

SUBMISSION TO PARLIAMENTARY SECRETARY TO THE MINISTER FOR FOREIGN AFFAIRS

RE: AID BENCHMARKS

27 January 2014

1. The *Copenhagen Consensus Center's* expertise lies in identifying and promoting the most effective solutions to global problems. By 'effective' we typically mean the solution or intervention:
 - a. Has a very high benefit-cost ratio i.e. the costs of implementation, and other externalities are multiple times lower than the social benefits generated by the intervention
 - b. Is supported by **measurable, empirical** evidence not only on the magnitude of the costs and benefits, but also on the causal link between the intervention and the resultant benefits (within the limits of uncertainty inherent in all social science analysis)
 - c. Reflects a particular and well defined set of actions that can be implemented by aid agencies, governments, NGOs or a combination of the three (and is not merely aspirational e.g. "improve governance")
2. Due to these factors, it is possible to convert some of the solutions into benchmarks, which would drive a more effective aid program.

How should the performance of the aid program be defined and assessed?

3. The *Copenhagen Consensus Center* recommends that, at a whole of program level, the performance of the aid program should be defined by benchmarks that reflect the most effective solutions identified by the Center.
4. The list of the *Copenhagen Consensus Center's* most effective interventions and congruent benchmarks are provided in the table below. The interventions are based on the work of more than 60 leading economists, including four Nobel laureates. The benchmarks are illustrative suggestions.

Ranking	Challenge / Priority	Benefit Cost Ratio	Potential Benchmark for Australia
1	Fighting Malnutrition Today, more than 100 million children start their lives with inadequate nutrition, impairing their mental abilities and causing physical defects. To provide both short- and long-term benefits, this sum of money would provide micronutrients, complementary foods, treatments for worms and diarrhoeal diseases, and behaviour change programs. This would reduce chronic under-nutrition by 36 per cent in developing countries. It would also improve cognitive functions, increase learning and in adulthood increase incomes 24%.	\$59	Reduce the prevalence of children under 5 in the Asia Pacific region afflicted by stunting to x%
2	Malaria medicines These funds would prevent 300,000 child deaths if used to extend the Global Fund's Affordable Medicines Facility-malaria financing mechanism that makes combination therapies cheaper for poor countries. This approach also safeguards the most effective malaria drug for the future.	\$35	Reduce malaria related deaths in the Asia-Pacific to x per 1000 infections
3	Expanded childhood immunisation coverage Spending \$1 billion annually to increase immunisation would save one million children.	\$20	Reduce the proportion of children under 5 not immunised with haemophilus influenza type B, streptococcus pneumonia and

			shigella vaccines to y%
4	De-worming treatments for children This sum could treat 300 million children to rid them of parasitic intestinal worms, which are detrimental to their wellbeing. Free of these parasites, children would be more nourished, more alert, likely to stay in school longer and generate more income as adults.	\$10	Reduce the prevalence of children under 5 in the Asia Pacific region afflicted by stunting to x%
5	Expand tuberculosis treatment Spending \$1.5 billion annually on specific tuberculosis treatment would spare one million adults from death.	\$15	Reduce deaths from tuberculosis to x per 1000 infections in the Asia Pacific region
6	Increase agricultural output / yield enhancements By increasing investment in agricultural R&D, this solution potentially could yield many benefits to both people and the environment. Not only would it reduce hunger by increasing food production and reducing food prices, but also it would protect more biodiversity by reducing the need for forestland to be converted into agricultural land. Simultaneously, it would help in the fight against climate change, because forests lock up carbon.	\$16	Ensure x% of aid budget is invested in agricultural R&D aimed at improving yields
7	Early warning system for natural disasters For less than \$1 billion a year, the establishment of effective early warning systems for natural disasters in developing countries could alleviate the disaster damage and avoid long-term economic damage resulting from catastrophes.	\$35	TBD
8	Strengthening Surgical Capacity Increasing availability of surgery for complications arising from childbirth, burns and other maladies common in the developing world is a relatively inexpensive way to prevent deaths and disability.	\$10	Increase the proportion of mothers attended by a registered physician at childbirth by x% in the Asia Pacific region
9	Hepatitis B vaccine Hepatitis B falls in the category of chronic diseases, which increasingly affect people in the developing world as their lifespan improves. Hepatitis B is the major cause of liver cancer worldwide. For \$122 million, we could achieve global coverage and avoid 150,000 deaths.	\$10	Reduce the incidence of Hepatitis B to x per 1000 individuals
10	Low cost heart attack drugs If these medicines were more widely available in developing countries, up to up to 300,000 heart-attack deaths could be prevented each year.	\$25	TBD

5. Additional work would be required to refine the targets given regional circumstances, budget size, number of additional actors working in the region, measurability, susceptibility to external factors, the time frame over which measurement occurs, and strategic objectives of the Australian government.

How could performance be linked to the aid budget?

6. The Copenhagen Consensus Center has estimated the costs of implementing these interventions on a large scale, with a defined relationship between the budget and the scale of the intervention. Using this information (and adjusting for regional differences) Australia could ensure that its allocated aid budget - both overall and to various country programs - reflects an appropriate amount to meet the ambition of the benchmarks.

For papers that fully describe the interventions and methodology underlying these recommendations please visit www.copenhagenconsensus.com or send inquiries to brad@copenhagenconsensus.com

If the committee finds this an interesting and worthwhile avenue, we'd be delighted to help with further specifications.

Yours truly,



Bjørn Lomborg