m	Share of increase required
<b>2011-12</b>	4836		<b>75</b>	
<b>2012-13</b>	5600	764	<b>190</b>	15%
<b>2013-13</b>	6500	900	<b>235</b>	5%
<b>2014-15</b>	7500	1000	<b>270</b>	4%

**Rationale:** The Global Fund is an extremely effective multilateral funding mechanism for impact-driven global health programming. By the end of 2011, the Global Fund had supported antiretroviral treatment for 3.3 million people, TB treatment for 8.6 million people and distribution of 230 insecticide-treated million bed nets. Since its inception in 2002, the Global Fund has saved 6.5 million lives, providing a quarter of international financing for HIV globally and two-thirds for tuberculosis (TB) and malaria<sup>1</sup>. Such large investments mean that a reduction or even stagnation of funding could lead to reversals of precious progress in the fight against these three major infectious diseases.

During the recent global economic downturn, a number of wealthy countries either scaled back their pledges to the Global Fund or have failed to deliver the resources they promised. Without the necessary resources in hand, the Global Fund was forced to announce on November 23, 2011 that it would be cancelling its next round of grant-making and would cease to make new grants or expand existing programs for at least two years.

The Australian Government must do its part to ensure that the Global Fund can reverse this decision and instead allow for new funding opportunities before 2014. The continuation of Global Fund programs is essential to Australia’s efforts to achieve the MDGs, especially MDG 6. We have the opportunity to show global leadership by not only increasing our commitment to the Global Fund but also encouraging other donor countries to do more.

Aligned with the regional prioritisation in Australia’s Independent Aid Review, the Global Fund has established effective programs in Asia – the region with the highest burden of TB in the world. Global Fund grants to Asia represent 24% of the total grant portfolio and have significantly scaled up service delivery and strengthened health systems across the region. Furthermore, the Global Fund has focused 56% of its total grant portfolio in Sub-Saharan Africa – the region with the highest burden of HIV and malaria in the world. The Global Fund is now the largest or second largest international health donor in at least 20 countries in the region, making it a vital component in the response to TB, HIV and malaria.

### **Scaling-up services for the effective management of Tuberculosis and Multidrug-Resistant Tuberculosis (MDR-TB) in Papua New Guinea.**

**Recommendation 7: RESULTS urges the Australian Government to implement programs that will help to achieve universal access to prevention, early diagnosis and effective patient-centered treatment for MDR-TB in PNG.**

<sup>1</sup> The Global Fund to Fight AIDS, TB and Malaria. (2011). *Making A Difference: Global Fund Results Report 2011*. Retrieved from <http://www.theglobalfund.org/en/library/publications/progressreports/>

The Australian Government should help build national capacity in PNG to deliver effective MDR-TB programs which can:

- Assess the MDR-TB needs amongst the most poor and vulnerable populations
- Prevent the emergence of additional MDR-TB cases by strengthening coverage of DOTS (Directly Observed Treatment Short-course) implementation so as to reach 100% coverage of provinces (currently reaching only 9 of 20 provinces)
- Contribute to health system strengthening based on primary health care models for the treatment and prevention of MDR-TB
- Help to improve health policies, human resource development, financing, supplies, service delivery and information for MDR-TB services

**Rationale:** The *Schedule to the Papua New Guinea – Australia Partnership for Development* sets out 4 ‘priority aims’ of the partnership, one of which is a reduction in TB prevalence in high TB endemic districts. However Papua New Guinea is losing in its struggle to control TB. PNG has the highest TB prevalence in the Pacific, and one person is dying every 2 hours from this disease that can be prevented entirely and treated inexpensively at rural aid posts or outpatient clinics.

In 2009, the TB prevalence rate was reported by the WHO to be 430-cases/100,000population,<sup>2</sup> delaying the likely achievement of the TB target outlined in MDG 6 by 5 years.

On top of this, any progress made is now being threatened by the reported increase of Multi-Drug Resistant Tuberculosis (MDR-TB) in PNG. MDR-TB is a virulent strain of TB that proves more difficult and costly to diagnose, treat and cure, and is particularly harmful for people living with HIV.

In line with the Independent Aid Review, the Australian Government is prioritizing aid for our near neighbours - where Australia is able to make a real difference and where overseas assistance will be of greatest direct relevance to Australia’s national interest. The Australian Government has made a commitment to reverse the incidence of infectious disease transmission (including TB), particularly in the Pacific, and has committed to strengthening the overall health systems in partners countries in order to deliver services that will benefit the poor.

