

RESULTS International Australia Submission for the 2017-18 Budget

Introduction

RESULTS Australia is a movement of passionate, committed everyday people. Together we use our voices to influence political decisions that will bring an end to poverty. RESULTS is an active member of the Australian Council for International Development and the Campaign for Australian Aid, and works internationally with RESULTS counterparts and the ACTION Global Health Advocacy Partnership on improving access to health, education and economic opportunity.

As part of our focus on action to reduce poverty, we appreciate the opportunity to make proposals for the 2017-18 Federal Budget on how Australia can contribute significantly to achieving the Sustainable Development Goals (SDGs), which Australia and other members of the United Nations endorsed in September 2015.

The following sections set out suggested priorities for the Australian International Development Assistance Program in the period 2017-18 to 2020-21. RESULTS supports the following principles for development assistance, which we note are also generally consistent with the objectives set out in the current development assistance policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*.

We believe that international development should meet the following criteria:

- Sustainable
- Equitable
- Accountable
- Cost-effective
- Innovative
- Collaborative

The requests in the RESULTS Australia submission involve a return to real growth in Australia's aid in the 2017-18 financial year, and over the forward estimates period to 2020-21, which will result in Australia's official development assistance (ODA) matching the 2012-13 level in real terms by 2020-21. This proposed growth in the coming years is consistent with the policy the Coalition took to the 2013 election, which included maintaining ODA in real terms at the 2012-13 level. Such an increase in aid spending will have significant impacts on poverty in the Asia-Pacific region, and will also enable Australia to demonstrate leadership in the implementation of the Sustainable Development Goals agreed in September 2015.

Specific proposals in this submission provide examples of how additional aid can support programs and institutions which have a record of effectiveness, and are consistent with the Government's objectives for the aid program.

List of recommendations

Recommendation 1: That Australia's aid increases to \$4.3 billion in 2017-18, and increases to \$5.9 billion by 2020-21, returning to the same level in real terms as in 2012-13.

Recommendation 2: The Australian Government should provide in the forward estimates to contribute \$270 million to the Global Fund to Fight AIDS, TB and Malaria in the 2017 to 2019 period.

Recommendation 3: That Australia provides \$20 million in support over the next four years to Asia-Pacific countries to upgrade vaccine cold chains.

Recommendation 4: That Australia provide \$30 million in support to the Global Polio Eradication Initiative over 2017-18 and 2018-19, including at least \$15 million in 2017-18 (matching the 2016-17 contribution).

Recommendation 5: That the Australian Government continue programs to assist PNG in achieving universal access to prevention, early diagnosis and effective patient-centred treatment for MDR-TB. A new program should maintain spending at \$12.5 million per year on average, and include annual reporting of its results.

Recommendation 6: That Australia increase funding for medical research to approximately 1% of the aid program (or \$60 million) by 2020-21, with annual increases of \$7-8 million. This would enable renewal of the PDP program for 3 years from 2017 at an average level of \$15 million per year, as well as other support for innovation in health.

Recommendation 7: Aid for education should be maintained at 20% of total aid in the 2017-18 to 2020-21 period, increasing to \$825 million in 2017-18, and to \$1.15 billion by 2020-21. 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.

Recommendation 8: That Australia boost its pledge to the GPE for the 2015 to 2018 period to \$180 million, and plan for an increased pledge in the 2019 to 2022 period.

Recommendation 9: That overall nutrition funding in Australia's aid program increases to \$130 million in 2017-18 and \$180 million in 2020-21, with at least one quarter of nutrition funding being for nutrition-specific measures.

Recommendation 10: Increase annual financial inclusion funding to \$22 million in 2017-18 and to \$30 million by 2020-21 to enable further progress in building capacity and impact.

ISSUE: OVERALL AID VOLUME

The Need

The Asia-Pacific region, which is the primary focus of Australia's aid, is home to 60% of the world's hungry and undernourished people. Although significant progress has been made in reducing extreme poverty, significant further action is required in the coming years.

Examples of global progress in reducing poverty are:

- The number of people living in extreme poverty has declined by more than half since 1990.
- Each day, 19,000 fewer children under the age of 5 are dying than in 1990.
- Over the last 20 years, 2.1 billion people have gained access to improved sanitation.

Examples of the reasons why further action is required to overcome poverty are:

- One in nine of the world's people suffer from under-nutrition.
- In spite of increased school enrolments, 61 million primary school age children are still not in school.
- Each year nearly 6 million children die before the age of 5.
- Globally, 2.4 billion people lack access to safe sanitation.

The Sustainable Development Goals build on these achievements, and call for the eradication of extreme poverty and include the following targets:

- universal and equitable access to safe and affordable drinking water for all
- free, equitable and quality primary and secondary education for all children
- ending preventable deaths of newborns and children under 5 years of age, with all countries achieving an under-5 mortality rate of no more than 25 per 1,000 live births.

