



2017-18 Pre-Budget Submission

World Vision Australia

December 2016

Summary of Recommendations

World Vision Australia recommends the following in preparation of the 2017-18 Budget.

Recommendation 1: That the Australian Government:

- a) Enable bipartisan support for Australian aid and this be reflected in Australia's policies, legislation and institutions
- b) Ensure that Australia's aid budget remains Australia's unique and core funding contribution to enable innovation to end poverty and respond to humanitarian need both in Australia's region and globally
- c) Include the full suite of development and humanitarian finance opportunities in its budget and policy approach – not to replace Australia's aid budget – but to mobilise these complimentary forms of funding to ensure the end of poverty through sustainable development and effective humanitarian response

Recommendation 2: That the Australian Government invest an additional AU\$50 million in innovative financing solutions which increase access to finance for small and medium enterprises in Cambodia, Indonesia, Myanmar and Sri Lanka

Recommendation 3: That the Australian Government double the Emergency Fund with additional funding to AU\$260 million to ensure flexible response capability to rapid-onset disasters and conflict spikes

Recommendation 4: That the Australian Government separate allocations to disaster risk reduction and protracted crises in the budget to allow greater transparency with respect to these two critical aspects of humanitarian funding

Recommendation 5: That the Australian Government:

- a) Advocate for and encourage the prioritisation of disaster risk reduction and climate change adaptation in global and regional processes (e.g. ASEAN and the Pacific Island Forum)
- b) Support partner governments to implement disaster risk reduction and climate change adaptation legislation, policies and programs, with particular attention to countries with high vulnerability and low capacities
- c) Develop mechanisms to calculate the amount of Australian ODA spent on disaster risk reduction and climate change adaptation programs, and increase the percentage of aid programs year on year, particularly in countries with high vulnerability to natural hazards

Recommendation 6: That the Australian Government allocate additional funding for multi-year resilience mechanisms for protracted crises, such as South Sudan and Iraq

Recommendation 7: That the Australian Government fully utilise the United Nations Financial Tracking Service as the most useful real-time data source for humanitarian emergencies and improve clarity and consistency of reporting of official humanitarian assistance

Recommendation 8: That the Australian Government:

- a) Develop an expert working panel to advise and support the PNG government to increase access to skilled birth attendants
- b) Review its maternal and child health funding with a view to enhancing funding to attract and train skilled birth attendants to improve the current ratio in PNG

Recommendation 9: That the Australian Government:

- a) Include a stronger focus on children and their rights in its ODA through its investment in children, so that a significant proportion of Australian ODA is explicitly and transparently directed towards children
- b) Explicitly and transparently measure performance of investment through indicators that directly relate to children, to improve impact of Australian ODA investment on children and to build an evidence base for child-focused effective aid investment
- c) Establish a child rights focal point within DFAT to guide a broader strategic focus on children and their rights in Australia's ODA and development program

I. Introduction

World Vision is a worldwide community development organisation that provides short-term and long-term assistance to 100 million people worldwide (including 41 million children).

We have more than 45,000 staff members working in 99 countries.

For six decades, World Vision has been engaging people to work towards eliminating poverty and its causes. World Vision is committed to the poor because we are Christian. We work with people of all cultures, faiths and genders to achieve transformation. We do this through relief and development, policy advocacy and change, collaboration, education about poverty, and emphasis on personal growth, social justice and spiritual values.

World Vision Australia has a productive working relationship with the Australian Government in partnering to deliver the Australian aid program. The life of agreement value of this relationship is AU\$178 million, spanning food security programs in East Africa, livelihoods and resilience programming in fragile contexts, gender based violence programs in the Pacific, and programs piloting new innovation in South East Asia. The Australia NGO Cooperation Program (ANCP) partnership is at the core of this relationship, and is orientated towards supporting community development globally. World Vision also engages in dialogue with the Australian Government on matters of policy and practice. World Vision welcomes the opportunity to make a submission to the 2017-18 Australian Government pre-budget process.

