

RESULTS International Australia Submission for the 2016-17 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. Our volunteers receive training, support and inspiration to become skilled advocates. 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 2016-17 Federal Budget which set out how Australia can increase investments which will contribute to achieving the Sustainable Development Goals (SDGs), which Australia and other members of the United Nations endorsed in September 2015.

The following section set out suggested priorities for the Australian International Development Assistance Program in the period 2016-17 to 2019-20. RESULTS recognises and supports the Government's focus on ensuring Australia's aid is used more effectively, and the overall priorities set out in the Government's aid policy *Australian Aid: promoting prosperity, reducing poverty, enhancing stability*:

- Infrastructure investment.
- Agriculture and fisheries.
- Effective governance.
- Education and health.
- Building resilience.
- Gender equality.

The requests in the RESULTS Australia submission involve a return to modest real growth in Australia's aid in the 2016-17 financial year, and stronger growth and a gradual increase in the ratio of aid to gross national income (GNI) to 2019-20. The significant impacts that this increase in aid spending will have would justify this investment, 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 be used to 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 is maintained at 0.25% of GNI, or at \$4.25 billion, in 2016-17, and increases to \$6.5 billion by 2019-20.

Recommendation 2: The Australian Government should provide in the forward estimates to contribute \$300 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 \$72 million in support to the Global Polio eradication Initiative in 2015-16 to 2018-19, including at least \$15 million in 2016-17 (matching the 2015-16 contribution).

Recommendation 5: RESULTS urges the Australian Government to implement programs that will help to achieve universal access to prevention, early diagnosis and effective patient-centred treatment for MDR-TB in PNG. It is also important that the present funding commitment of \$60 million be delivered in full, and its results are reported annually.

Recommendation 6: Aid for education should be maintained as a share of total aid in the 2016-17 to 2019-20 period, increasing to \$810 million in 2016-17, and to \$1.25 billion by 2019-20. 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 boost its pledge to the GPE for the 2015 to 2018 period to \$200 million.

Recommendation 8: That nutrition-specific assistance in Australia's aid program increases to \$30 million in 2016-17 and \$40 million in 2017-18, towards a goal of reaching \$60 million by 2020.

Recommendation 9: That Australia develops a new strategy for increasing access to financial services, making increased access to finance for the poor a higher priority in country programs.

Recommendation 10: That Australia makes an ambitious financial pledge of \$20 million towards the G7 Initiative on Climate Risk Insurance, *InsuResilience*.

Recommendation 11: Increase annual financial inclusion funding to \$25 million in 2016-17 and to \$35 million in 2017-18 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 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, 59 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 just over \$4 billion in 2015-16 has obviously reduced Australia's capacity to contribute to this progress. Many country programs and contributions to multilateral agencies have declined by 40% in 2015-16, 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

It is important that Australia contributes to reaching these goals through increasing and improving the focus and effectiveness of its aid in the coming years. The expected level of Australia's aid in the period 2016-17 to 2019-20, based on the 2015-16 Budget provision and forward estimates, is around \$4 billion per year. This amount would be insufficient for Australia to contribute significantly towards achieving the Sustainable Development Goals, and also falls short of the funding required to implement the Government's own priorities for the aid program. For example, where country programs were reduced by 40% in 2015-16, the Aid Investment Plans for these countries 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 recent 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 is a member of the Campaign for Australian Aid, which has the support of more than 50 non-government development organisations and 70,000 members of the public to call for Australia to play a larger role in ending extreme poverty. The Campaign has an interim objective of increasing Australia's ODA to an

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

average of 0.3% of gross national income in the next Parliamentary term, 2017-18 to 2019-20. Consistent with this goal, RESULTS Australia proposes the following growth path for Australia’s ODA in the next four years.

	2015-16	2016-17	2017-18	2018-19	2019-20
RESULTS Proposed aid spending \$m	4,052	4,255	4,840	5,600	6,470
Proposed aid spending % of GNI	0.25	0.25	0.27	0.30	0.33
Assumed aid from 2015-16 Budget and forward estimates	4,052	3,830	3,925	4,025	4,130

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 the impact they will have on reducing poverty and improving quality of life in all countries.