The further action to achieve these goals will require a partnership between donor governments, national governments in low and middle income countries and the private sector. Therefore, the changes in policy and funding will not only involve development assistance, but increased and improved aid will play a significant role in international action on poverty.

The reduction of Australia's aid from just over \$5 billion per year in 2012-13 to 2014-15 to approximately \$4 billion in 2015-16 and subsequent years has obviously reduced Australia's capacity to contribute to this progress. Many country programs and contributions to multilateral agencies were reduced by 40% in 2015-16 (remaining at this lower level in 2016-17), which has meant a narrowing of the focus of Australia's assistance to individual countries and reduced capacity to complement Australia's bilateral assistance with multilateral programs.

The Solution

Increasing and improving the focus and effectiveness of Australian aid will assist in reaching these goals. The expected level of Australia's aid in the period 2017-18 to 2020-21, based on the 2016-17 Budget and forward estimates, is around \$4 billion per year (increasing by 2.5% per year). This amount is insufficient for Australia to contribute significantly towards achieving the SDGs, and falls short of the funding required to implement the

Government’s own priorities for the aid program. For example, country programs reduced by 40% in 2015-16 have supported either health or education investments, but not both.

If the Government is to support significant progress in its priority areas for the aid program, it needs to rebuild the level of aid in the coming years. Members of Parliament from all parties have supported an increase in Australia’s aid. For example, the 2015 report by the Joint Standing Committee on Foreign Affairs, Defence and Trade, *Empowering Women and Girls*, included the following recommendation:

“The Committee recommends that the Australian Government increase:

- overall Official Development Assistance (ODA); and
- the proportion of ODA allocated to economic and productive sectors in the Indo-Pacific region in which women are predominant...”¹

RESULTS Australia calls for an interim goal of returning Australian aid to the same amount in real terms as in 2012-13 by 2020-21. This would increase Australian aid to \$5.9 billion in 2020-21, allowing for both the delivery of current important bilateral and multilateral commitments, as well as providing scope for new initiatives, in the next four years. This growth path is also consistent with the Coalition’s Foreign Affairs policy for the 2013 election, which called for aid to be maintained in real terms at the 2012-13 level.

While the proposed level of aid in the coming years is based on achieving an increase in aid in real terms rather than a particular ratio of aid to gross national income (GNI), the proposed increase in aid will also result in an increase in the aid to GNI ratio in the coming years, as the table below indicates.

RESULTS Australia’s proposed aid compared with current projections

	2016-17	2017-18	2018-19	2019-20	2020-21
RESULTS Proposed aid spending \$m	3,830	4,270	4,765	5,315	5,930
Proposed aid spending % of GNI	0.23	0.24	0.26	0.27	0.29
Assumed aid from 2016-17 Budget and forward estimates	3,830	3,912	4,010	4,110	4,230

Notes: The proposed amount of \$5.93 billion in 2020-21 is equal to the 2012-13 aid program of \$5.063 billion increased by estimated inflation of 2% per year on average over 8 years.

The annual amounts proposed for ODA in 2017-18 and the forward estimates years are based on consistent annual growth of 11.5% in current prices.

¹ Joint Standing Committee on Foreign Affairs, Defence and Trade, *Empowering Women and Girls*, December 2015, p xxxv.

The assumed aid for the base case in 2020-21 of \$4.23 billion assumes growth in the dollar value of aid at a similar rate to the previous two years.

The Benefits

By adopting this proposed scale-up of Australia's aid, the Australian Government will demonstrate its commitment to working with other countries to achieve the SDGs, and support the impact the SDGs will have on reducing poverty and improving quality of life in all countries.

The Government will be in a better position to deliver its policy objectives for the aid program, and contribute to achieving sustained economic growth and improved living standards for countries in the Asia-Pacific region, which is also in Australia's interest.

The proposed increase in aid by \$440 million in 2017-18 allows for the Government to make some initial new commitments or expansions of programs in the next financial year, and make accelerated progress towards its policy goals in the following years.

The following sections provide examples of how additional aid funding by Australia can be used to reduce poverty, improve health an education, and contribute to sustained economic growth.

Recommendation 1: That Australia's aid increases to \$4.3 billion in 2017-18, and to \$5.9 billion by 2020-21, returning to the same level in real terms as in 2012-13.

ISSUE: SAVING LIVES

Australia's aid for health programs in 2016-17 is \$473.3 million, or approximately 12.5% of total aid. As part of the increase in overall aid we suggest in this submission, it is important for overall health spending to increase, to support the Government's stated goal of strengthening the health systems of countries in the Asia-Pacific region. To complement investments in health systems, RESUTS Australia suggests specific initiatives in the following areas to address particular health needs.

