


Global Legislative Handbook 2010

**RESULTS and RESULTS Educational Fund
International Conference
June 20–22, 2010**

**Celebrating the Past
Shaping the Future**
30 *Years of* **RESULTS**

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Before the class, I never really knew whether I was making money or losing it. I was a little bit lost. Now I have a notebook for expenses and another for sales. I have a separate notebook where I write down any sales I make on credit. That way, I have a clear record of everything my clients owe me. Thanks to the class, I feel like I am in control.

Marie France, a Fonkoze microfinance client in Haiti about business education instruction

Microfinance Background

What are microcredit, microfinance, and microenterprise?

Microcredit is the provision of tiny loans at competitive interest rates for the very poor.

Microfinance includes microcredit as well as other financial services (such as a safe place to save money and insurance) to the very poor so they can pull themselves out of poverty. Microfinance began as a way to finance self-employment ventures in places where poor people could not find satisfactory employment or obtain needed credit. It has since expanded to cover all the ways poor households can manage their finances through credit for such things as enterprise, education, housing, health care, as well as through protective services such as savings and insurance.

Generally speaking, **microenterprise** focuses exclusively on enterprises and includes enterprise credit plus additional financial services such as business development. The U.S. Agency for International Development's microfinance and microenterprise program is called the Office of Microenterprise Development.

When referring to financial services for the poor, especially related to RESULTS' work, it is most accurate to use the term "microfinance."

Who are the "very poor"?

Recently updated World Bank estimates reveal that \$1.4 billion people live on less than \$1.25 a day.¹ The measure of extreme poverty was revised from \$1 a day to \$1.25 a day because 2008 data show that cost of living in developing countries, as measured by purchasing power parity (PPP), is higher than previously thought.

The very poor in Africa

More than half of all Africans live on less than \$2 a day, and all of the 21 countries listed in the United Nations' low human development ranking are in sub-Saharan Africa. And although there are more than 300 million economically active individuals in sub-Saharan Africa, only about 20 million of them — less than 10 percent — have access to any kind of formal financial services.

While poverty affects many people throughout the region, there is economic progress that offers hope: more than 35 percent of Africans live in economies that have seen sustained growth of more than 4 percent a year for the last 10 years. Continued growth depends on an active financial sector, and progress with broad economic indicators cannot substitute for a simultaneous effort to ensure that the poor have access to financial services, as they are too often the last to benefit from such broad economic growth.²

Why is microfinance important for the very poor?

The very poor do not have access to traditional financial services. Even though they are poor, they still have financial "portfolios" and a need for different financial instruments and forms of money management, just like everyone else. But while we can use banks and insurance companies, the poor have to often rely on informal options that take advantage of their situation and take too much of their hard-earned income. Microfinance bridges this divide.

¹ Chen S, Ravallion M. The Developing World is Poorer Than We Thought, But No Less Successful in the Fight Against Poverty; Policy Research Working Paper 4703. Washington, DC: World Bank; August 2008.

² CARE, Access Africa State of the Sector Report: Bringing Financial Services to Africa's Poor. 2009.

Micro-loans, often averaging less than \$150, allow people to start and expand tiny businesses without depending on money-lenders who demand exorbitant interest rates. Loans can also be used to finance health and education needs. But loans aren't the only financial product you need or the very poor need. Both borrowers and non-borrowers need a safe place to save their incomes, and insurance programs are critical to help protect the poor from falling further into poverty should an unforeseen event financially impact their lives, such as illness, natural disaster, or crop failure.

Microfinance provides the poor with the tools they need to reap the benefits of their skills and hard work and gives people the capacity to improve the quality of their lives and the futures of their children. Extra money earned is typically used by families to obtain better food, housing, and education. As a result, the returns benefit the entire community.

Reaching the very poor

Microfinance has proven to be an effective tool in addressing the worst aspects of poverty, even among the very poor. According to the *State of the Microcredit Summit Campaign Report 2009*:³

- Microfinance institutions (MFIs) have reached 155 million clients, 106 million of whom were among the poorest when they took their first loan. Assuming five persons per family, 533 million family members were affected by these loans.
- Of these 106 million poorest clients, 83 percent, or 88 million, are women.

What makes microfinance a smart investment?

High repayment rates. Microfinance is an economically sustainable method of fighting poverty. In developing countries, the rate of repayment of well-established microfinance programs can be upwards of 90 percent. Repayment rates are high because, through a system of peer support and pressure used in many microfinance models, borrowers are responsible for each other's success, and they help ensure that every member of their group is able to pay back their loans. Moreover, loans provide borrowers with a dignified way to improve their lives, and for many, paying back their loans and being financially independent is a source of pride.

Cost-effectiveness and financial self-sufficiency. With support to grow and become self-sufficient, microfinance programs in developing countries need less grant money, can utilize loans and loan guarantees, and eventually get linked into the formal financial system. Well-run microfinance organizations in developing countries are eventually able to sustain their operations through interest income. Organizations have been able to cover 100 percent of operational costs with the interest income generated by loan repayments.