It will also be able to support more effectively 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 stabilisation of aid at 0.25% of GNI in 2016-17 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 section 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 is maintained at 0.25% of GNI, or at \$4.25 billion, in 2016-17, and increases to \$6.5 billion by 2019-20.

ISSUE: SAVING LIVES

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 2.75 million lives in 2014** alone: 1.2 million AIDS-related deaths, a further 1.5 million TB-related deaths (including 400,000 deaths from TB of people with HIV, leading to a total of 2.3 million deaths from HIV and TB) and 438,000 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 15.8 million.
- 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 55%, 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 14 years it has been operating, the Global Fund has provided AIDS treatment for 8.6 million people, successful tuberculosis treatment for 15 million people, and 600 million insecticide-treated nets for the prevention of 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 to date has invested \$5 billion across 35 countries in the region. In the Asia Pacific region alone, the Global Fund has helped test and treat more than 6 million cases of tuberculosis and provided over 29 million bed nets to protect families from malaria.

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 being 2014 to 2016. During 2016, the Global Fund will hold a replenishment conference with donors to seek additional funding for the 2017 to 2019 period.

Donors had agreed to provide a total of \$US12.3 billion (\$A 15 billion) to the Global Fund in the 2014 to 2016 period to support an ambitious strategy to defeat these three diseases. This commitment was encouraging, but fell short of the \$US 15 billion the Global Fund was seeking. Australia's pledge was \$200 million over three years, the same as its contributions to the Global Fund in 2011 to 2013.

The Global Fund has indicated its resource needs for 2017 to 2019 will be \$US 13 billion (\$A 18 billion), a relatively modest increase over funding in 2014 to 2016. This requested level of support for the Global Fund would be consistent with the required rate of progress towards the Sustainable Development Goals of eradicating HIV, TB and Malaria as epidemics by 2030, provided that domestic financing by countries with high rates of the relevant diseases, and other international funding to address these diseases, increases.

If Australia is to contribute 1.7% of total Global Fund resources in 2017 to 2019 (which would equal the average of Australia's share in 2011 to 2013 and 2014 to 2016), the pledge by Australia for the next three years would equal \$US 220 million, or about \$A 300 million. Therefore, RESULTS Australia proposes that Australia makes a pledge of \$300 million at the pledging conference which is likely to take place in the third quarter of 2016.

The Benefits

Annual reports by the World Health Organisation indicate 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. The 2014 World AIDS Day report by UNAIDS also suggests that the economic benefits of a rapid scale up in HIV prevention and treatment action would outweigh the costs of this action by 15 to 1.

Australia will also have a stronger voice on the Global Fund Board by making a substantial 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 wish to focus on the poorest countries.

In the last 10 years, Australia has contributed \$400 million to the Global Fund, and in turn the Global Fund has invested \$4 billion in total in the Asia-pacific region, showing the leverage of Australia's contributions.

Recommendation 2: The Australian Government should provide in the forward estimates to contribute \$300 million to the Global Fund to Fight AIDS, TB and Malaria in the 2017 to 2019 period.

Additional funding for vaccines

Improvements to the vaccines supply chain

The Need

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.

The WHO identified that over 20 million children are under vaccinated. They remain at risk of being infected by diseases vaccines can prevent. Gavi has identified that 1.5 million child deaths are contributed to by poor vaccines delivery methods.

Recently Gavi identified that there is a great need to improve cold chain systems and equipment such as fridges in health care centres and refrigerated trucks or containers used to move vaccines. 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. It is easier to get vaccines to children when they are in cities rather 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%)
- Viet Nam, India, Myanmar and Bangladesh with percentages (each more than 65%).

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 is now putting greater focus on cold chain improvements so as to ensure more effective delivery of vaccines to more children in remote communities.

“Until supply chains are improved, stock - outs, avoidable wastage, inadequate cold chain capacity, and potential administration of compromised or expired vaccines will increasingly threaten coverage, equity, and cost - effectiveness of immunization programs. (Gavi 2014)”

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 complement 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 no longer 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

Better value for money

A World Bank study in Pakistan found a cold chain investment ‘represents value for money’². 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.

Reaching the Poorest

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 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.

² Brenzel, L., Sanderson, C., Galayda, V. & Masud, T. Cost-effectiveness and financial consequences of new vaccine introduction in Pakistan. (2011)

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 72 in 2015.