Global Fund to Fight AIDS, Tuberculosis and Malaria

The Need

Since 2000, we have seen unprecedented progress in containing and reversing the spread of HIV/AIDS, tuberculosis (TB) and malaria. **Nevertheless, these three diseases claimed around 3.0 million lives in 2015 alone:** 1.1 million AIDS-related deaths, a further 1.8 million TB-related deaths (including 400,000 deaths from TB of people with HIV, leading to a total of 2.5 million deaths from HIV and TB) and 430,000 malaria-related deaths.

The opportunity to defeat HIV/AIDS, TB, and malaria is the result of a rapid expansion of life-saving health services to the people who need them most.

- Between 2000 and 2015 the number of people on antiretroviral therapy (ART) to treat HIV/AIDS increased from 50,000 to 17.0 million, and nearly half of people with HIV now receive ART.
- TB deaths have declined by 41% since 2000, due to advances in both detection and treatment of TB.
- Since 2000, the proportion of African households with an insecticide-treated bed net to protect them from malaria-carrying mosquitoes increased from 3% to 53%, and deaths from malaria have fallen by 48%.

However, **these gains are not guaranteed to continue without further investment** by national donors, countries with high disease burdens and global organisations such as the Global Fund to Fight AIDS, TB and Malaria.

The Global Fund to Fight AIDS, Tuberculosis and Malaria was established in 2002 to provide a coordinated funding source to combat these three diseases. In the 15 years it has been operating, the Global Fund has provided **AIDS treatment for 9.2 million people**, successful **tuberculosis treatment for 15.1 million people**, and **659 million insecticide-treated nets for the prevention of malaria**.² In the Asia Pacific region alone, the Global Fund has helped test and treat more than 9.5 million cases of tuberculosis and provided over 80 million bed nets to protect families from malaria.

The Global Fund provides approximately 75% of the international financing for TB, 50% for malaria, and 22% for HIV and AIDS programs. The Fund is essential to our fight against these diseases in the Asia Pacific, and so far has invested \$US 6.6 billion across 35 countries in the region.

The Sustainable Development Goals include a target to end the epidemics of HIV, TB and Malaria by 2030, and the Global Fund will play a crucial role in achieving these targets.

The Solution

The Global Fund works on a 3-year funding cycle, with its current cycle (2017 to 2019) having just commenced. In September 2016, the Global Fund raised \$US 12.9 billion in pledges for the 2017 to 2019 period, including a pledge of \$A 220 million from Australia. The pledge by Australia is a 10% increase from Australia's contribution in 2014 to 2016.

Combining its resources with other international assistance and domestic financing by countries receiving assistance, the Global Fund's goal for 2017 to 2019 is to support programs which will save an additional 8 million lives by 2020.

Achieving this goal will require delivery in full of the pledges by all countries. In the case of the United States pledge for 2017 to 2019, which was up to \$US 4.3 billion, the full delivery of this amount is conditional on further pledges by other national or private sector donors of \$US 900 million by the end of September 2017. In the 2017 to 2019 period, other significant contributors to the Global Fund, including Japan, Canada, Germany and

² Global Fund *Results Report*, 2016.

the European Commission, have pledged to increase contributions by 23% to 46% in their own currency terms. An increase in Australia's pledge for 2017 to 2019 to \$270 million (a 35% increase from 2014 to 2016) would be comparable to the commitment by these donors. To ensure Australia can contribute to achieving the full US contribution, the Government should announce this additional pledge by September 2017.

The Benefits

Annual reports by the World Health Organisation indicate that significant funding shortfalls for the prevention and treatment of HIV (\$US 3-5 billion per year) TB (\$US 2.7 billion per year) and Malaria (\$US 2.7 billion per year) remain. Therefore, by increasing its contribution to the Global Fund, Australia would be contributing to closing these funding gaps.

Australia will also maintain a strong voice on the Global Fund Board by making an increased contribution, ensuring that the Global Fund continues to make preventing and treating these diseases in the Asia-Pacific region a priority. Other members of the Global Fund Board are less supportive of a focus on the Asia-Pacific as most countries in this region have a higher per capita income than most African countries, and Board members prefer to focus on the poorest countries.

In the last 13 years, Australia has contributed **\$610 million** to the Global Fund, and in turn the Global Fund has invested **\$8.75 billion** in total in the Asia-Pacific region, showing the leverage of Australia's contributions.

Recommendation 2: The Australian Government should provide in the Budget and forward estimates to contribute \$270 million to the Global Fund to Fight AIDS, TB and Malaria in the 2017 to 2019 period.

Additional funding for vaccines

The Need

As immunisation programs expand to include new vaccines and reach more people, often in remote areas, they are constrained by outdated supply chains. Vaccine volumes are expected to quadruple between 2010 and 2020, and it is essential to improve immunisation supply chain infrastructure and systems.