2. Financing an End to Poverty and Building Peace to Meet the Sustainable Development Goals

2.1 Australia's aid program

Australia's aid program has an important role to play in global development and humanitarian efforts.ⁱ Australia, as a member of the OECD Development Assistance Committee (DAC), has committed to give Official Development Assistance (ODA) as one of its portfolio of contributions to a future where no country will depend on aid.ⁱⁱ

Australian aid, as a form of public capital, is unhampered by commercial motives and should be disbursed with the primary purpose of ending poverty. This means Australian aid can:

- Flow to marginalised people and communities that are underserved by national governments and the private sector;
- Be flexible, less averse to risk and more open to innovative approaches to development;
- Take a long term approach and tackle more complex development challenges;
- Be deployed quickly in humanitarian emergencies; and
- Be used to incentivise new forms and sources of development finance.

Australia's aid program has unique, innovative and often life-changing effects at the community level. The Australian Government – and the Australian Parliament - should protect the Australian aid and development budget as a unique form of capital critical to achieving inclusive and sustainable poverty reduction in our region and around the world.

World Vision Australia position is that there should be bipartisan support for Australia's aid program and it be reflected in Australia's policies, legislation and institutions. World Vision Australia asserts that the key aspects of Australia's aid program to be supported and protected include:ⁱⁱⁱ

- **Purpose:** The purpose of Australia's aid program should be centred on ending poverty – in line with the 2030 Agenda and the Sustainable Development Goals. Ending poverty and conflict – the root cause of many foreign policy challenges – is in the national interest of Australia.
- **Effectiveness:** Effectiveness is central to Australia's aid program and should be achieved in substance. This should include better resourcing for the Office of Development Effectiveness and a broader mandate.
- **Transparency:** Australia's aid program should be reported on in a thorough and detailed manner, at least on a yearly basis, in order to ensure the Australian constituency is able to see where their aid dollars are spent. This reporting also enables recipient communities and countries access to information relevant to them.
- **Predictability:** For sustainable change, and to achieve the Sustainable Development Goals, Australia's aid program should be a predictable funding source year on year, not be subject to political budget cuts and should rise with inflation. Long term change requires a long-term, bipartisan funding commitment.
- **Volume:** The volume of Australian aid provided for in the budget year on year should be commensurate with Australia's international obligations under the OECD DAC committee volume requirements.

Australia's aid program should remain Australia's unique and core funding contribution to enable innovation to end poverty both in our region and globally; without this the Australian Government is unlikely to achieve its foreign policy goals, contribute to meeting the Sustainable Development Goals or meet its international obligations.

2.2 Financing an end to poverty and building peace

There is growing recognition across the international community of the urgent need to mobilise new forms and sources of finance and capital flows (in addition to ODA), in order for effective development and humanitarian work to evolve and deliver results.^{iv} Last year, the member states of the United Nations signed the Addis Ababa Action Agenda – the sister agreement to the Sustainable Development Goals – which identifies the broader universe of new financing sources and mechanisms that must be leveraged to fund the end of poverty and build peace.^v

Despite these global shifts, the policy debate in Australia has largely remained focused on the provision of ODA – to the exclusion of other forms of development and humanitarian finance. Some of these forms of capital include trade, domestic resource mobilisation, remittances, foreign direct investment, private sector partnerships, and new types of private sector finance, philanthropic funds and other forms of humanitarian funding. This no longer reflects the operational reality of international development and humanitarian NGOs. The Sustainable Development Goals highlight the complexity of global poverty, the need to form partnerships across sectors, industries and countries, and harness new financing sources and mechanisms for development.

World Vision Australia acknowledges that the Australian Government is already looking to new players, such as private sector organisations, to play a greater role in development and humanitarian work. International development and humanitarian organisations are also increasingly exploring, testing and refining

alternative or non-traditional forms of financing to facilitate their operations. This willingness to adapt and innovate should be nurtured and supported in accordance with international good donorship principles. There is still a long way go to ensure this financing approach is sustainable and builds on a strong, bipartisan and protected Australian aid program.