The Global Polio Eradication Initiative (GPEI) formed in 1988. It is a public–private partnership with the goal of eradicating polio. It links 200 national governments with key stakeholders, including WHO, UNICEF, CDC & 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 has not had a case of wild polio in over a year. However, in 2013 cases began to re-emerge in countries including Ethiopia, Iraq, and Israel. War-torn Syria, was polio-free for 14 years, and was re-infected with the virus from Pakistan. From record low cases in 2012 polio again spread and cases increased over the next two years. Today the world has never been closer to eradicating, yet we have seen from 2012 – 2013 that polio can easily return.

Australia has been a strong donor to GPEI: we have invested US\$ 67.35 million so far, including \$20 million in 2014-15. Our total pledge is \$150 million from 2011 to 2018-19. However, the Department of Foreign Affairs and Trade (DFAT) advised that a decision in the 2015-16 Budget reduced the funding 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 remaining funding 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 enduring 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 provide the full amount of \$72 million to the GPEI, 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.

The Benefit

The world is delivering the polio endgame strategy developed by the GPEI and is on target to eradicate polio in 2018-2019. 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 \$72 million in support to the Global Polio Eradication Initiative in 2015-16 to 2018-19, including at least \$15 million in 2016-17 (matching the 2015-16 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% in this period.

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 will increase to \$60 million over 7 years, covering both the Western Province and the Capital Region.

In recent years, the Australian Government has sought to increase the capacity of the Papua-New Guinea TB treatment to replace the treatment of TB patients in Torres Strait health clinics. 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 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 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.

The Benefits

Improving TB identification and treatment in Papua-New Guinea will address the 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: RESULTS urges the Australian Government to implement programs that will help to achieve universal access to prevention, early diagnosis and effective patient-centred treatment for MDR-TB

in PNG. It is also important that the present funding commitment of \$60 million be delivered in full, and its results are reported annually.

ISSUE: ACCESS TO EDUCATION

The global number of children and young adolescents out of school is increasing. , Today there are 59 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 17.5 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

Education enables development and is crucial to helping people overcome poverty. It also contributes to equity, health, governance, sustainable development and empowering women. 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 2016-17, the share of the Australian aid program allocated to education should return to 20% of the aid program, or approximately \$810 million, and be maintained at 20% of the aid program in the subsequent three years, reaching approximately \$1.25 billion in 2019-20. In 2016-17, Australia should provide \$810 million to education to maintain its share of total aid spending, including \$35 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 200 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.

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 6: Aid for education should be maintained as a share of total aid in the 2016-17 to 2019-20 period, increasing to \$810 million in 2016-17, and to \$1.25 billion by 2019-20. 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 boost its pledge to the GPE for the 2015 to 2018 period to \$200 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 2013, an **estimated 161 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.
- Southern Asia faces the greatest hunger burden, with about 281 million undernourished people. In sub-Saharan Africa, projections for the 2014-2016 period indicate a rate of undernourishment of almost 23 per cent.
- 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 \$18 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 has welcomed the launch of the Health Strategy and the inclusion of nutrition as a priority investment in the health sector. However, RESULTS has also noted 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 now will result in significant savings in the future, as countries become increasingly able to finance domestic responses to malnutrition.

The next Nutrition for Growth Summit will be held in July or August 2016 in Rio de Janeiro, Brazil, and if the Summit is a pledging conference, it will provide an opportunity for Australia and other countries to make renewed commitments to nutrition.

By 2020, an increase in Australia's nutrition-specific investments to approximately \$60 million per year from the latest annual estimate of \$23 million would contribute a reasonable share to the costs of reaching the targets set out in the SDGs and the World Health Assembly Goals. Taking account of nutrition-sensitive investments, implementing this increase for nutrition-specific funding would be consistent with Australia's total aid for nutrition reaching more than \$200 million by 2020.

Increasing access to financial services also contributes to increased agricultural production and incomes. Australia adopted a policy on financial inclusion in 2010, *Financial Services for the Poor*, which covered the period 2010 to 2015. As part of this policy, Australia has supported the Pacific Financial Inclusion Program, which aims to provide financial services to 1 million people in the Pacific region, and the Shaping Inclusive Financial Transformations in South-East Asia, which aims to move 6 million people into the formal financial sector by 2020.