For example, vaccines need to be kept cool while they are being delivered to people who need them. This ensures that they will work when they get to the children being immunised. A **'cold chain'** is a delivery method that keeps what is being delivered at safe temperatures for use. Nearly all vaccines are required to be kept between 2 and 8 degrees Celsius at all times to meet standards for use.

Gavi The Vaccine Alliance has introduced the Immunisation Supply Chain Strategy to assist countries to upgrade supply chain management skills, data on vaccine delivery and cold chain equipment to support more effective use of funding for vaccine introduction and delivery.

In 2015, Gavi introduced the Cold Chain Equipment (CCE) Optimisation Platform, which commits US\$50 million to jointly invest with countries to upgrade to high-performing and well-maintained cold chain technologies. Without these, children in the poorest and most remote communities will not have access to life saving vaccines. Gavi estimates \$US 650 million is needed by 2020 for new equipment to store and transport vaccines in the countries they support.

The cold chain needs are greatest for countries with large numbers of people living in rural areas, as it is easier to provide vaccines to children in cities than in smaller communities in rural areas. Gavi-supported countries in our region with a high percentage of people living in remote areas include:

- Cambodia (79%)
- Solomon Islands (78%)
- Papua New Guinea (87%)
- Vietnam, India, Myanmar and Bangladesh with percentages above 65%.

(Gavi is now scaling back its support to several countries such as Vietnam and Papua New Guinea due to the increased per capita income of these countries.)

Other countries in our region with high percentages of people living in remote areas whose incomes are above the threshold to receive Gavi support yet are too low to deal with these challenges alone include:

- Micronesia (78%)
- Vanuatu (74%)
- Samoa (82%).

The Solution

Gavi's investment in research and development (including a Centre for Excellence) to deal with these challenges is also an important complement to Australia's own bilateral aid funding for health system strengthening.

To reinforce the investment Gavi is planning in cold chain equipment upgrades, Australia should also use its health system strengthening support to assist countries in the Asia-Pacific region, which are not eligible for Gavi support due to their income level, to upgrade cold chains. As the requirement for funding exceeds \$US 100 million per year, Australia could invest \$5 million per year on average in cold chain upgrades.

The Benefit

A World Bank study in Pakistan found a cold chain investment 'represents value for money'³. It recommended that with an initial investment of US \$300,000 and an ongoing US \$50 - 100,000 each year the number of unusable vaccines would be reduced resulting in an annual saving of at least US \$2 million a year.

³ Brenzel, L., Sanderson, C., Galayda, V. & Masud, T. Cost-effectiveness and financial consequences of new vaccine introduction in Pakistan. (2011)

People living in remote areas are also often the poorest. By improving cold chain delivery and access Gavi also aims to improve vaccine equality. Its new goal is to ensure there is less than 10% difference in the access to vaccines for the richest and poorest people in Gavi countries. By being a part of the major improvements in vaccine equality, Australia can ensure we are creating lasting change for children in greatest need. Australian aid investments can also benefit from the research and development arising from Gavi's investment in this area.

Recommendation 3: That Australia provides \$20 million in support over the next four years to Asia-Pacific countries to upgrade vaccine cold chains.

Commitment to Eradicating Polio Globally

The Need

Eradicating polio around the world has been an Australian goal for many years. Polio cases globally have decreased by over 99% since 1988, from an estimated 350 000 in 1988 to 359 in 2014, and only 35 in 2016.

The Global Polio Eradication Initiative (GPEI) formed in 1988. It is a public-private partnership which links 200 national governments with key stakeholders, including WHO, UNICEF, CDC and Rotary who drive the work of the GPEI. This initiative has seen nearly three billion children immunised, and has spared ten million children from paralysis and deformity.

Polio now remains endemic in only three countries: Nigeria, Pakistan and Afghanistan. Nigeria had not had new cases of polio for more than 12 months from mid 2015 to mid 2016, but saw four cases emerge in July and August 2016. This is a reminder that even in a country in which new cases are not occurring, vaccination and other preventative measures (including a focus on clean water and sanitation) are needed to prevent a return of polio.

Australia has been a consistent contributor to GPEI: its total pledge was originally \$150 million from 2011 to 2018-19. However, the Department of Foreign Affairs and Trade (DFAT) advised in 2015 that funding would be reduced in 2015-16 to 2018-19 from \$80 million to \$72 million. Further, DFAT advised in September 2015 that only \$36 million of the remaining funding would be directed to the GPEI, with the balance of \$36 million going to the World Bank for Immunisation System strengthening in the South East Asia and Pacific Region. The World Bank funding would not necessarily contribute directly to polio eradication.

The Solution

It is essential that Australia contribute to ensuring that the gains towards polio eradication are maintained. When donors have reduced funding previously due to a declining trend in polio cases, the number of cases has risen again in the short term.