In the near term, new finance will not diminish the need for ODA or an effective and well-funded Australian aid program. ODA is critical to support and incentivise new forms of finance, and vital to serve the development needs of marginalised communities where other forms of capital cannot or will not immediately flow.

Recommendation 1: That the Australian Government:

- a) Enable bipartisan support for Australia's aid budget and this be reflected in Australia's policies, legislation and institutions
- b) Ensure that Australia's aid budget remains Australia's unique and core funding contribution to enable innovation to end poverty and respond to humanitarian need both in Australia's region and globally
- c) Include the full suite of development and humanitarian finance opportunities in its budget and policy approach – not to replace or threaten Australia's aid budget and program – but to mobilise these complimentary forms of funding to ensure the end of poverty through sustainable development and effective humanitarian response

3. Small and Medium Enterprises: Critical for Economic Growth

Small and medium enterprises (SMEs) are critical engines of economic growth, employment and poverty reduction. They create a large share of new jobs in an economy, and are important drivers of innovation and productivity growth.^{vi} In high income countries, SMEs are responsible for more than 50 per cent of gross domestic product (GDP) and 60 per cent of employment.^{vii} In low income countries, SMEs represent only 17 per cent of GDP and 30 per cent of employment.^{viii} The absence of small and medium firms in developing countries – known as the ‘missing middle’ – represents an acute barrier to inclusive economic growth and private sector development.

SMEs in developing countries are hindered by a range of factors such as inadequate infrastructure, restrictive taxes and regulations, and discriminatory social barriers.^x However, poor access to finance remains the single biggest constraint to the growth of SMEs in developing economies.^x While financing solutions exist for other segments of financial markets, private finance typically bypasses the missing middle. Microfinance caters to microenterprise but is poorly suited, in size and risk profile, to provide the larger loans needed by SMEs to reach scale.^{xi} Conversely, SMEs are associated with higher transaction costs and are too small to attract finance from banks and large commercial lenders.^{xii}

The lack of finance to the missing middle is a global market failure. Estimates suggest that the current credit gap for SMEs could be as high as \$2.6 trillion.^{xiii} By preventing large numbers of people living in poverty from growing their businesses and participating in the labour market, the missing middle is a sizable blockage on economic growth and poverty reduction.^{xiv} ODA – as public finance – can play a pivotal role in addressing the constraints facing SMEs in developing countries. ODA is unencumbered by commercial returns and is uniquely suited to prioritising poverty reduction goals.

World Vision Australia calls on the Australian Government to increase aid investment to finance solutions for the missing middle in key emerging economies in our region. This aligns with the aid policy’s focus on strengthening the private sector in Australia’s partner countries and ‘addressing problems local firms have in accessing finance.’^{xv}

In particular, World Vision Australia calls on the Australian Government to invest in programs that provide medium-sized loans to SMEs in Cambodia, Myanmar, Indonesia and Sri Lanka. Lack of financing for SMEs is a major bottleneck for economic growth in these countries,^{xvi} and each are priority countries for the Australian aid program.^{xvii} Within SMEs, the Australian Government should prioritise increased access to finance for small-hold farmers and small business people who have just graduated from microfinance and are on the cusp of working themselves out of poverty. This is a marginalised group, consistently overlooked by existing financiers but critical to achieving poverty reduction targets.

There are two important roles the Australian Government can play. First, the government can act as an ‘impact first’ investor and provide debt capital – either interest-free or at low interest rates – to finance loans to small farmers and businesses. Impact first investors are those that are willing to prioritise development and poverty reduction over returns on investment. Second, the government could provide grant funding to increase the technical capacity and knowledge of small farmers and businesspeople to make them more viable targets for finance. In taking this approach, the government would be able to use ODA funds to catalyse additional private investment in missing middle finance.