While these initiatives are important, they cover only a fraction of the estimated 2 billion people without access to formal financial services. Therefore, it is now time for the Government to develop a renewed strategy for increasing financial access, so that improved access to credit and financial services becomes an increased priority in country 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.

Recommendation 8: That nutrition-specific measures in Australia’s aid program increase to \$30 million in 2016-17 and \$40 million in 2017-18, towards a goal of reaching \$60 million by 2020.

Recommendation 9: That Australia develops a new strategy for increasing access to financial services, making increased access to finance for the poor a higher priority in country programs.

Climate Risk Insurance

The Need

The following key facts show why it is vital to focus on protection against climate risks:

- The World Bank estimates that **100 million people** will be pushed back into extreme poverty by 2030 without urgent action to tackle the impacts of climate change.
- **78%** of the extreme poor live in rural areas and **63%** of them work in agriculture, especially smallholder farming – a sector that supports the livelihoods of **2 billion people** worldwide.
- **Only 100 million people** worldwide have access to direct or indirect insurance coverage to protect them from climate risks. For example, in Africa, a negligible **0.02%** of people have agricultural microinsurance.

Climate risk insurance is one important tool in the toolkit of climate change resilience. It can be implemented in many different forms but the key components are:

1. **Weather-indexed microinsurance** (strongly applicable to agriculture, as well as other sectors/enterprises exposed to extreme weather risks), which can be targeted directly at individuals themselves, or delivered through ‘aggregator’ organisations such as cooperatives and farmers’ groups, or provided to financial institutions to insure their portfolio of micro-lending.
2. **Sovereign disaster insurance and risk pooling**, through which governments themselves take out insurance policies that provide a payout in the event of a defined extreme weather event such as a major drought or typhoon occurring in the country. This payout relieves immediate financial pressure and enables governments to reach disaster-affected people without cutting into their regular budgets and diverting funding from other key development programmes.

Climate risk insurance has three vital benefits for poverty reduction and sustainable development:

1. Uninsured losses can lock families into a cycle of destitution. **A fast insurance payout acts as a safety net for when disaster strikes.**
2. Equally important for building pathways from poverty to prosperity – **the security afforded by insurance enables people to take smarter risks and boost their productivity.**
3. To be viable at all, **insurance requires that societies reduce, share and manage their risks within tolerable limits.**

The Solution

At the November 2015 Climate Summit, G7 countries reaffirmed their support for the Initiative on Climate Risk Insurance, *InsuResilience*, which was launched earlier this year by the German G7 Presidency. In their Joint Statement released at COP21, they invited other countries to become signatories to the Initiative.

The Initiative aims to expand direct and indirect insurance coverage against the impact of climate change-related hazards to 400 million vulnerable people by 2020, as well as supporting the development of early warning systems in the most vulnerable countries. In their Joint Statement, signatories stated their “**intention to provide \$US 420 million of public funds through bilateral and multilateral cooperation,**” to work towards mobilising additional private finance, and to cooperate in monitoring and evaluating their joint efforts.

To complement the investment by G7 countries, Australia should make a contribution of \$20 million over the next four years to support *InsuResilience*, given the number of countries particularly vulnerable to climate change in Australia’s region.

The Benefits

As noted above, access to insurance payments will enable small farmers and poorer households to recover and increase output at a higher rate following a disaster. This is consistent with the goals for Australia’s aid program of reducing poverty, increasing agricultural productivity and building resilience.

In addition, a relatively small investment in supporting climate risk insurance could lead to larger savings in disaster relief payments in the future.

Recommendation 10: That Australia makes an ambitious financial pledge of \$20 million towards the G7 Initiative on Climate Risk Insurance, *InsuResilience*.

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 services³. 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 116 million in 2012. However, growth in the number of very poor clients has slowed and even reversed in the years since.

³ According to the World Bank’s Global Findex data

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. At the time of writing, a final review of the strategy has not yet been announced or published.

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.

By 2017-18, aid to microfinance should increase to \$35 million per year, with an interim goal of providing \$25 million in 2016-17. 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 \$35 million in 2017-18, it will return to 0.75% of the aid program, which was the previous peak in the proportion of Australian aid for financial inclusion.

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 11: Increase annual financial inclusion funding to \$25 million in 2016-17 and to \$35 million in 2017-18 to enable further progress in building capacity and impact.

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