Therefore, RESULTS Australia recommends that Australia provides a total of \$60 million to the GPEI in the period 2015-16 to 2018-19, with any funding to the World Bank for immunisation system strengthening in the South

East Asia and Pacific Region treated as supplementary to the GPEI funding. As Australia has provided \$15 million to GPEI in 2015-16 and 2016-17, this goal will maintain Australia's annual support to GPEI for another two years.

The Benefit

The world is delivering the polio endgame strategy developed by the GPEI and is on target to eradicate polio by 2019. Polio has the chance to be only the second disease after smallpox that humans have ever eradicated globally. Children across the world will no longer risk the paralysis and deformity caused by polio and in the long term health systems can make significant savings from not needing widespread polio vaccinations.

Recommendation 4: That Australia provide \$60 million in support to the Global Polio Eradication Initiative in 2015-16 to 2018-19, including at least \$15 million in 2017-18 and 2018-19 (matching the 2016-17 contribution).

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

The Need

Papua-New Guinea experiences high rates of TB infection, and due to incomplete treatment for many patients rates for multi-drug resistant TB are also high. The Development Partnership Agreement between Australia and Papua-New Guinea (2012) includes goals for increasing TB detection and treatment completion rates. From 2015 to 2020, detection rates for TB are due to increase from 35% to 40%, and the treatment completion rate is due to increase from 75% to 85%.

Following the announcement in February 2015 of additional funding for TB control in Papua-New Guinea by the Minister for Foreign Affairs, Australia's assistance to control TB in Papua-New Guinea increased to \$60 million over 7 years, covering both the Western Province and the Capital Region. With the completion of this committed funding in 2016-17, further support is required to maintain improvements in TB identification, testing and treatment.

The Australian Government's long term plans to strengthen PNG's capabilities in TB control are consistent with World Health Organisation (WHO) guidelines. However, implementing these aims in a resource-poor setting such as PNG is a challenging and complex task.

The Solution

The increase in funding in recent years to address TB in Papua-New Guinea from Australian Aid is welcome, and several issues need to be addressed to ensure this funding has the greatest impact. First, it is important that the persons transferring to Daru Hospital (Western Province) for treatment receive adequate treatment and care. Inconsistent treatment of infected individuals due to access issues with services and drug availability both

seriously endangers the infected individuals, as well as poses a major public health risk in terms of the development of MDR TB.

Additionally, the prompt identification, treatment and monitoring of TB are important factors in effective TB control, and it is essential to clarify whether the services currently available in PNG are adequate for undertaking these tasks. The Western Province of PNG is notably faced with high levels of poverty and inadequate and unreliable infrastructure such as transportation and access to safe water.

In the long term, Australia's commitment to the development of TB services in the Western Province and Port Moresby will need to be backed up by health system strengthening across the country and development of supporting infrastructure for TB control to be sustainable.

To ensure the funding Australia has provided so far achieves long-term reductions in the rate of infection and deaths in PNG, Australia needs to continue its support for TB programs in PNG. In the next four years, Australia should provide \$50 million to support TB services, and seek commitments for increased funding for TB programs from the PNG Government.

The Benefits

Improving TB identification and treatment in Papua-New Guinea will address the large and avoidable human and economic costs of TB in Papua-New Guinea (as many of the people who suffer from TB are of working age), and will reduce the number of people from Papua-New Guinea seeking treatment in Australia.

Recommendation 5: That the Australian Government continue programs to assist PNG in achieving universal access to prevention, early diagnosis and effective patient-centred treatment for MDR-TB. A new program should maintain spending at \$12.5 million per year on average, and include annual reporting of its results.

Support for medical research and development

The Need

Neglected diseases such as malaria, tuberculosis (TB) and other, poverty-related illnesses affect over a billion people, and result in 6 million deaths each year, mostly in the developing world. Many of these deaths could be prevented if more effective drugs, vaccines and diagnostics are available

Most people who suffer from neglected diseases do not have the resources to pay market prices for health products. The lack of market demand to encourage investment in neglected diseases means that R&D is primarily a public responsibility, with industry and not-for-profit funders providing additional investments to supplement government contributions.

Funding by government for R&D can have a high impact, as a new product developed from R&D has the potential to change the lives of millions of people. For example, TB Alliance's four-drug combination therapy for TB and multidrug resistant TB (MDR-TB), BPamZ, which is about to enter Phase III clinical trials, has the potential to reduce treatment time for MDR-TB to three-four months (from up to two years) and for drug-sensitive TB to two months, reduce the number of pills required to one per day, and eliminate the need for injections. The treatment has been designed and priced for lower income countries, so a full course will cost 10% of the existing therapy price.