For example, World Vision Australia has, with the support of DFAT, recently commenced a one-year pilot program to address the missing middle in Sri Lanka. The program provides growth capital to SMEs to enable them to scale up their operations. To mitigate risk and lower transaction costs, the program also provides technical assistance and mentoring to build the capacity of targeted entrepreneurs. To further lower risk, World Vision sources its loan pipeline primarily from its base of successful microfinance clients. The current plan would see a portfolio of 100 loans in Sri Lanka by end of 2018 with an indicative return to investors of approximately 1-3 per cent per annum on their capital.

Based on the success of the pilot, World Vision intends to grow the program in Sri Lanka and expand into Cambodia and Myanmar. Loans will range from AU\$5,000 to AU\$25,000 to cater for the most critical financing gap faced by SMEs. World Vision will identify and attract impact first investors, and will also raise additional debt from private sources requiring higher returns. Returns on investment will either be disbursed or reinvested to expand the loan portfolio.

World Vision Australia recommends that the Australian Government explore opportunities to invest in innovative financing solutions – such as the example given here – to target the missing middle in Cambodia, Myanmar, Indonesia and Sri Lanka. The model described above uses ODA to incentivise additional finance from the private sector to enable small-hold farmers and small businesses in marginalised communities access much-needed capital.

Recommendation 2: That the Australian Government invest an additional AU\$50 million in innovative financing solutions which increase access to finance for small and medium enterprises in Cambodia, Indonesia and Myanmar and Sri Lanka

4. Humanitarian Funding: Australia's Shared Global Responsibility

World Vision recognises Australia's ongoing commitment to humanitarian assistance, particularly in the broader Australian climate of repeated aid cuts. Australia's longstanding, bipartisan engagement for humanitarian preparedness and response acknowledges the vital importance of this shared global responsibility.

However, given the increasing scale, frequency and impact of natural disasters and conflicts, Australia must increase its humanitarian funding to be able to continue to respond flexibly, effectively and equitably to global humanitarian needs. In recent years, global humanitarian needs have risen dramatically and most OECD-DAC governments have increased their humanitarian assistance accordingly, while Australia has either decreased or at most maintained its humanitarian assistance levels.

2015 simultaneously saw the highest recorded donor funding for humanitarian assistance (US\$20.8bn) and the largest shortfall on United Nations coordinated appeals (45 per cent shortfall or US\$8.9bn). Despite claims of being one of the most generous donors, Australia ranked 20th for humanitarian assistance provided as a percentage of GNI in 2015 (0.02 per cent).^{xviii} Australia should increase its humanitarian assistance to be on par with partner governments such as the UK, the Netherlands and Switzerland.

Critically, humanitarian assistance must be provided in accordance with need and not accordingly to other criteria such as national interest or strategic foreign policy priorities. Australia has committed to this fundamental principle of humanitarian assistance through its endorsement of the Good Humanitarian Donorship (GHD) Principles. While it may be appropriate to prioritise Australia's development assistance to the Indo-Pacific region, this must not limit the provision of humanitarian assistance globally, especially to countries where needs are most acute or underfunded.

Recommendation 3: That the Australian Government double the Emergency Fund with additional funding to AU\$260 million to ensure flexible response capability to rapid-onset disasters and conflict spikes

As the Department of Foreign Affairs and Trade (DFAT) has recognised, rapid and slow-onset natural disasters and protracted crises require different types of responses and funding mechanisms.

Recommendation 4: That the Australian Government separate allocations to disaster risk reduction and protracted crises in the budget to allow greater transparency with respect to these two critical aspects of humanitarian funding

4.1. Disaster risk reduction: Effective, efficient and life saving

Building resilience and reducing disaster risk is a priority area of Australia's aid program.^{xix} Australia has committed to working with partner governments to identify risks and hazards, promote and support the integration of disaster risk reduction (DRR) and climate change adaptation into national legislative, policy and planning frameworks, and to increase disaster resilient investments.

Australia has also been actively involved in negotiations and is a firm advocate for the principals and approach of the Sendai Framework. The Australian Government has supported Australian NGOs to implement DRR programs through the Humanitarian Partnership Agreement (HPA), of which World Vision has been a partner. The successor mechanism to the HPA, the Australian Humanitarian partnership (AHP) has committed to significantly increase the investment in community risk reduction and resilience building, focused primarily on the Pacific region.

