

RESULTS International Australia Submission for the 2018-19 Budget

Contents

Introduction.....	2
Recommendations.....	2
Issue: Overall Aid Volume.....	3
Recommendation 1: That Australia's aid increases to \$4.4 billion in 2018-19, and increases to \$6.45 billion by 2021-22, reaching 0.3% of GNI in 2021-22.....	3
Issue: Global Fund to Fight AIDS, Tuberculosis and Malaria	6
Recommendation 2: The Australian Government should provide an additional \$40 million to the Global Fund to Fight AIDS, TB and Malaria in 2018 - 2019 for the 2017 to 2019 period, taking its total pledge to \$260 million for 2017 - 2019.....	6
Issue: Commitment to health and vaccination programs for countries with declining Gavi and GPEI funding.....	7
Recommendation 3: That Australia commit an additional \$20 million per year for improvements to health and vaccine systems for countries experiencing transition from both the Global Polio Eradication Initiative and Gavi, such as Pakistan, Afghanistan and Papua-New Guinea.	7
Issue: Scaling-up services for the effective management of Tuberculosis and Multidrug-Resistant Tuberculosis (MDR-TB) in Papua New Guinea.	9
Recommendation 4: 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. Australian aid support to PNG should equal \$12.5 million per year on average, and include annual reporting of its results.....	9
Recommendation 5: That Australia provide \$15 million per year to support global collaboration on research and development to combat anti-microbial resistance.	10
Issue: Access to Education.....	12
Recommendation 6: Australia's overall aid for education should increase to \$785 million in 2018-19, and reach \$1.25 billion by 2021-22. 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.....	12
Recommendation 7: That Australia commit to an increased pledge to the GPE for the 2018 to 2020 period of \$200 million, to be announced at the GPE replenishment conference in February 2018.	12
Issue: Funding for Nutrition.....	14
Recommendation 8: That overall nutrition funding in Australia's aid program increases to \$130 million in 2018-19 and \$195 million in 2021-22, with at least one quarter of nutrition funding being for nutrition-specific measures.	14
Recommendation 9: That Australia make an initial investment of \$10 million in the Power of Nutrition in 2018-19, and consider making annual contributions based on the outcomes of this support.	14
Issue: Rural Livelihoods and Microfinance.....	16

Recommendation 10: That Australia increase annual financial inclusion funding to \$22 million in 2018-19 and to \$32 million in 2021-22 to enable further progress in building capacity and impact.¹⁶

Introduction

RESULTS International Australia is part of an international, non-partisan and non-profit organisation that has been working in Australia for 30 years through a combination of staff-led and grassroots-driven advocacy. We work with federal parliamentarians and through the media to generate public and political will to end poverty.

We focus our advocacy on global health issues such as tuberculosis (TB), HIV, malaria, polio, child health, vaccines and nutrition, as well as education and microfinance.

As part of our focus on action to reduce poverty, we appreciate the opportunity to make proposals for the 2018-19 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.

We note that the recent White Paper on Australia's Foreign Policy includes support for Australia contributing to meeting the SDGs: "In working with partners to achieve the SDGs, Australia will use its overseas development assistance, including through aid for trade, to catalyse sustained and inclusive economic growth to help reduce poverty." However, the White Paper did not include a revised overarching target for the aid program, or a commitment to increase the overall resources for the aid program in the coming years. In this submission, RESULTS Australia proposes an increase in overall resources as well as priorities in use of this funding.

The requests in the RESULTS Australia submission involve a return to real growth in Australia's aid in the 2018-19 financial year, and over the forward estimates period to 2021-22, which will result in Australia's official development assistance (ODA) reaching 0.3% of gross national income (GNI) by 2021-22. This proposed growth will lead to Australia's aid returning to near the overall aid level for OECD countries (0.32% of their combined GNI in 2016). 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 SDGs.

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.

Recommendations

Recommendation 1: That Australia's aid increases to \$4.4 billion in 2018-19, and increases to \$6.45 billion by 2021-22, reaching 0.3% of GNI in 2021-22.

Recommendation 2: The Australian Government should provide an additional \$40 million to the Global Fund to Fight AIDS, TB and Malaria in 2018 - 2019 for the 2017 to 2019 period, taking its total pledge to \$260 million for 2017 - 2019.

Recommendation 3: Australia commit an additional \$20 million per year for improvements to health and vaccine systems for countries experiencing transition from both the Global Polio Eradication Initiative and Gavi, such as Pakistan, Afghanistan and Papua-New Guinea

Recommendation 4: 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 5: That Australia provide \$15 million per year to support global collaboration on research and development to combat anti-microbial resistance.