Governments provide two-thirds of all funding for neglected disease R&D. Two different types of agencies deliver this funding: science and technology agencies, such as the National Health and Medical Research Council (NHMRC); and aid agencies, such as the Department of Foreign Affairs and Trade (DFAT). Internationally, 13% of global government funding in neglected disease R&D since 2007 has come from aid agencies.

The Solution

In the case of neglected diseases, product development is largely the responsibility of not-for-profit Product Development Partnerships (PDPs), which combine pharmaceutical company expertise with public and philanthropic sector funding.

The Australian Government has provided support for medical research and development in the aid program since 2012, when it announced the Medical Research Strategy. The Aid Policy statement of June 2014 included a replacement program for medical R&D and operational research for neglected diseases, and in March 2015 the Government announced \$30 million in funding over three years for Product Development Partnerships - TB Alliance, FIND and Medicines for Malaria Venture - to help bring new diagnostic tests and drugs for TB and malaria to market.

Sustained support for medical research programs is essential, as the benefits of research and development can take years to emerge fully. With the current PDP program concluding in 2017, the Government will need to include in the 2017-18 Budget a renewed commitment to medical research and development, including further PDP investments.

An appropriate goal for medical research funding would be to increase R&D support to 1% of the overall aid program (or \$60 million) by 2020-21. This will allow for action to improve the technologies to address a number of diseases. Within this total, Australia should make a commitment to a \$15 million per year PDP program for the next three years, to increase the prospects for new diagnostics and treatments coming to market (and also allow for additional PDP candidates, such as work on development of a TB vaccine).

An increased commitment to R&D could also incorporate funding from the new Regional Health Security Partnership Fund, which the Minister for Foreign Affairs announced in June 2016. This Fund aims to harness Australia's institutions, scientific expertise, innovators and entrepreneurs to improve health outcomes in the Asia-pacific region, and will complement the specific focus of the PDP support.

The Benefits

Investing 1% of the aid program in R&D can eventually create savings in other health programs. New and improved technologies enable operational programs to function more efficiently, freeing up more funding to improve development outcomes.

The increased investment in R&D also increases the probability that research is translated into products and processes that would save lives across the developing world.

Recommendation 6: That Australia increase funding for medical research to approximately 1% of the aid program (or \$60 million) by 2020-21, with annual increases of \$7-8 million. This would enable renewal of the PDP program for 3 years from 2017 at an average level of \$15 million per year, as well as other support for innovation in health.

ISSUE: ACCESS TO EDUCATION

The need

The global number of children and young adolescents out of school is increasing. Today there are 61 million children *not* in primary school and 65 million adolescents *not* in lower secondary school. A further 250 million children who are in school are graduating without having learnt even basic numeracy and literacy skills.

Girls, children with disability and those living in rural areas continue to be disadvantaged in basic education. 53 percent of out of school children are girls and estimates suggest that one-third have a disability.

In Asia and the Pacific, roughly 19 million children do not have access to school. In Papua New Guinea, 43 percent of girls do not complete lower secondary school.

Despite these shortfalls in education delivery and demand for education rising steadily, global commitments for education financing are declining.

The solution

Australia's aid program invests in better quality education so that young people gain the knowledge and skills they need to contribute productively to society. Priority areas include early childhood development, which helps to ensure that children are healthy, safe and ready to learn, and promoting learning for all with a special focus on girls, disadvantaged children and those with disability, through teacher training, curriculum development and education infrastructure.

The Minister for Foreign Affairs, Julie Bishop, has described education as a 'central pillar' of Australia's aid program. Nevertheless, in 2015-16, the share of education in Australia's aid fell from over 22% to 19.4%, and the dollar amount declined from \$1,068 million to \$745 million. Moreover, \$360 million of the \$745 million in

education aid, 48 percent, is allocated to scholarships. To allocate such a large proportion of education aid for international students to study at a tertiary level in Australia seems to conflict with the priority areas outlined in DFAT's *Strategy for Australia's aid investments in education 2015-2020*.

In 2017-18, the share of the Australian aid program allocated to education should return to 20% of the aid program, or approximately \$825 million, and be maintained at 20% of the aid program in the subsequent three years, reaching approximately \$1.15 billion in 2020-21. In 2017-18, Australia should provide \$40 million to the Global Partnership for Education (GPE) as the next instalment of its pledge for 2015 to 2018.

Due to the role of the GPE in supporting developing countries to ensure that every child receives a quality basic education, with a priority for the poorest, most vulnerable and those living in fragile and conflict-affected countries, supplementing the current pledge of \$A 140 million for the 2015 to 2018 period is also important. By boosting its pledge to \$A 180 million for this four-year period, the Australian Government would assist in maintaining the GPE's results in achieving gender parity in education, reducing the numbers of children not in school and increasing primary school completion rates in the poorest countries.