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³ Microcredit Summit Campaign. State of the Microcredit Summit Campaign Report. Washington, DC: RESULTS Educational Fund; 2009. Available at: http://www.microcreditsummit.org/uploads/socrs/SOCR2009_English.pdf.

Women and Microfinance

According to the UNDP, women represent 60 percent of the 1.4 billion people living on less than \$1.25 a day, but own only 1 percent of the world's wealth. Less than 16 percent of the world's parliamentarians and two-thirds of the world's illiterate are women. In Africa, women are three times more likely to be HIV-positive than young men.⁴

Across the world, young girls and women are faced with limited opportunities. Seventy-five percent of the world's women cannot get formal bank loans because they often lack permanent employment and capital and assets, such as land.⁵ Microfinance programs offer them an alternative to a life of despair, providing them with the income they need to start small businesses and earn a living with dignity.

Experience shows that women are good clients and that they invest their income toward the well-being of their families. At the same time, women themselves benefit within the home and community from the higher social status they achieve when they are able to provide income. Muhammad Yunus, the founder of the Grameen Bank, notes the first thing a woman does with the proceeds from her loan is "bring their children home" — literally liberating their children from servitude forced by poverty.

Microfinance's Impact on Health

Microfinance brings borrowers together on a regular basis to repay loans and deposit savings. These meetings often serve as opportunities to share education on health, nutrition, and HIV prevention. There are also benefits to maternal health. In CARE

Improving lives of women and children

My name is Sodohoin Afanwubo. I come from the town of Vogan, 70 kilometers from Lomé in Togo. I am 30 years old and I never went to school. In 2004 my husband died and I came to Lomé with our three children, aged 8 months, 2 years and 3 and a half years.

When I arrived in Lomé, I worked as a porter carrying loads in the street and I lived in a shelter with other porters for 50 CFA (11cents) a day. My older children stayed behind in the shelter while I worked, but I carried the baby with me on my back. I worked all day long for 18 months, carrying bales of cloth, sacks of rice, drums of oil and baskets of smoked fish on my head from the merchants' warehouses to their shops. During this time my baby became ill and died because I could not afford medical care.

One day I met a deposit collector from Women and Associations for Gain both Economic and Social (WAGES), who was well known in my neighborhood. He agreed to include me among his microfinance clients. I started saving by "tontine" 200 CFA (44 cents) every day. Three months later I took out my first loan of 20,000 CFA (\$44) from WAGES. I stopped being a porter and started selling cassava flour, tapioca and beans on the street. When I got my first loan I also received training from the loan officer at WAGES in a number of areas: I learned the importance of saving for the future, the difference between a loan and my own money, the importance of respecting loan repayment schedules, and how to display my produce nicely in order to attract customers.

Things moved along very quickly; and my daily savings deposit grew to 300 CFA (67 cents), which enabled me to receive a new loan for 30,000 CFA (\$67), and to repay it on time. Also, with money I saved, I was able to leave the shelter for porters and rent a room, which I now share with my children and a friend. Since then I have been able to provide for all my needs, return regularly to my village and pay the school fees of my two remaining children, one of whom even goes to private school. I hope that soon I will be selling groceries from a permanent shop.

⁴ United Nations Development Programme. International Women's Day Special: Faces of Strength and Courage (Press Release). March 8, 2009. Available at: <http://content.undp.org/go/newsroom/2009/march/international-womens-day/international-womens-day-special-faces-of-strength-and-courage.en>.

⁵ Ibid.

microfinance programs in Mali, members are selected and trained as community health agents to reach out to local women. In the first phase of the project, 4,000 local women were reached with health and family planning information and services, including contraceptives to sell. Women who participated in microfinance groups were more than twice as likely to use contraception as those who were not members.⁶

Children of borrowers are more likely to be in school and to enjoy better nutrition than those of non-borrowers. By helping a poor family increase its income, microfinance has an immediate and lasting impact on quality of life — the ability to afford food, shelter, education, and healthcare. This is especially significant given the impact of education on reducing HIV infection. Increased income also helps families avoid desperate choices such as parents' decisions to marry off young daughters to older men or adolescent girls being forced to take up with older "sugar daddies" in exchange for food and money.

Access to microfinance is also especially crucial in communities devastated by HIV/AIDS by providing income that helps caretakers deal with the financial impacts of the illness on their families and communities. For example, an estimated eighty percent of borrowers of the FINCA program in Uganda are caring for AIDS orphans. In Uganda, nearly 70 percent of World Vision's microfinance clients, already with children, welcome into their homes an average of three HIV/AIDS orphans.⁷

Microfinance Advocacy: World Bank

As the largest international lender for developing countries, the World Bank has an enormous ability to influence whether the world will achieve the MDGs. The Bank's stated mission is "global poverty reduction and the improvement of living standards" and "working for a world free of poverty."

