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## **RESULTS International (Australia): Input into Australian Multilateral Assessment**

**October 2011**

### **Introduction**

RESULTS International (Australia) is part of an international, nonpartisan, grassroots advocacy organisation whose members work with federal Parliamentarians and through the media to generate the public and political will to end poverty. RESULTS, undertakes advocacy across a range of international aid issues including Education, Health and Microfinance.

RESULTS has traditionally been a strong supporter of the Multilateral system as a critical complement to what the Australian Government can achieve alone. Multilateral organisations are able to mobilise large scale funding, provide specialist expertise and provide a platform for action in every region.

One key reason for investing and distributing aid through multilateral organisations is to improve overall aid coordination. Multilateral aid can also help ensure that countries needing critical aid are not neglected by bilateral donors, and many have the legitimacy to work even in politically sensitive contexts where national governments are not welcome. Multilateral organisations are positioned to lead and co-ordinate effective humanitarian assistance through broad global, regional and local partnerships.

The following submission focuses on five critical multilaterals; providing assessment based on their impact, value, partnership model and governance.

### **1. Global Fund to Fight AIDS, TB and Malaria (Global Fund)**

#### **Overview**

The Global Fund to Fight Aids, TB and Malaria (Global Fund) is public-private-partnership that attracts, manages and disburses resources to prevent and treat HIV/AIDS, tuberculosis (TB) and malaria. Since its creation in 2002, the Global Fund has approved US\$ 21.7 billion for more than 600 programs in 150 countries (as of 31 December 2010) and these have saved an estimated 6.5 million lives.

Australia has formed a strong partnership with the Global Fund, contributing \$A210 million since 2004. At the October 2010 replenishment pledging conference, the Australian

Government demonstrated its confidence in the Global Fund by announcing a pledge of \$A210 million for the 2011-13 period, representing a 56% increase, compared to the previous pledge made for 2008-2010.

Aligning with the priorities set in Australia's Independent Aid Review, the Global Fund delivers 24% of its grant portfolio to Asia and has significantly scaled up health service delivery in the region. Further, the Global Fund is critical to the delivery of programs to achieve MDG6 and is the leading global funder for the health related MDGs. The Fund carries out a thorough gender relevance assessment of all proposals and is delivering high impact programs to address maternal, neonatal and childhood morbidity and mortality.

### **Impact of investing in the Global Fund**

As at December 2010 an estimated 6.5 million lives had been saved through Global Fund-supported programs. The following summarises some of the interventions it has funded:

- 3 million people with HIV currently receive life-saving antiretroviral (ARV) treatment
- 1 million pregnant women have received treatment to prevent transmitting HIV to their children
- 160 million insecticide-treated bed nets have been distributed to protect against malaria (increased to 190 million in 2011)
- 170 million cases of malaria have been treated

The Global Fund also provides approximately two-thirds of the international funding to fight TB, a highly infectious global killer that is often neglected by other aid programs. Between 2002-10, the Global Fund has achieved:

- 7.7 million cases of smear positive TB detected and treated (increased to 8.2m in 2011)
- 43,000 cases of MDR-TB (multi-drug resistant TB) treated
- 2.4 million TB-HIV services provided
- 65% of TB funding for the 22 high burden TB countries.

### **Value of investing in the Global Fund**

The Global Fund is a results-oriented funding mechanism and every dollar secured is spent on country programs. The Global Fund's standards for financial management and audit are very high and the Fund's requirement for recipients to publish procurement data has been a major driver for a range of innovations in transparency. The Global Fund works collaboratively with a broad range of partners to develop tools that measure the cost effectiveness of key HIV, TB and malaria services in supported programs. The measurements provide information on the relationship between financial investment and program outcomes, and eventually between investment and impact on disease burden.