World Vision internationally seeks to incorporate DRR, climate change adaptation and resilience-building into our development and humanitarian practice to safeguard livelihoods as well as lives. To better understand how best to do this, World Vision partnered with the Overseas Development Institute to understand how it currently embeds resilience and how best to strengthen this approach and ensure effective impact and success.^{xx} World Vision empowers and enables households and families to absorb shocks and stresses, adapt to a changing environment and transform risk into opportunities.

Even the most conservative estimates suggest that AU\$1 invested into DRR activities saves up to AU\$15 in response and recovery costs in the aftermath of a disaster.^{xxi}

The life-saving and cost-saving impacts of DRR are clearly illustrated by the Nepal earthquake. Prior to the earthquake, World Vision, with the support of several global partners including the Australian Government, had retrofitted Nepalese schools in Nepal to withstand earthquakes – a safe schools initiative. All 160 retrofitted schools survived the 7.8 magnitude earthquake of April 2015, while more than 6,000 schools were severely damaged or destroyed.^{xxii}

World Vision applauds the Australian Government's provision of AU\$525,000 in technical assistance to prepare a master plan to extend the safe school program nationwide and ensure better preventative measures and risk reduction are in place across Nepal.

Recommendation 5: That the Australian Government:

- c) Advocate for and encourage the prioritisation of disaster risk reduction and climate change adaptation in global and regional processes (e.g. ASEAN and the Pacific Island Forum)
- d) Support partner governments to implement disaster risk reduction and climate change adaptation legislation, policies and programs, with particular attention to countries with high vulnerability and low capacities
- c) Develop mechanisms to calculate the amount of Australian ODA spent on disaster risk reduction and climate change adaptation programs, and increase the percentage of aid programs year on year, particularly in countries with high vulnerability to natural hazards

4.2. Protracted crises

World Vision Australia supports the Australian Government's view that investing in conflict prevention and resolution is a critical method of preventing humanitarian needs arising. When conflict prevention fails, multi-year, flexible funding is essential to develop strategic responses to address the root causes and stem the humanitarian impact of protracted crises. World Vision has seen the benefits of predictability and flexibility in multi-year funding for protracted crises through the Somalia Resilience Program, to which Australia has donated AU\$7 million since 2014. For example, World Vision was able to reallocate funds to undertake preparedness activities which reduced the impact of El Niño related flooding in central Somalia in late 2015.

Conversely, World Vision has experienced the precarious nature of responding with short-term grants to long-term needs in its response to the Syria crisis across four countries. World Vision applauds the Australian Government's investment of AU\$220 million to Syria and neighbouring countries over three years, announced in the 2016-17 budget. The Australian Government should use the full benefit of DFAT's humanitarian and development expertise to ensure multi-year funding mechanisms go beyond short-term needs and build long-term resilience, especially in critical areas such as education, child protection and health.

Recommendation 6: That the Australian Government allocate additional funding for multi-year resilience mechanisms for protracted crises, such as South Sudan and Iraq

4.3. Transparent reporting

Consistent and timely reporting of official humanitarian assistance is key for transparency and accountability. Australia has recognised this through its commitment to the GHD Principles, the International Aid Transparency Initiative and the World Humanitarian Summit's Grand Bargain. Initiatives like the Green Book and the Annual Performance of Australian Aid reports should continue. It is important to release them in a timely fashion and ensure that the allocation of official humanitarian assistance is clear.

There are significant discrepancies between figures reported through mechanisms such as the OECD DAC reporting, the United Nations Financial Tracking Service and the DFAT website and reports. Consistent information and analysis is critical to taxpayer and beneficiary accountability.