The World Bank's own research shows that microfinance is a proven, effective tool for addressing the worst aspects of poverty, even among the very poor. An in-depth World Bank study examining three Bangladeshi microfinance institutions found that three percent of clients left poverty each year due to their microloans, one percent of non-clients left poverty due to the spillover effect of increased economic activity, and microfinance accounted for 40 percent of the reduction of moderate rural poverty.⁸

How is RESULTS working to shape World Bank microfinance funding?

RESULTS continues to work with our congressional allies to enact positive pro-poor Bank financing streams. We are seeking to increase dialogue between Congress and the World Bank and are engaged with Congress and the Consultative Group to Assist the Poor (CGAP), microfinance advisors to the World Bank, to move the Bank towards new investments in the very poor.

⁶ CARE. Building the Linkage Between Maternal Health and Financial Services for the Poor, Community Action and Women's Empowerment

⁷ World Vision. Impact! HIV/AIDS: Uganda Microenterprise Development. Available at: http://www.worldvision.org/worldvision/appeals.nsf/stable/im_uganda_v7.

⁸ Khandker SR. *Fighting Poverty with Microcredit: Experience in Bangladesh*. New York: Oxford University Press, Inc.; 1998.

What are the current congressional requests RESULTS is supporting?

In December 2008, the U.S. Congress sent letters to the World Bank requesting it to: 1) create a new \$200 million grant facility for MFIs trying to reach the very poor, 2) create and support Centers of Excellence at MFIs like Grameen Bank in Bangladesh where interested parties can learn how to reach the very poor with microfinance, 3) create a sub-Saharan African apex fund, a funding mechanism that will allow more MFIs focusing on the very poor to access capital.⁹

Timeline of RESULTS World Bank advocacy

October 2003: The House and Senate sent sign-on letters to the World Bank, regional development banks, and UN Development Program urging increased microfinance funding and a clearer poverty focus. Parliamentarians from Japan, the United Kingdom, Canada, Australia, and Mexico also sent letters.

December 2003: The World Bank replies were courteous, but non-specific.

2005: Sens. Bennett (R-UT) and Durbin (D-IL) and Reps. Smith (R-NJ) and Holt (D-NJ) sent letters to World Bank president Wolfowitz, each with an impressive bipartisan list of signers, urging increased funding for microfinance for the very poor.

2006: Wolfowitz responded to the House letter, but his response was nonspecific.

February 2007: The House sent another letter to Wolfowitz, who responded in April and agreed to a meeting (he resigned before it could take place).

July 2007: The House sent a letter to new World Bank President Robert Zoellick.

October 2007: Zoellick came to the Hill to meet with 27 representatives and Sens. Brown (D-OH) and Enzi (R-WY). Zoellick agreed to continue the dialogue and meet again.

February 2008: Reps. Holt and Carter (R-TX) sent a letter, signed by 46 representatives, responding to the meetings key points of discussion. Senator Enzi has sent his own follow-up letter to Zoellick, and Sens. Durbin, Brown, Enzi, and Bennett sent a letter with 30 senate signatories reemphasizing the request.

April 2008: The World Bank responded to the February Senate and House letters.

December 2008: Recognizing the need to move the Bank forward, Reps. Holt and Carter, and Sens. Enzi and Brown, sent letters to Zoellick suggesting a set of initiatives that would increase financial access for the poor and marginalized. 93 representatives and 21 senators signed these letters, requesting the Bank create:

- A flexible grant facility of \$200 million per year to help build the capacity of microfinance institutions (MFIs) to reach the very poor.
- “Centers of Excellence” to encourage cross-learning and good practice dissemination on how to reach the very poor and with microfinance services.
- A sub-Saharan Africa funding mechanism to allow more MFIs focusing on the very poor to access capital.

February and Summer 2009: The World Bank responded to the December Senate and House letters. The Bank notes that it is seriously considering all of the proposals and is working to move forward on them by the end of the year.

⁹ An apex fund is mechanism that facilitates the disbursement of microfinance funds to MFIs at an affordable rate to help those organizations gain access to needed funds. The World Bank already supports some apex funds, such as the highly regarded PKSF in Bangladesh.

Summer 2010: Sens. Bennett (R-UT) and Durbin (D-IL) will be initiating a Senate sign-on letter that addresses points raised in the previous exchange and receive information on progress towards realizing the initiatives suggested by Congress.

This is a potential ground-breaking development. With continued congressional leadership, it is possible that these initiatives can be running by the end of 2010, thereby creating an urgent source of funding to help the poorest and most marginalized access financial services. RESULTS is working with our congressional allies to ensure that the focus of these initiatives clearly remains on the very poor.



Education is the engine through which development can be powered, both for the individual in opening up new opportunities as well as for countries seeking to move out of the fierce grip of poverty

Archbishop Desmond Tutu

Education for All Goals

Education for All: The Education for All movement is a global commitment to provide quality basic education for all children, youth, and adults that was launched at the World Conference on Education for All in 1990. Ten years later, with many countries far from having reached this goal, the international community met in Dakar, Senegal and committed to achieving Education for All by the year 2015. They identified six key education goals:

- Expand early childhood care and education
- Provide free and compulsory primary Education for All
- Promote learning and life skills for young people and adults
- Increase adult literacy by 50 percent
- Achieve gender parity by 2005 and gender equality by 2015
- Improve the quality of education

Millennium Development Goals (MDGs), a set of internationally agreed upon targets to reduce poverty and hunger by 2015, also affirm a global public policy agenda for education. Two of the MDGs specifically address education: MDG #2 focuses on achieving universal primary education, and MDG #3 aims to reduce the gender gap at all levels of education. Despite these commitments, progress is severely threatened by the global economic crisis and simultaneous scaling back of donor aid for education.