## Global Fund Aid Effectiveness Scorecard – 2009

Paris Declaration principle	Indicator	2005 result (n=32)	2007 result (n=54)	2008 result (n=54)	2010 target
<b>Ownership &amp; alignment</b>	Aid recorded in national budgets	15%	23%	29%	85%
	Grants aligned with country cycles	62%	62%	75%	90%
	Aid using public financial management systems	39%	39%	42%	59%
	Aid using national procurement systems	33%	56%	87%	55%
	Countries with parallel implementation units	16%	13%	0%	5%
<b>Aid is predictable &amp; untied</b>	Ratio of actual versus expected disbursements	90%	95%	106%	95%
	Aid recorded as scheduled	16%	30%	29%	60%
	Untied aid	100%	100%	100%	100%
<b>Harmonization with partners</b>	Aid provided in support for program-based approaches	74%	68%	79%	66%
	Joint missions with other donors	15%	14%	14%	40%
	Joint analytic reports with other donors	50%	22%	33%	50%
<b>Managing for results and accountability</b>	Grants with transparent and monitorable performance frameworks	100%	100%	100%	100%
	Grants aligned to national monitoring and evaluation systems	73%	82%	84%	90%

*Color legend: Orange: 30 to 59% of 2010 target achieved in 2008; Yellow: 60 to 89% of 2010 target achieved in 2008; Green: More than 89% of 2010 target achieved in 2008.*

### Partnerships and Governance

The Global Fund is structured as a partnership between governments, the private sector, civil society and affected communities –providing diverse inputs into the Fund’s governance. The Fund also works in close collaboration with other bilateral, UN and multilateral organisations. These stakeholders are given an equal voice in the Global Fund governance structures, including at the country-level. The Global Fund Board is comprised of 20 voting members, made up of representatives from donor and implementer constituencies as follows: government donors (8) private donors (2); recipient governments (7) and civil society (3). In addition, four development partners sit on the Board as non-voting members, including the WHO, UNAIDS, and the World Bank.

The release of the recent High Level Independent Review Panel on ‘Fiduciary Controls and Oversight Mechanism of the Global Fund’ provided a tough and honest assessment of the reforms that need to be undertaken at the Fund to ensure sustainable and efficient operations. The Fund has been prompt in acknowledging the need for reform and has begun implementing many of the recommendations. Many reforms had already been underway, with the board approving (in May 2011) a ‘Plan for Comprehensive Reform’. The Plan included reforms in five areas; fiduciary controls; value for money; effective partnerships; Global Fund business model; and governance.

## **2. Global Partnership for Education (GPE)**

### **Overview**

The Global Partnership for Education (previously known as Education for All Fast Track Initiative, or FTI) is a highly effective multilateral education fund supporting education in 46 developing countries. The Global Partnership for Education (GPE) forms a partnership between developing and donor countries and civil society that is designed to give developing countries the support they need to achieve 'free, universal, basic education for all'. This includes giving technical support to countries to develop effective education strategies, and also providing top-up funding to pay for those elements of the plan that the country's domestic finances cannot afford.

Since 2002 the GPE has supported education in 46 developing countries, including 25 in sub-Saharan Africa. Between 2004 and 2010, the former FTI helped to build around 30,000 classrooms, provided more than 200 million textbooks and granted over \$US2 billion dollars in financial aid to developing countries.

Australia has identified education as a 'flagship' component of its aid program with the Government committing \$5 billion for aid to education over the five years to 2014-15. In 2011-12 the Government committed \$842 million (19% of Overseas Development Aid) to education and scholarships programs. This commitment has extended to multilaterals like GPE with Australia co-sponsoring the replenishment conference in November 2011 and with Minister Rudd's statement at the UN General Assembly in September 2011:

*"A successful replenishment is important to Australia. The Replenishment Pledging Conference is an opportunity to place education at the forefront of the international agenda, to rebuild political will and to generate new resources for education including from the private sector and private foundations".*

### **Impact of Investing in GPE**

The involvement of the GPE in country specific education programs has led to significant improvements in alignment of external aid for education with costed, feasible and ambitious country-owned education plans, thereby increasing efficiency across the education aid sector. The GPE's involvement has also led to significant increases in domestic investment in education systems.