Recommendation 7: That the Australian Government fully utilise the United Nations Financial Tracking Service as the most useful real-time data source for humanitarian emergencies and improve clarity and consistency of reporting of official humanitarian assistance

5. Children's Rights: An Increased Child Focus in Australia's Aid Program

5.1. Our neighbours: Supporting and strengthening maternal child health in the Pacific

The stability and security of our neighbourhood is second only to the defence and security of Australia. In a recent media interview, Minister for International Development and the Pacific stated:^{xxiii}

"Our intention is to assist countries to economically grow, and so in turn that leads to economic stability in those countries, and which ultimately leads to political stability, not just in that country, in that area, but in our region."

When coupling the strategic importance of our regional neighbours with the new approach to aid and development, it is critical to ensure funding is both efficient and effective. Maternal and child health is a critical area requiring ongoing assistance and monitoring.

The maternal mortality ratio in Papua New Guinea (PNG) is the highest in the Asia-Pacific region: 215 deaths per 100,000 live births.^{xxiv} To put this in perspective, in Australia the maternal mortality ratio is 6 per 100,000,^{xxv} and among Australia's Aboriginal and Torres Strait Islander women it is 14 per 100,000.

Earlier this month, PNG Prime Minister, Peter O'Neill announced that he plans to introduce legislation in early 2017 that will make it mandatory for women to deliver their children in a clinic or hospital. To enable this, women will be paid to attend those clinics or hospitals. While the intention is obviously for women to have a skilled attendant it is critical to note the most recent data from the World Health Organisation indicates less than half of PNG women are attended by a trained practitioner.^{xxvi}

Access to skilled birth attendants is critical, however pushing women to birth in over-crowded and under-resourced facilities may actually increase risk of life threatening conditions such as Sepsis.

In a recent ABC media report, Professor Glen Mola head of obstetrics at the University of Papua New Guinea, said the main problem was a lack of funding for health staff and facilities:^{xxvii}

"If we've got the money, let's see it please... we desperately need it. We don't even have gloves in the Port Moresby General Hospital National Referral Hospital, to put on to deliver women sometimes these days."

The 2017 PNG budget saw health cut by 21 per cent, this was after cuts of over 30 per cent in the previous budgets.^{xxviii} Despite the World Health Organisation advocating a minimum of 4.45 skilled health professionals per 1000 (midwives, nurses or physicians),^{xxix} PNG has only 0.5 nurses or midwives per 1000.^{xxx}

Recommendation 8:

That the Australian Government:

- a) Develop an expert working panel to advise and support the PNG government to increase access to skilled birth attendants
- b) Review its maternal and child health funding with a view to enhancing funding to attract and train skilled birth attendants to improve the current ratio in PNG

5.2. Education

World Vision Australia's current Papua New Guinea Education Project is funded by the Australian Government under the Australian NGO Cooperation Partnership. From 1 July 2015-30 June 2016, the Project benefited 5,993 people, including 10 children with a disability, 2,285 girls, 1,838 boys, 930 women and 930 men. Among these beneficiaries, 1,786 children were supported through this Project in acquiring literacy and numeracy skills. Based on its extensive experience and expertise from the field, World Vision Australia views an ongoing investment in Australia's ODA towards children's health and education as essential bedrock to Australia's development assistance approach.

5.3. ODA as a protector and upholder of children's rights

World Vision Australia recognises Australia's commitment to improving the development outcomes of children and young people through its aid program. However, the focus on children in Australia's aid program remains limited, invested primarily in health and education. World Vision Australia strongly acknowledges the importance of the investments made by Australia in these crucial areas for children and their rights. Without investments in both health and education, children are unable to enjoy many of their other rights.

World Vision Australia has shown the importance and effectiveness of investing in development programming directed towards upholding the child's right to education through its Education Literacy Boost Program in countries such as Burundi and Democratic Republic of Congo. The Education Literacy Boost Program supports the development of reading skills in young children through a wraparound approach comprising reading assessments, teacher training and community action. In Burundi, girls who participated in the Literacy Boost Program have increased their reading comprehension by 31 per cent.

However, Australia must make a stronger commitment to investing in children and their rights more broadly in its aid program. The challenges facing children around the world in their realisation and enjoyment of their rights are multifaceted and complex, underpinned by common challenges present in all regions of the world including persistent poverty, precarious economic livelihoods, disease, lack of resilience in the face of climate change and natural disasters, conflict, protracted crises and fragile environments.