In September 2010, the international community will convene in New York to assess its progress towards the Education for All goals at the United Nations Millennium Summit. With only five years until the deadline to achieve universal primary school completion and gender parity, these goals will need a revitalized push if they are to be realized. The global economic recession has weakened the international resolve to provide real resources and leadership, and progress towards the Education for All goals has recently stagnated as countries struggle to recover from declining aid and falling domestic revenues. However, President Barack Obama stated in an address to the U.N. General Assembly in 2009 that the MDGs were "America's Goals," and that the United States would approach the September 2010 MDG Review Summit "with a global plan to make them a reality." 2010 is a critical year to ensure that the U.S. leads the international donor community in creating a strong, well-resourced strategy to achieve Education for All by 2015.

Investing Wisely in Our Future — Why Education Matters

Education is a basic human right and a significant factor in the development of children, communities, and countries. Opening classroom doors to all children, especially girls, will help break the intergenerational chains of poverty because education is intrinsically linked to all development goals, such as gender empowerment, improving child and maternal health, reducing hunger, fighting the spread of HIV and diseases of poverty, spurring economic growth, and building peace.

Education empowers women and girls. Educating girls reduces the spread of HIV/AIDS, improves the health of women and their children, delays the age of marriage, reduces female genital cutting, and increases self-confidence and decision-making power. For a girl in a poor country, each additional year of education beyond grades three or four, on average, will lead to 20 percent higher wages and a 10 percent decrease in the risk of her own children dying of preventable causes.

Education contributes to improving child survival and maternal health. A child whose mother can't read or write is 50 percent more likely to die before the age of five and twice as likely to suffer from malnutrition as children born to mothers who completed primary school. Educated mothers are 50 percent more likely to immunize their children.

Education helps reduce hunger. Expanding education for girls is one of the most powerful ways to fight hunger. Gains in women's education make the most significant difference in reducing malnutrition, out-performing a simple increase in the availability of food.

Education helps fight poverty and spur economic growth. Education is a prerequisite for short- and long-term economic growth: No country has achieved continuous and rapid economic growth without at least 40 percent of adults being able to read and write. Failing to offer girls the same educational opportunity as boys costs developing countries \$92 billion each year, according to a study by Plan International. That's \$1 trillion per decade in forgone earnings and unnecessary costs.

Education provides a foundation for peace building. Education nourishes peace. Across society, every year of schooling decreases a male's chance of engaging in violent conflict by 20 percent.

UNESCO Global Monitoring Report 2010: Key Findings¹⁰

UNESCO's 2010 *Education For All Global Monitoring Report* shows that although the world made great strides toward achieving the Millennium Development Goal of universal primary education, progress is uneven and the road ahead very difficult for some countries and regions. Below are key findings from the 2010 report.

Basic Education Enrollment

- In 2007, **72 million children** were out of school — a 28 percent decline from the start of the decade.
- Sub-Saharan Africa raised its average net enrollment ratio from 54 percent to 73 percent between 1999 and 2007, which is an annual increase five times greater than during the decade before the 2000 World Education Forum in Dakar. The increase in South and West Asia was also impressive, rising from 75 percent to 86 percent.
- But even if current trends continue, **around 56 million children will still be out of school in 2015** — the Millennium Development Goal target date for achieving universal primary education.
- Children and education systems are often on the front line of violent conflict. Of the world's 72 million children who don't attend school, about one-third live in only 20 conflict-affected countries.

Gender Disparity

- Around 54 percent of children out of school are girls. **In sub-Saharan Africa, almost 12 million girls may never enroll in school.**

¹⁰ UNESCO. *EFA Global Monitoring Report 2010: Reaching the Marginalized*. Paris: UNESCO Publishing; 2010. Available at <http://www.unesco.org/en/efareport/reports/2010-marginalization>.

- **More than half the countries in sub-Saharan Africa, South and West Asia and the Arab States had not reached gender parity at the primary level.** Only 44 percent of countries worldwide had achieved gender parity at secondary level.
- Two-thirds of the 759 million illiterate youths and adults are women.
- More than 27 million teachers work in the world's primary schools, 80 percent of them in developing countries. Total primary school staff increased by five percent between 1999 and 2006. 1.9 million additional primary school teachers — **1.2 million in sub-Saharan Africa alone — must be recruited by 2015 to achieve Universal Primary Education.**

Education Aid

Although aid for education has increased in recent years, an annual financing gap of US\$16 billion remains. Moreover, aid to education does not always reach those who need it most. Poverty, gender, ethnicity, language, location and disability are obstacles to providing education to the hardest-to-reach groups. Education in countries affected by conflict is not receiving enough support, undermining prospects for recovery. Among the solutions to improve access and affordability for excluded groups are lowering cost barriers, bringing schools closer to marginalized communities and developing 'second-chance' opportunities for out of school youth.