GPE's achievements include:

- In Sub-Saharan African GPE countries the number of children enrolled in school has risen by 50%, compared with just 27% in non-GPE Sub-Saharan countries.
- The primary school completion rate in GPE developing country partners has increased from 60% in 2002 to over 72% in 2009.
- More than 300,000 additional teachers were hired in the GPE developing country partners between 2002 and 2009.

### **Partnerships and Governance**

While the GPE is an effective multilateral institution for funding and promoting education, certain reforms have already been instigated (including greater civil society partnerships) and more will be initiated in the future. Some proposed reforms include:

- The GPE securing the status of Financial Intermediary Fund, allowing the GPE Board and local partners to choose a local funding agency and supervising entity, independent of the financial management systems of the World Bank.
- Progressive independence from the World Bank to ensure less cumbersome and more transparent country-specific programs.

### **3. World Bank**

#### **Overview**

The World Bank is the largest source of finance for development. Different agencies within the World Bank Group have separate roles:

- The International Bank for Reconstruction and Development (IBRD) lends to middle income countries on near-commercial terms.
- The International Development Association (IDA) lends to low-income countries on interest-free terms.
- The International Finance Corporation makes investments in more commercial ventures.

Following the Global Financial Crisis, World Bank lending increased substantially. In 2009 to 2011, total World Bank lending was \$US 49.6 billion per year on average, while in 2006 to 2008, average World bank lending was \$US 24.3 billion. Most of the additional lending was through the IBRD.

#### **Impact of investing in the World Bank**

The World Bank has a wide sectoral and country coverage. In recent years, the amount the World Bank has contributed to social sectors has increased substantially. For example, World Bank lending for education was \$US 2 billion per year on average in 2006 to 2008, and \$US 3.4 billion per year on average from 2009 to 2011. The increase for health was even larger, from an average of \$US 2.2 billion per year in 2006 to 2008, to an average of \$US 6.6 billion per year in 2009 to 2011.

The World Bank group has increased its focus on the results achieved by its projects, but many of its programs do not either target or measure social impacts. For example, the Bank has supported a number of Sector Wide Approaches in health, where health outcomes are only occasionally measured.

Implementation of announced policies and lending commitments has also been variable. For example, the World Bank announced in September 2010 it would provide grants or loans of an additional \$US 750 million over five years for basic education, but education specialists and campaigners have expressed concern about whether the Bank will deliver this amount.

The UK Multilateral Aid Review noted that an area for reform for the World Bank is improving the impact to of programs on women and girls. RESULT'S research on

international agencies' policies and projects in education supports the view that the focus on girls' education needs increased attention.

### **Value of investing in the World Bank**

Australia makes substantial contributions to IDA from the aid program, although IDA contributions have declined as a proportion of total aid as the level of aid has increased. As a high proportion of IDA funding is in the form of loans, repayment of earlier loans provides some offset to the cost of new lending and grants. Analysis released by the Centre for Global Development in early 2011 has indicated that, over the next 15 years, many IDA member countries are likely to increase their per capita income to above the IDA eligibility limits, reducing the required contributions by donors in absolute terms.

The UK Multilateral Aid Review rated the World Bank highly for financial resources management and transparency and accountability.

### **Partnerships and Governance**

The UK Multilateral Aid Review noted that World Bank partnership behaviour is an area for reform in the IDA 16 replenishment period. Due to its role in lending to governments, the World Bank group can be limited in working collaboratively with non-government agencies.

World Bank consultation with member countries on project and program design focuses on government agencies, with little participation from civil society. Given the focus of the World Bank on developing and implementing country strategies, increased participation by civil society representatives in country strategies is essential.

In September 2011, the Australian Government signed a partnership agreement with the World Bank. This partnership will focus on future cooperation, including helping developing countries manage their environment, water natural resources, and vulnerability to natural disasters. It will also provide greater support for the development of the private sector in developing countries. The partnership is intended to build on joint projects, which Australia and the World Bank have undertaken.

## **4. Asian Development Bank**

### **Overview**

The Asian Development Bank (ADB) provides loans and some grants to countries in the Asia-Pacific region. Traditionally, the ADB has focused on investments that promote economic growth, such as infrastructure and industry development projects. In recent years, the ADB has adopted more of a focus on poverty reduction and social sector projects. Similar to the World Bank, the ADB group includes the Asian Development Fund, which provides highly concessional loans and grants to the poorest countries in the region.