In order to comprehensively and effectively address the challenges affecting children around the world and especially the most vulnerable children, international cooperation is essential and ODA is a crucial component of this. As a long-standing States Party to the United Nations Convention on the Rights of the Child, as a responsible global citizen and as a wealthy nation, Australia can and must play an active role in investing in better outcomes for children around the world who are vulnerable as a result of the context and environment in which they live and experience their childhood.

An example of the positive impact on children that investing in child protection has is the Citizen Voice and Action Program funded by World Vision Australia in Ghana, Senegal and Sierra Leone. The overarching goal of the Program was to improve health and education services for children, their families and communities, especially the most vulnerable. A recent end-of-program evaluation shows that, among other things, as a result of the Program, 214 additional government policy standards were achieved in Program schools and health facilities across Ghana, Senegal and Sierra Leone from September 2013 to May 2016. Furthermore, 91 per cent of Program schools and health facilities (79/86) achieved at least one or more additional government policy standards since the Program activities commenced.

World Vision Australia's Child Protection Systems Strengthening Project spans 14 countries in Latin American and the Caribbean. The Project has the overall goal of contributing to the strengthening of child protection systems to prevent, protect and respond to abuse, neglect, exploitation and all forms of violence against children and adolescents in the region, especially the most vulnerable.

Among some of the key impacts of this Project at the end of 2015 are that approximately 118 Child Protection Advocacy groups have been established or strengthened in participating communities and municipalities, and 46,936 children and young people have directly benefitted from workshops on building resilience and skills of self-protection and the protection of others, and/or participated in advocacy activities related to child protection at both the local and national level.

Investing a greater proportion of Australia's aid budget in children is clearly aligned with Australia's national interest both within the Asia-Pacific region and internationally. By investing more broadly and consistently in children and their rights and protection through its ODA, Australia can be a world leader in the promotion and protection of one of the world's largest vulnerable groups – children – and will be investing in a more secure and sustainable world now and for the future of humanity.

This approach is consistent with Australia's commitments under the Sustainable Development Goals, which have at their centre the aim of building a more equitable and sustainable world in which children and young people can develop and prosper, through living in environments which enable the full realisation of their rights.

Recommendation 9: That the Australian Government:

- a) Include a stronger focus on children and their rights in its ODA through investing a significant proportion of ODA in children
- b) Explicitly and transparently measure performance of investment through indicators that directly relate to children, to improve impact of Australian ODA investment on children and to build an evidence base regarding what effective aid investment in children looks like
- c) Establish a child rights focal point within DFAT to guide a broader strategic focus on children and their rights in Australia's ODA and development program