As the GPE is preparing for its next replenishment period 2019 to 2022, and is likely to hold a replenishment conference in late 2017 or early 2018, the Australian Government will also need to finalise its pledge for the next four years by the end of this year. It would be appropriate for Australia to increase its contribution for 2019 to 2022 to above the \$180 million proposed for the current period, to assist in the reaching the more ambitious goals for education in the SDGs.

The Benefits

Education has a transformative impact on individuals, communities and nations. The potential development benefits of education range from expanding employment and livelihoods, improving health outcomes, reducing inequality, and building stronger and more stable democracies. Here are several concrete examples of the development potential that can be unlocked through education:

- **HIV and AIDS:** Seven million cases of HIV and AIDS could be prevented in the next decade if every child received an education.
- **Livelihoods:** One extra year of schooling increases an individual's earnings by up to 10%. One additional school year can increase a woman's earnings by 10% to 20%.
- **Poverty reduction:** If all students in low-income countries left school with basic reading skills, 171 million people could be lifted out of poverty.
- **Population growth:** Women with seven or more years of schooling have between two and three fewer children than women with fewer than three years of education
- **Child survival:** each additional year in the average length of women's schooling decreases child mortality by 10%. An estimated 4.2 million children's lives were saved in 2009 because of improvements in women's education since 1970.
- **Maternal survival:** Women with no education are more than two and a half times as likely to die in childbirth as women with 12 years of education.

- **Agricultural output:** if all women completed primary school, agricultural yields in sub-Saharan Africa could increase by 25%.
- **Democracy:** in sub-Saharan Africa, citizens who have completed secondary education are three times more likely to support democracy than those with no education.

Recommendation 7: Aid for education should be maintained as a share of total aid in the 2017-18 to 2020-21 period, increasing to \$825 million in 2017-18, and to \$1.15 billion by 2020-21. 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.

Recommendation 8: That Australia boost its pledge to the GPE for the 2015 to 2018 period to \$180 million.

ISSUE: FUNDING FOR NUTRITION

The Need

Malnutrition in all forms is **directly or indirectly responsible for approximately 3 million of the 6 million deaths of children under the age of 5 each year**, making it one of the largest causes of child mortality.

In 2014, an **estimated 159 million children were stunted**, or too short for their age. Most countries are making progress in reducing the number of children who are stunted, but overall progress remains slow. It is estimated that **8% of children under the age of 5 have severe acute malnutrition (SAM)**, which leads to wasting (the child is severely underweight for their height). While a child may recover, with sufficient help, from wasting, the impacts of stunting are irreversible.

Other key facts about nutrition are:

- Globally, one in nine people in the world today (795 million) are undernourished.
- The vast majority of the world's hungry people live in developing countries, where 12.9% of the population is undernourished.
- **Asia is the continent with the most hungry people – two thirds of the total.** The percentage in southern Asia has fallen in recent years but in western Asia it has increased slightly.
- 66 million primary school-age children attend classes hungry across the developing world, with 23 million in Africa alone.

The World Bank estimates that **countries affected by undernutrition lose at least 2-3% of their Gross Domestic Product**, and incur billions of dollars in avoidable health care spending. Globally, the **direct costs of undernutrition in children have been estimated at \$20-\$30 billion per year**. Conversely, the economic

benefits of action on nutrition are clear: for every \$1 invested in reduction of stunting, one can expect roughly \$16 in returns.

Countries in the Asia-Pacific have among the highest rates of malnutrition in the world. For example, 49% of children in Papua-New Guinea and 58% of children in Timor Leste have had their growth stunted. This means more than half of an entire generation of children in these countries will fail to reach their full physical or mental potential.

Nutrition accounts for a small proportion of aid spending by most donors, with Australia spending approximately **\$23 million per year on nutrition-specific measures** (measures which address the immediate factors in child nutrition and development—adequate food and nutrient intake, feeding, caregiving and parenting practices, and minimising infectious diseases), and **\$97 million per year on overall nutrition measures**, including nutrition-sensitive measures which address the underlying determinants of child nutrition and development— food security; adequate caregiving resources at the maternal, household and community levels; and access to health services and a safe and hygienic environment.

The Solution

In 2012 the World Health Assembly endorsed a Comprehensive Implementation Plan on maternal, infant and young child nutrition, which specified a set of six global nutrition targets that by 2025 aim to:

1. achieve a 40% reduction in the number of children under-5 who are stunted;
2. achieve a 50% reduction of anaemia in women of reproductive age;
3. achieve a 30% reduction in low birth weight;
4. ensure that there is no increase in childhood overweight;
5. increase the rate of exclusive breastfeeding in the first 6 months up to at least 50%;
6. reduce and maintain childhood wasting to less than 5%.