### **Impact of investing in the ADB**

The ADB's role is important, as it is a significant source of finance for the region, which contains two thirds of the world's poorest people. While the strategy and objectives of the ADB have shifted towards poverty reduction, social sector lending remains a small

proportion of total ADB activity. In 2009 and 2010, only 1.2% of total ADB loans, grants and technical assistance were for education, and 1.3% of total funding was for health. Therefore, the ADB would need to change the orientation of its financing to support its stated poverty reduction goals.

The ADB has adopted a Gender and Development Plan of Action, to incorporate gender-related analyses in the design of projects and programs. However, this analysis is not yet part of all projects, and the UK multilateral aid review noted that the ADB could increase the focus of its projects on the needs of women and girls.

### **Value of investing in the ADB**

Australia is a significant contributor to the ADB, primarily to the Asian Development Fund, which requires periodic replenishment. These contributions enable Australia to provide support to some countries in the Asia-Pacific region in which Australia does not operate country programs. The UK Multilateral Aid Review rated the ADB highly for strategic and performance management, and fairly highly for financial resources management and transparency and accountability.

### **Partnerships and Governance**

The ADB engages in a significant amount of co-financing of projects and programs with other donors and multilateral agencies, and also works in partnership with other multilateral agencies on research and policy.

ADB consultation with member countries on project and program design focuses on government agencies, with little participation from civil society. Increased participation by civil society representatives in projects and programs is essential, given the ADB's increased focus on social protection, inclusive growth and environmental sustainability.

## **5. International Fund for Agricultural Development (IFAD)**

### **Overview**

The International Fund for Agricultural Development (IFAD) has operated since 1978 with the specific objectives of increasing agricultural production and reducing rural poverty. In 2010, IFAD provided \$US 845 million in grants and low-interest loans to support poverty reduction projects.

Australia was a member of and contributor to IFAD from 1978 to 2004. The reasons that the then government gave for withdrawing from IFAD in 2004 related to a perceived lack of focus on the Asia-Pacific region by IFAD, and governance issues such as limited communication between IFAD's central office and country operations.

In view of the increases in food prices in recent years, and increased concerns about food security, the role of IFAD is becoming more significant, and it is timely for Australia to reconsider renewing its membership.

### **Impact of investing in IFAD**

IFAD has developed internal and independent assessment of project effectiveness. Assessments show that the impact of IFAD projects on rural poverty has increased gradually, sustainability of projects has increased (although still with room for improvement) and innovation in projects and programs remains one of IFAD's strengths.

The UK Government's Multilateral Aid Review also noted that IFAD makes an important contribution towards Millennium Development Goal 1 (reducing extreme poverty and hunger) and rated IFAD highly for its focus on poor countries, working in fragile environments and gender equality.

### **Value of investing in IFAD**

As IFAD provides a significant part of its support in low-interest loan form, its call on donors is relatively modest. Internal reviews by IFAD, and the UK Government's assessment have identified room for improvement in financial management and efficiency. However, reducing costs of delivering programs can be difficult as IFAD has a focus on working in rural and remote areas and with the poorest people.

### **Partnerships**

IFAD relies significantly on co-financing by other national and multilateral donors, with co-financing almost matching the amounts provided by IFAD individually. In addition, the level of domestic financing by the governments of member countries also is similar to IFAD's contribution. As well as national aid agencies and multilateral organisations, IFAD has formed partnerships with farmers' organisations, which are playing a growing role in the design and implementation of IFAD programs.

### **Governance Structure**

IFAD has increased the number of offices in member countries and the number of staff based in country offices, which is increasing the ability of IFAD to supervise project implementation. Since 2005, IFAD has also implemented an anticorruption strategy, which gives its Office of Audit and Oversight unrestricted ability to investigate complaints and allegations, and also empowers a Sanctions Committee to decide appropriate action where a case of fraud is substantiated.

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