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- ⁱ There are a significant number of sources that examine the unique role of ODA in eliminating poverty. See for example – European Parliament 2014, *Financing for development Post 2015: Improving the contribution of private finance*: https://europa.eu/eyd2015/sites/default/files/users/maja.ljubic/expo-deve_et2014433848_en.pdf; UN Policy Brief, *Improving ODA Allocation for a Post-2015 World*: http://www.un.org/en/ecosoc/newfunc/pdf15/un_improving_oda_allocation_for_post-2015_world_policy_briefing.pdf; World Bank Group 2013, *Financing for Development Post 2015*: <https://www.worldbank.org/content/dam/Worldbank/document/Poverty%20documents/WB-PREM%20financing-for-development-pub-10-11-13web.pdf>
- ⁱⁱ OECD, *Development Assistance Committee* homepage, <http://www.oecd.org/dac/developmentassistancecommitteedac.htm>, accessed 9 December 2016.
- ⁱⁱⁱ These five elements are commonly referred to as the key features necessary for effective development cooperation. See for example the Busan Partnership for Effective Development Co-operation: <http://www.oecd.org/development/effectiveness/busanpartnership.htm>
- ^{iv} See the Addis Ababa Action Agenda: <http://www.un.org/esa/ffd/ffd3/wp-content/uploads/sites/2/2015/07/Addis-Ababa-Action-Agenda-Draft-Outcome-Document-7-July-2015.pdf>
- ^v As above
- ^{vi} OECD, *Small businesses, job creation and growth: Facts, obstacles and best practices*: <https://www.oecd.org/cfe/smes/2090740.pdf>
- ^{vii} Ayyagari, Beck, & Demircuc-Kunt, 2003, *Small- and medium-enterprises across the globe: a new database*, World Bank Policy Research Papers series
- ^{viii} Ayyagari, Beck, & Demircuc-Kunt, 2003, *Small- and medium-enterprises across the globe: a new database*, World Bank Policy Research Papers series
- ^{ix} See: Klapper, Laeven, & Rajan, 2006, *Entry regulation as a barrier to entrepreneurship*, *Journal of Financial Economics* 82:591-629; and Beck, 2007, *Financing Constraints of SMEs in Developing Countries: Evidence, Determinants and Solutions*: https://pure.uvt.nl/portal/files/1107677/Financing_Constraints_of_SMEs.pdf
- ^x Beck, 2007, *Financing Constraints of SMEs in Developing Countries: Evidence, Determinants and Solutions*: https://pure.uvt.nl/portal/files/1107677/Financing_Constraints_of_SMEs.pdf
- ^{xi} Center for International Development, Harvard University, *The Missing Middle*: <https://www.hks.harvard.edu/centers/cid/programs/entrepreneurial-finance-lab-research-initiative/the-missing-middle>
- ^{xii} Center for International Development, Harvard University, *The Missing Middle*: <https://www.hks.harvard.edu/centers/cid/programs/entrepreneurial-finance-lab-research-initiative/the-missing-middle>
- ^{xiii} World Bank website, *Small and Medium Enterprise Finance*, last accessed 8 December 2016: <http://www.worldbank.org/en/topic/financialsector/brief/smes-finance>
- ^{xiv} See for example: OECD, 2004: <http://www.oecd.org/cfe/smes/31919278.pdf>
- ^{xv} DFAT, 2014, *Australian Aid: Promoting Prosperity, Reducing Poverty; Ensuring Stability*
- ^{xvi} ERIA Research Project Report, *Small and Medium Enterprises Access to Finance in Selected East Asian Economies*, http://www.eria.org/publications/research_project_reports/-small-and-medium-enterprises-smes-access-to-finance-in-selected-east-asian-economies.html
- ^{xvii} The Australian aid program prioritises aid investments to the Indo-Pacific region which is defined by DFAT to include Cambodia, Myanmar and Sri Lanka.
- ^{xviii} Development Initiatives (2016) *Global Humanitarian Assistance Report 2016*.
- ^{xix} Under aid framework and under humanitarian strategy
- ^{xx} World Vision International and Overseas Development Institute, *Institutionalising Resilience: the World Vision Story*, February 2015 <http://www.wvi.org/disaster-risk-reduction-and-community-resilience/publication/institutionalising-resilience-world>
- ^{xxi} The United Nations Office for Disaster Risk Reduction (2015) *Global Assessment Report on Disaster Risk Reduction*. Available at: <https://www.unisdr.org/we/inform/publications/42809>.
- ^{xxii} Gardiner Harris, 'Nepal school system left shattered in aftermath of quake' *New York Times*, 13 May 2015. Available at: http://www.nytimes.com/2015/05/14/world/asia/nepal-earthquake-shatters-school-system.html?_r=1
- ^{xxiii} http://ministers.dfat.gov.au/finravanti-wells/transcripts/Pages/2016/cf_tr_161027.aspx
- ^{xxiv} http://data.worldbank.org/indicator/SH.STA.MMRT?year_high_desc=true
- ^{xxv} <http://www.aihw.gov.au/media-release-detail/?id=60129551418>
- ^{xxvi} <http://apps.who.int/gho/data/view.main.1630?lang=en>
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- ^{xxviii} <http://devpolicy.org/angau-hospital-stories-pngs-2017-budget/>
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