Recommendation 6: Australia's overall aid for education should increase to \$785 million in 2018-19, and reach \$1.25 billion by 2021-22. 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 7: That Australia pledge \$200 million to the GPE for the 2018 to 2020 period, as part of the replenishment to be agreed in February 2018.

Recommendation 8: That overall nutrition funding in Australia's aid program increases to \$130 million in 2018-19 and \$195 million in 2021-22, with at least one quarter of nutrition funding being for nutrition-specific measures.

Recommendation 9: That Australia contribute \$10 million to the Power of Nutrition in 2018-19, and consider making annual contributions based on the outcomes of this support.

Recommendation 10: That Australia increase annual financial inclusion funding to \$22 million in 2018-19 and to \$32 million in 2021-22 to enable further progress in building capacity and impact.

Issue: Overall Aid Volume

Recommendation 1: That Australia's aid increases to \$4.4 billion in 2018-19, and increases to \$6.45 billion by 2021-22, reaching 0.3% of GNI in 2021-22.

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, 20,000 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.

The Sustainable Development Goals (SDGs) build on these achievements, and call for the eradication of extreme poverty, including 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 budget 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 to date), 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 2018-19 to 2021-22, based on the 2017-18 Budget and forward estimates, is just over \$4 billion per year in 2018-19 to 2020-21 and \$4.1 billion in 2021-22. 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.

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.

RESULTS Australia calls for an interim goal of increasing Australia's aid to 0.3% of gross national income (GNI) 2021-22, which would increase aid to \$6.45 billion by 2021-22, allowing for both the delivery of current important bilateral and multilateral commitments, and scope for new initiatives in the next four years. This growth path is consistent with a proposal the Development Policy Centre made in its

submission to the White Paper on Foreign Policy, and would take Australia's aid to near to the overall aid to GNI ratio for OECD countries.¹

The table below indicates how Australia's aid would increase as a dollar amount and a percentage of the national economy over the forward estimates period with RESULTS' proposal.

RESULTS Australia's proposed aid compared with current projections

	2017-18	2018-19	2019-20	2020-21	2021-22
RESULTS Proposed aid spending \$m	3,913	4,430	5,025	5,695	6,450
Proposed aid spending % of GNI	0.22	0.24	0.26	0.28	0.30
Assumed aid from 2017-18 Budget and forward estimates	3,913	4,010	4,010	4,010	4,115

Notes: The annual amounts proposed for ODA in 2018-19 and the forward estimates years are based on consistent annual growth of 13.3% in current prices.

The Benefits

By adopting this proposed scale-up of Australia's aid, the Australian Government will demonstrate increased support for the impact the SDGs on reducing poverty and improving quality of life in all countries.

The Government will be in a better position to deliver its own 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 \$515 million in 2018-19 allows for the Government to make some initial new commitments or expansions of existing 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 and education, and contribute to sustained economic growth.

¹ R. Davies and R. McMullan, *Five easy pieces, and five more demanding: allocation priorities for Australia's 2017 aid budget*, Development Policy Centre, April 2017, <http://devpolicy.org/five-easy-pieces-five-more-demanding-allocation-priorities-australias-2017-aid-budget-20170421/>

Issue: Global Fund to Fight AIDS, Tuberculosis and Malaria

Recommendation 2: The Australian Government should provide an additional \$40 million to the Global Fund to Fight AIDS, TB and Malaria in 2018 - 2019 for the 2017 to 2019 period, taking its total pledge to \$260 million for 2017 - 2019.

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 2.75 million lives in 2016** alone: 1.0 million AIDS-related deaths, a further 1.7 million TB-related deaths (including 375,000 deaths from TB of people with HIV, leading to a total of 2.3 million deaths from HIV and TB) and 450,000 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 2017 the number of people on antiretroviral therapy (ART) to treat HIV/AIDS increased from 50,000 to 21.0 million, and more than 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 54%, 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 16 years it has been operating, the Global Fund has funded **AIDS treatment for 11.0 million people**, successful **tuberculosis treatment for 17.4 million people**, and 795 **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 140 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 9.2 billion across 35 countries in the region.³

The SDGs 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.

² Global Fund *Results Report*, 2017.

³ The Global Fund to Fight AIDS, TB and Malaria, *Regional Impact Report – Indo-Pacific Region*, February 2016.

The Solution

The Global Fund works on a 3-year funding cycle, with the latest cycle beginning in 2017. 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 was 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 14 million lives by 2020.