Donor country funding commitments to achieve basic education for all are stagnating. 2007 funding levels for basic education in low-income countries amounted to \$4.3 billion, which fell by 22 percent from 2006. Half of all commitments to basic education came from just a handful of donors. Low-income countries could raise an additional \$7 billion per year by allocating more to education and increasing domestic resources. **However, even with this there will be an estimated \$16 billion annual financial gap for 46 low-income countries that will hamper the Education for All goals.**

While the U.S. has most recently provided \$925 million in fiscal year 2010 in aid to basic education, the U.S. estimated one-third "fair share" (based on the size of the U.S. economy) of the total need is \$3.5-\$5 billion, with a goal of \$2 billion for fiscal year 2011.

The Economic Downturn and Its Impact on Education

The current global economic downturn threatens progress by reducing the ability of both households and governments to invest in education.¹¹

Need to work. There may be pressure for children and youth to help augment family incomes, resulting in more school absences or higher dropout rates — although this effect may be countered by the fact that the opportunity cost of schooling is also lower due to a shortage of jobs for youth.

Salary cuts. Teacher salaries may be delayed more than usual, vacant teacher posts may remain unfilled, and allocations for school repairs and school inputs may be greatly reduced, with undesirable consequences for learning.

Fees. Where students incur some direct schooling costs, however small, poorer students may have to forego education.

¹¹ World Bank. Averting a Global Crisis During the Global Downturn: Policy Options from the World Bank's Human Development Network. 2009. Washington, DC: World Bank Group; 2009. Available at: <http://www.aidsportal.org/repos/WorldBankAvertingTheHumanCrisis09.pdf>.

Fewer school resources. School revenues from students and contributions from the community could decline as employment and family incomes fall, making schools more dependent on transfers from the government. Because the crisis could lead to tighter credit markets, households (and schools) will have fewer resources to buffer themselves, and students, especially in universities, may not be able to obtain student loans necessary to stay enrolled.

The Next Step: A Global Fund for Education

The call for a Global Fund for Education (GFE) provides a unique opportunity improve the delivery of education aid while building on the strengths of existing institutions. A GFE could reinvigorate the global promise to achieve EFA and provide the overarching coordination and financing mechanism to ensure that full and consistent funding is available to support national education plans.

The existing Education for All Fast Track Initiative (FTI) is a partnership between donor and developing countries to ensure accelerated progress towards the Millennium Development Goal of universal primary education by 2015. Open to all low-income countries and supported by every major donor for education, the FTI has created bilateral (country-to-country) partnerships to support country-developed national education programs to ensure effective investments, measurable outcomes, and concrete results. However, the FTI is failing to galvanize bilateral donor support for national education plans to achieve EFA — it faces a funding shortfall of \$1.2 billion through 2010.¹²

The GFE's core objectives should be to mobilize the financing needed to accomplish the full Education for All agenda — from early learning to adult literacy — and to deliver those funds in the most effective way possible to achieve the best results in the classroom. The GFE must explicitly address the education of the hardest-to-reach and most vulnerable children living in conflict-affected and otherwise fragile states and emphasize quality in education for improved learning outcomes.¹³

Guiding principles for a new Global Fund for Education¹⁴

National ownership. The FTI has been a model for ensuring national ownership of development plans; an expanded initiative on global education must be grounded in these country-driven education sector plans while seeking to expand the consultative process to include in-country civil society.

Participatory governance and independence. Participatory governance at both the global and the national level will be essential to the success of the Global Fund for Education. The Global Fund for Education (mirroring the structure of the Global Fund to Fight AIDS, Tuberculosis and Malaria) should provide for equal representation in the governance structures for donors,

¹² Education for All Fast Track Initiative. Meeting Transcript. 25 April 25, 2009. Available at: http://www.education-fast-track.org/library/Transcript_Education_For_All_Meeting_25April2009.pdf.

¹³ Global Campaign for Education, U.S. Chapter. Envisioning a Global Fund for Education — More, Better, Faster: Effective Aid to Achieve Education for All. 2009. Available at: http://www.globalaidsalliance.org/page/-/PDFs/GCE_Global_Fund_Education.pdf.

¹⁴ Global Campaign for Education, U.S. Chapter. Envisioning a Global Fund for Education — More, Better, Faster: Effective Aid to Achieve Education for All. 2009. Available at: http://www.globalaidsalliance.org/page/-/PDFs/GCE_Global_Fund_Education.pdf.

developing countries, and civil society and mandate the participation of all stakeholders in the development of national education plans. There should also be a Secretariat that operates independently of any individual international organization to ensure effective management and accountability for results.