**Recommendation 8: RESULTS urges the Federal Government to provide full funding for TB clinics operating on Boigu and Saibai Islands until the capacity of the PNG health system has been improved sufficiently for patient transfers to occur safely and humanely.**

**Rationale:** The Australian Government and the Queensland Government began a process in 2011 to close two vital clinics currently treating PNG nationals suffering from TB. The clinics are located on the Australian Islands of Boigu and Saibai, within a few kilometers of the PNG mainland. The closure of these clinics will result in the termination of TB services for PNG nationals living in the region, and the transfer of patients back to PNG where current services are sorely lacking.

Caring for these patients costs the QLD government an estimated \$18million annually, to which the Federal Government contributes around \$4million annually.

The decision to shift the clinics across the international border has TB experts worried about the potential for escalation of MDR-TB in PNG and ultimately putting Australian residents at risk through increased cross-border transmission. The PNG health system is inadequately equipped to take on the treatment of new and additional patients. Whilst there is a general consensus that the PNG Government must do more to provide basic health services to the people of the Western Province, Australian medical experts say that in reality the PNG health system will not be in a position to manage its own TB crisis for another decade at least.

---

<sup>2</sup>TB indicators from the WHO Global TB Report 2009 – Prevalence figure for 2009 – Prevalence figure for 2007

A Senate enquiry that reported in November 2010 on this issue recommended that the Commonwealth increase assistance to QLD Health to appropriate funding for the Torres-Strait Clinics. However the Federal Department for Health and Ageing has advised Queensland Health to reduce services because the Department is unlikely to provide additional funds that will cover the cost of full services.

RESULTS considers it unacceptable for the State and Federal governments to ignore expert medical advice and the health risks, and to gamble with people's lives in pursuit of minor budget savings. The decision to close these clinics will endanger the lives of entire communities and could potentially reverse the gains made to achieving MDG6 in a country that is our nearest neighbour.

## **ISSUE: RURAL LIVELIHOODS AND MICROFINANCE**

The Australian government has committed \$20m funding to be allocated by 2012-13 towards the implementation of its financial inclusion strategy 'Financial Services for the Poor'. The importance of Microfinance was also highlighted in the recent Independent Aid Review and the Government's Response to the review where financial services are identified within priority areas of: promoting opportunities for all (with a focus on women's empowerment and participation) and sustainable economic development (with a focus on rural livelihood and private sector development).

However, recent estimates have indicated that the Government had reached its \$20m funding level in 2010-11. Therefore greater investment in this area is required in the upcoming budget.

**Recommendation 9: Increase Microfinance funding to \$45 million by 2013-14, this represents 0.7% of total ODA. An interim level of \$35 million in 2012-13 would enable further progress in building capacity and impact.**

### **Proposed Government Funding Allocation for Microfinance (By Year)**

- ✓ 2012-13 = \$35 million
- ✓ 2013-14 = \$45 million
- ✓ 2014-15 = \$55 million
- ✓ 2015-16 = \$65 million

### **Rationale:**

**PNG:** Following the success of a few key Microfinance Institutions (MFIs) in PNG, there is a need to replicate and expand services to the massive numbers of very poor households with no access to financial services. Technology and innovation could be used to access remote areas that have until now been denied access. Financial literacy levels and understanding of products and responsibilities remain very low among households.

**East Timor:** With the INFUSE (UNCDF/UNDP/AusAID) project coming to an end in 2012, there is a need for ongoing support to the sector. New microfinance regulations have been issued by the Banking and Payments Authority, but they are yet to develop a complete regulation and supervision regime, and they could benefit from ongoing support in this area. The few existing microfinance agencies require intensive support in order to meet the regulatory requirements and expand to meet the large unmet demand among the very poor. Along with very low levels of literacy and numeracy, financial literacy levels remain extremely low, and training is needed to enable people to achieve maximum benefit from services (Australia implemented the first ever financial literacy project in the country in 2010, which is ongoing, but the program is only meeting a fraction of the need). Social performance is not being effectively tracked or managed, and there is a strong need for leadership in this area.

For further information on the matters in this submissions please contact Maree Nutt – [nationalmanager@results.org.au](mailto:nationalmanager@results.org.au) or W: 02 9981 4511 M:+61(0)404 808 849, or Taniele Gofers-[taniele@results.org.au](mailto:taniele@results.org.au).