Achieving this goal will require delivery in full of the pledges by all countries. The Global Fund has indicated it is seeking an additional \$US 500 million to support increased demand ahead of the next replenishment in 2019.⁴ In the 2017 to 2019 period, other significant contributors to the Global Fund, including Japan, Canada, Germany and 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 \$260 million (a 30% increase from 2014 to 2016) would be comparable to the commitment by these donors, and would contribute to the Global Fund's \$US 500 million goal.

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 3.8 billion per year) remain. Therefore, by providing further funding 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 14 years, Australia has contributed **\$680 million** to the Global Fund, and in turn the Global Fund has invested **\$US 9.2 billion** in total in the Asia-Pacific region, showing the leverage of Australia's contributions.

Issue: Commitment to health and vaccination programs for countries with declining Gavi and GPEI funding

Recommendation 3: That Australia commit an additional \$20 million per year for improvements to health and vaccine systems for countries experiencing transition from both the Global Polio Eradication Initiative and Gavi, such as Pakistan, Afghanistan and Papua-New Guinea.

⁴ Global Fund *Results Report*, 2017

The Need

Eradicating polio around the world has been an Australian goal for many years. Polio cases globally have decreased by over 99.9% since 1988, from an estimated 350 000 in 1988 to 37 in 2016, and 16 up to mid December 2017.

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.

As the final new cases of polio are likely to be recorded in 2018, the certification of polio eradication would take place in 2021, and the GPEI would cease operations at that time. While the eradication of polio is worth celebrating, the loss of GPEI funding poses some significant risks to national health and immunisation systems in countries which have been receiving polio funding. For example, an evaluation of polio-funded workers in ten countries indicated that 47% of their time was spent working on immunisation goals beyond polio, and the global Polio laboratory network (gPln) undertakes other functions for measles, yellow fever, as well as maternal and neonatal tetanus, in addition to polio surveillance.⁵

An additional challenge is that countries which are losing GPEI funding are also going through accelerated transition from support from Gavi, The Vaccine Alliance, meaning that they would need to increase domestic funding for vaccination substantially over a five-year period.

The Solution

It is essential that Australia contribute to ensuring that the gains towards polio eradication are sustained. The Australian Government has already committed an additional \$18 million to GPEI for 2019 and 2020, to contribute to completing polio eradication.

In addition, Australia can assist countries losing funding from both GPEI and Gavi by providing them with funding to support their national immunisation and health systems. Among countries to which Australia provides significant amounts of aid, this support would be particularly important for Pakistan, Afghanistan and Papua-New Guinea. (Pakistan and Afghanistan are still experiencing new cases of polio and Papua-New Guinea is going through Gavi accelerated transition in the coming years.)

Bilateral support for these countries by Australia of a combined \$20 million per year from 2018-19 would assist these countries to improve their health and immunisation systems to take advantage of the end of new cases of polio, and replace reduced support from multilateral agencies.

The Benefit

Assisting countries with the transition to reduced support from Gavi and from GPEI will ensure that polio eradication is sustained and that vaccination rates are improved, and therefore rates of illness and

⁵ RESULTS UK and RESULTS Australia, *A Balancing Act – Risks and Opportunities as Polio and Its Funding Disappears*, November 2017. <http://www.results.org.au/wp-content/uploads/2017/11/FINAL-Balancing-Act-.pdf>

death among children are reduced. This will sustain the benefits of Australia's past investments in polio and other development assistance to these countries.

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

Recommendation 4: 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. Australian aid support to PNG should equal \$12.5 million per year on average, and include annual reporting of its results.

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%.

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.

In June 2017, the Australian Government announced it would provide \$20 million in grant funding to match a concessional loan by the World Bank for the Emergency Tuberculosis Project. This funding of \$40 million in total, which would run to 2021-22, is welcome but not sufficient to expand the TB detection and treatment response to meet the scale of the problem in Papua-New Guinea.

The Solution

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 the 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 a total of \$50 million to support TB services, and seek commitments for increased funding for TB programs from the PNG Government. This would involve an additional commitment of \$30 million beyond the matching funding provided to the World Bank's Emergency Tuberculosis Project.

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 Australia provide \$15 million per year to support global collaboration on research and development to combat anti-microbial resistance.

The Need

The resistance of diseases spread by bacteria, viruses and parasites to current treatments – anti-microbial resistance (AMR) – could undermine progress in preventing and treating infectious diseases.