Multilateral, multi-donor, multi-instrument. A strong and inclusive Global Fund for Education must provide a framework for increased and improved aid mobilized through a variety of mechanisms, while at the same time seeking to enhance multilateralism with an increased share of resources flowing through multilateral channels. The GFE should harmonize the multiple development actors so that all efforts have a greater impact together on improving education for all.

Adhering to global principles for aid effectiveness. Responding to the internationally agreed upon Accra Agenda for Action on Aid Effectiveness, the GFE will coordinate all aid for education and focus on ensuring aid effectiveness: strengthening country ownership, building effective and inclusive partnerships, and delivering and accounting for development results.

Increased, longer-term, and more predictable financing. The Global Fund for Education will have to mobilize resources on a scale far beyond what has been possible so far. The engagement of higher-level political figures in the governance and replenishment processes will be vital to raising the necessary financing. National education strategies and donor commitments must be integrated multi-year approaches so that poor countries can plan based on long-term predictable funding commitments. The funding need for the Global Fund for Education should be based on independent assessments at the individual country level by the UNESCO Global Monitoring Team or similar experts.

Accountability for results. The Global Fund for Education needs to hold all stakeholders accountable for achieving results, as well as have effective benchmarks for all stakeholders — donors, recipients, and implementers — and public disclosure of the results it is achieving. At the country level, improved oversight and accountability of aid flows, monitoring of the learning outcomes, and improved transparency and benchmarks for realizing donor commitments on financing for education is critical to realizing donor commitments.

U.S. leadership is critical to creating a global fund for education. As the global economy continues to worsen, the United States must use every tool in its foreign policy arsenal to mitigate the disproportionate impact of the downturn on the world's poor. President Obama must act to ensure that one of the most powerful interventions for poverty reduction and democracy building — basic education — is scaled up to reach the most vulnerable children so that they have a chance not only to survive the current crises, but to build more prosperous, healthy lives.

The Education for All Act of 2010

On April 22, during a global week of action on education, Representatives Nita Lowey (D-NY) and Dave Reichert (R-WA) introduced the Education for All Act of 2010 (H.R. 5117). For the first time in legislative language, the EFA Act proposes a multilateral Global Fund for Education as a key principle of U.S. global education policy.

The EFA Act seeks to ensure the U.S. provides the resources and leadership to contribute to a successful international effort to provide all children with a quality basic education by 2015. To achieve the goal of universal quality basic education, the EFA Act lays out a U.S. policy to assist

developing countries and strengthen their educational systems, assist NGOs and multilateral organizations, and promote education as the foundation for community development.

Most significantly, the bill directs the U.S. to support an independent multilateral education initiative. The legislation lays out key principles for a Global Fund for Education, including:

- Transparency with respect to financing, key policy decisions, and impact;
- Coordination among governments, private sector, and civil society;
- Mutual accountability between donors and recipients for achieving measurable results in access and quality;
- Alignment with host country priorities;
- Predictable, long-term funding disbursed in a timely manner.

The EFA Act also calls for a comprehensive strategy to accelerate progress toward universal basic education. Key elements of this strategy include:

- Increase access to basic education for all children, particularly marginalized and vulnerable groups, including girls, children affected by conflict or humanitarian crises, disabled children, children in remote or rural areas, religious or ethnic minorities, indigenous peoples, orphans and children impacted by HIV/AIDS, child laborers and victims of trafficking.
- Improve quality by committing resources to monitor and evaluate the effectiveness and quality of basic education programs and develop specific indicators to measure learning outcomes.
- Build country capacity and ownership by supporting the creation and implementation of national education plans to achieve quality universal basic education. It also requires the U.S. to align assistance to support these plans; coordinate and integrate bilateral and multilateral assistance so that aid is directly responsive to country needs, capacity, and commitment.
- Support "Communities of Learning" approach which recognizes schools as a foundation for community development and services such as health, nutrition, adult literacy, business training, democracy education, and housing programs.

In his first address to the UN General Assembly in 2009, President Obama pledged to return in 2010 with a plan to achieve the MDGs. Thus far, education remains a major missing plank in his MDG plan. Strong support for the EFA Act will create momentum to deliver a plan to achieve education for all at the upcoming MDG Summit in September 2010, and demonstrate that Congress supports a Global Fund for Education.



Americans don't think much about TB, just as we didn't think much of AIDS in the 1980s. But drug-resistant TB is spreading — half a million cases a year already — and in a world connected by jet planes and constant flows of migrants and tourists, the risk is that our myopia will catch up with us. Barack Obama's administration should ensure it isn't complacent about TB.

Nicholas Kristof

Tuberculosis

Tuberculosis is an ancient disease, but not merely a disease of the past. Over two billion people are currently infected with the TB bacterium, roughly one-third of the world's population. In 2008 there were 9.8 million new cases of TB, resulting in 1.8 million deaths.¹⁵

A person with infectious TB can expel TB bacteria into the air when they cough, sneeze, laugh, or even sing, and the bacteria may be inhaled by others. If the bacteria reach the lungs, a latent TB infection (LTBI) occurs. If left untreated, 10 percent of people with LTBI will develop infectious, "active" TB at some point in their lives and will in turn typically infect 10 – 15 people every year.