Achieving these goals will require additional resources from both international donors and national governments and households. For example, the World Bank, Results for Development and 1,000 Days recently estimated that the combined national and donor-funded spending on measures to address stunting of children would need to treble between 2015 and 2021 to achieve the World Health Assembly stunting goal.

The Department of Foreign Affairs and Trade released in June 2015 the *Health for Development Strategy* for the Australian aid program which includes nutrition as a priority for future health investment. This inclusion recognises that nutrition, along with water, sanitation and hygiene, has a strong influence on health outcomes.

RESULTS Australia welcomed the launch of the Health Strategy and the inclusion of nutrition as a priority investment in the health sector. However, RESULTS also notes that additional funding will be required in the coming years to achieve the ambitions of the Health for Development Strategy. Early investment from donors like Australia will result in significant savings in the future, as countries become increasingly able to finance domestic responses to malnutrition.

By 2020-21, an increase in Australia's overall investment to approximately \$180 million per year from the latest annual estimate of \$97 million would contribute a reasonable share to the costs of reaching the targets set out in the SDGs and the World Health Assembly Goals. Achieving the World Health Assembly goals will also involve increasing the proportion of nutrition assistance for nutrition-specific measures. If Australia devotes at least one quarter of nutrition support to nutrition-specific measures, this would increase nutrition-specific funding to \$45 million by 2020-21.

The Benefits

Taking effective action to improve nutrition will assist in reducing the significant economic and health costs of undernutrition. As the Government's Health Strategy notes, "good nutrition in early life lays the foundation for good health and productivity in later life—investments in good nutrition today are investments in the economic markets of tomorrow."

Undernutrition is widespread in countries in Asia and the Pacific, in spite of their economic progress. Taking further action on nutrition would be consistent with Australia's aid objectives of promoting sustained economic growth, improving health and education, and empowering women and girls.

Recommendation 9: That overall nutrition funding in Australia's aid program increases to \$130 million in 2017-178 and \$180 million in 2020-21, with at least one quarter of nutrition funding being for nutrition-specific measures.

ISSUE: RURAL LIVELIHOODS AND MICROFINANCE

The Need

In spite of action over several decades to increase access to financial services, 2 billion people are still unable to obtain these services⁴. This adds to the vulnerability of poor people, as they are unable to obtain credit on reasonable terms to start or grow small enterprises, obtain insurance to protect against unexpected costs or loss of income, or have a safe place for savings.

⁴ According to the World Bank's Global Findex data

The Microcredit Summit Campaign reported that the number of very poor people with access to credit and financial services had increased strongly from 82 million in 2005 to 114.3 million in 2013. However, growth in the number of very poor clients has slowed and even reversed in the years since.

To reach the World Bank's goal of full global financial inclusion by 2020, emphasis needs to shift to understanding the geographical, cultural and economic context of the financially excluded, and designing relevant products and services that will be used and valued by people living in poverty and extreme poverty.

The Australian Government had committed \$20 million funding to be allocated by 2012-13 towards the implementation of its financial inclusion strategy 'Financial Services for the Poor'. The Government had undertaken a review of the Strategy in 2012, which generally supported the objectives and implementation of the strategy, and suggested that larger-scale financial services projects needed to be included to increase impact, and reporting on project outcomes and performance needed to be improved.

The Solution

To increase Australia's contribution to expanding the availability of financial services, especially to the poorest people, additional investment in financial services through the aid program is required.

In 2017-18, aid to microfinance should increase to \$22 million, with an interim goal of providing \$30 million in 2020-21. This would enable the development and adoption of initiatives which could support savings, loan and insurance products in reaching the world's poorest.

If Australia's aid for financial inclusion reaches \$30 million in 2020-21, it will return to 0.5% of the aid program, which will allow for increased action to support financial inclusion while also recognising that this support would need to complement other programs to support access to services and income support.

The Benefits

Wider access to financial services will reduce the vulnerability of the poorest people and ultimately increase self-reliance as people are able to generate a higher income from small enterprises and insure against loss of income. The Government's aid policy statement, *Australian Aid: promoting prosperity, increasing stability, reducing poverty*, includes the following priorities the Government for the aid program:

- Promoting private sector development.
- Building resilience (including disaster risk reduction and social protection).
- Gender equality and empowering women and girls.

Effective microfinance programs are relevant to all of these objectives. For example, microfinance institutions can offer insurance and loans to rebuild businesses after a natural disaster (adding to resilience) and the majority of clients of microfinance institutions are women (as they have most difficulty in accessing mainstream financial services and are most likely to use additional income to benefit their families).

Recommendation 10: Increase annual financial inclusion funding to \$22 million in 2017-18 and to \$30 million in 2020-21 to enable further progress in building capacity and impact.

For further information on the matters in this submission please contact Mark Rice, Global Health Campaigns Manager mark.rice@results.org.au or Leila Stennett, Campaigns Director leila.stennett@results.org.au.