The World Bank's 2016 study on the economic costs of anti-microbial resistance had the following key findings⁶:

- By 2050, the growth of anti-microbial resistance would reduce global GDP by between 1.1% (with a low-AMR impact scenario) and 3.8% (with a high-AMR impact scenario).
- Between 8 million and 24 million people would enter poverty by 2050.
- Total global exports would fall between 1.1 % and 3.8 %.
- By 2050, annual health care costs would rise 25 % in low-income countries, 15 % in middle-income countries and 6 % in high-income countries. That could cost over \$1 trillion per year.
- Access to new drugs is a problem - because the first-generation of antibiotics is no longer effective in many cases, one million children die each year due to treatable diseases like pneumonia and sepsis. Newer drugs are expensive and unavailable to the world's poorest.
- Substandard and counterfeit drugs exacerbate AMR, allowing bacteria to build immunity while not curing the patient. Up to 60 % of antimicrobial drugs sold in Africa and Asia may be low quality, "often having none, or too little, of the active ingredient."

In July 2017, the leaders of the G20 countries committed to the following actions on AMR:

- Promote access to affordable and quality antimicrobials, vaccines and diagnostics, including through efforts to preserve existing therapeutic options.
- Support establishment of a new international R&D Collaboration Hub to maximise the impact of existing and new anti-microbial basic and clinical research initiatives as well as product development.
- In collaboration with relevant experts including from the OECD and the WHO, we will further examine practical market incentive options.

⁶ World Bank Group, *Drug-Resistant Infections – A Threat to Our Economic Future*, March 2017.

The Solution

The Australian Government has supported innovation in the diagnosis and treatment of infectious diseases through funding Product Development Partnerships (PDPs) since 2013. PDPs are non-profit organisations that use a public-private-partnership model to engage the pharmaceutical industry and academic research institutions in research and development (R & D) for diseases prevalent in low and middle-income countries, where there is a lack of commercial incentive to do so independently.

Australia has provided \$40 million over the period 2013 to 2018, principally to three PDPs:

- Medicines for Malaria Venture (MMV) for the development of antimalarial drugs and to facilitate access to and uptake of new treatments
- Foundation for Innovative New Diagnostics (FIND) for the development of better diagnostic tools and tests for malaria and TB, and
- TB Alliance for the development of new TB drugs and combinations, including for drug-resistant TB.

These PDPs have the following achievements to date:

- The release of a new paediatric antimalarial drug that treats both vivax and falciparum strains of the malaria parasite. This was added to the WHO's list of prequalified antimalarial drugs in March 2016.
- The introduction of the first ever highly sensitive rapid diagnostic test for malaria in pregnant women.
- The release of the first ever child-friendly treatment product for children suffering from TB.
- The introduction of highly sensitive diagnostic test for TB and drug resistant-TB (rifampicin), enabling earlier diagnosis for children and people with HIV.

In October 2017, the Government announced a new PDP initiative, which will support the development of diagnostics and therapies for TB and malaria, and vector control tools for malaria and other high-burden, mosquito-borne diseases. It will fund up to four PDPs at \$10-\$15 million per proposal.

While this support is welcome, addressing anti-microbial resistance requires support for research and development on a broader range of conditions and additional support for private sector product development. To follow up the commitments by the G20, Australia should consider contributing \$15 million per year to the R&D collaboration hub mentioned in the G20 communique, once it has commenced operations.

The Benefits

Investing \$15 million in global collaboration on research and development, in addition to support for PDPs, will contribute to adopting new and improved technologies which enable health programs to function more efficiently, freeing up more funding to improve development outcomes.

The World Bank has estimated that the benefits in increased economic output and reduced costs to health systems of action to control anti-microbial resistance would be at least 50 times the costs of prevention and treatment, making action on anti-microbial resistance a high priority investment.

Issue: Access to Education

Recommendation 6: Australia's overall aid for education should increase to \$785 million in 2018-19, and reach \$1.25 billion by 2021-22. 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 7: That Australia commit to an increased pledge to the GPE for the 2018 to 2020 period of \$200 million, to be announced at the GPE replenishment conference in February 2018.

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 62 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.⁷

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 and early primary schooling, 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.

⁷ UNESCO, *Global Education Monitoring Report*, 2017-8, p xvi.

The Minister for Foreign Affairs, Julie Bishop, has described education as a 'central pillar' of Australia's aid program. Nevertheless, in the last three years, overall Australian aid for education has declined from over \$1 billion per year in 2014-15 to an estimated \$675 million in 2017-18.