Directly observed treatment, short-course (DOTS) is a critical part of the global strategy to stop TB. A proven regimen of carefully monitored treatment, DOTS is an extremely cost-effective means of controlling TB, costing just \$20 to \$100 to save a life. DOTS produces cure rates of up to 95 percent, even in the poorest countries. In the last 15 years, the DOTS approach has cured 36 million cases of TB globally. However, despite being an affordable treatment, DOTS is reaching fewer than half of people sick with TB. We know how to treat and cure TB, but a lack of political commitment and funding allows TB to remain a leading global killer.

A cause and a consequence of poverty

People living in conditions of poverty (overcrowding, malnutrition, poor ventilation, etc.) are more susceptible to falling sick with TB and most likely to lack access to detection and treatment services. Since 95 percent of people with TB live and die in the developing world, many living in the world's wealthy countries fail to realize the magnitude of the problem.

More than 75 percent of TB-related disease and death occurs among people between the ages of 15 and 54 — the most economically active segment of the population. Approximately 20 to 30 percent of annual income may be lost if the household's breadwinner is struck down with active TB; the income of 15 years will be lost if this person dies. Additionally, children may be removed from school when they contract TB or to help provide care when family members become sick. This disrupts their personal education development, and their prospects for future productive employment.

A study by the World Bank finds that countries with a high incidence of tuberculosis could reap enormous economic benefits by investing more in TB control. The study — funded by the Bill & Melinda Gates Foundation and commissioned by the World Bank on behalf of the Stop TB Partnership — found that by fully funding a global plan to halve TB deaths in the next decade, countries could see a return of nine times their investment in TB treatment and prevention.¹⁶

TB and women's health

Despite TB's immense and unique impact on women, little attention is paid to the disease as a women's health issue. While there are more cases of TB among men than women, TB is the third leading cause of illness and death of adult women worldwide. In 2008, 3.6 million women developed TB and approximately half a million women died from it. Women with TB are often

¹⁵World Health Organization. Global Tuberculosis Control: A Short Update to the 2009 Report. Geneva; 2009. Available at: http://whqlibdoc.who.int/publications/2009/9789241598866_eng.pdf.

¹⁶Laxminarayan R, Klein E, Dye C, Floyd K, Darley S, Adeyi O. Economic Benefit of Tuberculosis Control. World Bank Policy Research Working Paper 4295; August 2007.

diagnosed late compared to men, for reasons including women's more limited access to health care, and the negative social stigma for women with TB. Pregnant women with TB who receive a late diagnosis are four times as likely to die in childbirth, and the babies of women with TB are twice as likely to have low birthweight or be born prematurely.

TB and HIV: “A combination made in hell”

TB is the leading killer of people living with HIV/AIDS. The two diseases work in deadly synergy, as those with compromised immune systems from HIV/AIDS are particularly susceptible to TB infection. In 2008 there were 1.4 million cases of TB among people living with HIV/AIDS — 1.1 million in sub-Saharan Africa, where the co-epidemic is most acute. There are of half a million Tb-related deaths among people with AIDS every year.

Untreated, TB can kill a person with HIV/AIDS in a matter of weeks, but with proper treatment lives are saved. TB services can also be a gateway to HIV/AIDS testing, counseling, and treatment services, particularly where there are high rates of TB-HIV co-infection. Providing routine HIV testing and counseling to TB patients is one of the most effective means of finding those with HIV and ensuring access to treatment for both diseases. However, the global health community has not fully embraced TB control as a critical piece in the effort to halt and reverse the HIV/AIDS pandemic.

Stephen Lewis, the former U.N. special envoy for AIDS in Africa, calls TB and HIV/AIDS “a combination made in hell.” They are two fires converging in a massive conflagration, each fueling the other. We can’t extinguish one while ignoring the other. By devoting more attention and resources to the TB-HIV co-epidemic, we will speed progress against both diseases.

The rise of drug-resistant TB

The continued spread of drug-resistant TB poses a grave risk to global health. Multidrug-resistant and extensively-drug resistant TB — known as MDR and XDR — are the result of inconsistent and incorrect treatment of standard TB. MDR and XDR TB are far deadlier than normal TB, and are much more difficult and expensive to treat.

Multi-drug-resistant TB (MDR-TB) is a dangerous form of TB that is resistant to the two most powerful anti-TB drugs available today. MDR-TB is caused by inconsistent or incorrect treatment of standard TB. There are many reasons why TB patients may not complete their treatment: they start to feel better and think they are cured; the economic burden of seeking treatment is too great; their health care provider improperly manages them; or because of inadequate supplies of TB drugs. While a regular TB case can be cured within six months, MDR-TB can take two years or longer to treat.