Over the four years to 2021-22, the share of Australia's aid program allocated to education should increase from 18% to 20%. As a dollar value, this would increase support for education to about \$785 million in 2018-19, and to \$1,250 million in 2021-22.

Due to the role of the Global Partnership for Education (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, Australia should also announce in early 2018 a pledge to the GPE for the 2018-19 to 2020-21 period of \$200 million.

The GPE is seeking \$US 3.1 billion in funding from donor governments for the period 2018 to 2020, which would enable the following outcomes:

- GPE assistance extended to 89 countries and 870 million children and youth.
- 19 million more children completing primary school, including 9.4 million girls and 10.8 million children in conflict-affected and fragile states.
- 6.6 million more children completing lower secondary school, including 3.9 million girls and 3.9 million children in conflict-affected and fragile states.
- 1.7 million teachers trained, 23,800 classrooms built, and 204 million textbooks distributed.

The Benefits

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.
- **Gender equality:** Benefits include increased participation by women in employment, reduced violence, increased maternal and child survival rates, and increased civil participation by women and girls.
- **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.

Issue: Funding for Nutrition

Recommendation 8: That overall nutrition funding in Australia's aid program increases to \$130 million in 2018-19 and \$195 million in 2021-22, with at least one quarter of nutrition funding being for nutrition-specific measures.

Recommendation 9: That Australia make an initial investment of \$10 million in the Power of Nutrition in 2018-19, and consider making annual contributions based on the outcomes of this support.

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 2016, an **estimated 155 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 52 million children (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).⁸ 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 (815 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 global 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.

⁸ Development Initiatives, *Global Nutrition Report 2017*.

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. The stunting rates in the Solomon Islands and Vanuatu are also worrying at 32.8% and 28.5% respectively.

This has devastating consequences for children's survival, health, cognitive and physical development and earning capacity into the future. It also takes an enormous toll on national economies like those of PNG. The recent report by Save the Children's report, *Short Changed: The Human and Economic Cost of Child Undernutrition in PNG* estimates that child undernutrition in PNG cost the economy \$US 1.5 billion (8.45% of GDP) in a single year (2016-17).⁹

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 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.

⁹ Save the Children: "Short changed: the human and economic cost of child undernutrition in PNG," June 2017.

RESULTS Australia 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 2021-22, an increase in Australia's overall investment to approximately \$195 million (or 3% of total aid) 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 \$50 million by 2021-22.

Australia can add to the impact of its support for nutrition through bilateral and multilateral programs by contributing to the [Power of Nutrition](#). This is a partnership of investors and implementers committed to helping children grow to their full potential, ending the cycle of undernutrition. The Power of Nutrition is open to new private and public investors interested in funding large-scale, high impact programmes in countries in Sub-Saharan Africa and Asia with the highest rates of undernutrition.

As the Power of Nutrition matches contributions by individual public or private donors with other contributions by bilateral and multilateral development agencies and foundations, any contribution is multiplied four times. Therefore, by contributing \$10 million to the Power of Nutrition, Australia would be supporting \$40 million in funding for nutrition programs.

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.

Issue: Rural Livelihoods and Microfinance

[Recommendation 10: Increase annual financial inclusion funding to \\$22 million in 2018-19 and to \\$32 million in 2021-22 to enable further progress in building capacity and impact.](#)

The Need

In spite of action over several decades to increase access to financial services, 2 billion people are still unable to obtain these services¹⁰. 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.

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 recent years.

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 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 2018-19, aid to microfinance should increase to \$22 million, with further growth in the forward estimates period providing \$32 million in 2021-22. This would enable the development and adoption of initiatives which could support savings, loan and insurance products in reaching the world's poorest.

This increase will return assistance for financial inclusion to 0.5% of the aid program, which will allow for support for enterprise-based programs, as well as bridging programs, which have proved effective in Bangladesh and other countries at reaching those living in extreme poverty and helping them to develop livelihoods and financial capability. Measures to assist the poorest people to move towards enterprise-based microfinance include cash transfers, an asset donation, training and mentoring.

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*,

¹⁰ According to the World Bank's Global Findex data

increasing stability, reducing poverty, includes the following priorities the Government for the aid program (continued in the recent White Paper on Foreign Policy):

- 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 these objectives. For example, microfinance institutions can offer insurance and loans to rebuild businesses after a natural disaster (adding to resilience) and most 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).

For further information on the matters in this submission please contact Mark Rice, Policy and Advocacy Manager mark.rice@results.org.au or Maree Nutt, CEO, maree.nutt@results.org.au.