Ineffective management of MDR-TB has created extensively drug-resistant tuberculosis (XDR-TB). Resistant to a number of critical first- and second-line TB drugs, XDR-TB spreads through the air, is extremely difficult and costly to treat, and is nearly always fatal in HIV-positive patients. XDR-TB threatens to reverse progress made against HIV/AIDS and global TB control. XDR-TB can be cured, but those infected have an 85 percent mortality rate.

Drug-resistant TB is man-made and arises in the context of poorly funded and administered TB programs. Globally, to prevent the development of MDR- and XDR-TB, surveillance must be strengthened to identify where MDR- and XDR-TB already exist. Infection control measures must also be improved to prevent the spread of drug resistant strains, especially where HIV prevalence is high.

The rise of drug-resistant TB strains underscores the desperate need for new tools to stop TB. The most common diagnostic technique is 125 years old, the vaccine is 85 years old and offers limited protection, and the drug regimens are 40 years old. More investment is needed in the research, development and implementation of new TB diagnostics, drugs and vaccines.

The Global Plan to Stop TB

In January 2006, the Stop TB Partnership, launched the 10-year Global Plan to Stop TB, the first ever “business plan” designed to fight a disease. The goal is to halt and begin to reverse the incidence of TB by 2015, which is one of the Millennium Development Goal targets.

If fully implemented, the Global Plan would cut in half the number of deaths from TB compared with 1990 levels. If fully funded and implemented over the next ten years, the Global Plan will achieve the following:

- 14 million lives saved;
- 50 million people treated, including 800,000 patients with MDR-TB and three million patients co-infected with TB and HIV will be enrolled on antiretroviral therapy;
- the first new TB drug in 40 years;
- point-of-care diagnostics that allow for the rapid, sensitive, and inexpensive detection;
- a new, safe, effective, and affordable vaccine.

The Lantos-Hyde Act and President Obama's Global Health Initiative

In 2008 Congress renewed and expanded efforts to fight TB by passing the Tom Lantos and Henry J. Hyde Global Leadership Against HIV/AIDS, Tuberculosis and Malaria Reauthorization Act of 2008. The Lantos-Hyde Act authorizes \$48 billion over five years for these three diseases of poverty, continuing our leadership against AIDS and malaria, and stepping up our response to tuberculosis.

The Lantos-Hyde Act provides a clear legislative framework for bolstering U.S. efforts to combat TB. Incorporating provisions of the Stop TB Now Act, the Lantos-Hyde Act strengthened ongoing TB assistance by aligning U.S. policy with the Global Plan to Stop TB and the Millennium Development Goal (MDG) of halving TB deaths and disease by 2015. The legislation provides:

- \$48 billion over five years for all three diseases;
- \$4 billion over five years for global, bilateral TB programs;
- Ambitious targets to treat 4.5 million TB patients with DOTS, and 90,000 MDR-TB patients.
- Stronger coordination of TB and HIV programs;
- Enhanced reporting requirements to ensure the effective use of funding.

In April 2008, President Obama announced a new Global Health Initiative (GHI), a welcome attempt to build on the success of U.S. investments in global health while broadening our focus to include additional health priorities. Unfortunately, despite broad bipartisan support for the Lantos-Hyde Act, the proposed GHI fails to fully implement key provisions of the legislation with respect to TB.

While the Lantos-Hyde Act mandates a five-year USG strategy to treat 4.5 million cases of TB under DOTS and 90,000 multi-drug resistant (MDR) TB cases, the GHI proposes only 2.6 million DOTS treatments and only 57,200 MDR-TB cases by 2014. The GHI plans to treat less than two-thirds of what the Lantos-Hyde Act calls for, and to do it over six years rather than five. The GHI targets are a significant step back from the clear mandate of the Lantos-Hyde Act to scale up treatment for TB, and a missed opportunity to aggressively fight the leading curable infectious killer of adults.

The GHI proposal particularly fails to meet the challenge of drug-resistant TB. Based on the WHO's modest 2007 MDR-TB & XDR-TB Response Plan, the Lantos-Hyde Act aspires to treat 18,000 MDR cases per year – still less than 4 percent of the global need. The GHI disappointingly reduces this target even further. Working to do our part to fill the financing gap to fight drug resistant TB, as well as strengthening basic DOTS efforts to prevent MDR, would be a critical contribution to health security abroad and at home.

	DOTS	MDR-TB Treatments	Years
GHI	2,600,000	57,200	2009-2014
Lantos-Hyde Act	4,500,000	90,000	2009-2013

Unfortunately, the FY11 budget request for bilateral TB programs does not indicate a funding trend to support even these truncated GHI targets for TB treatment. The \$230 million request is not only well short of authorized levels, but represents the smallest increase in any Global Health Initiative line item in both absolute (\$5 million) and relative (2.2 percent) terms. An appropriation of \$650 million would put the U.S. on track to achieving the vision and goals of the Lantos-Hyde Act with respect to TB control and provide an investment commensurate with the scale of devastation of this disease. The GHI should revise its TB treatment goals upwards in line with the mandates of the Lantos-Hyde Act, and fully fund the bill's \$4 billion five-year authorization.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

How it works

The Global Fund to Fight AIDS, TB and Malaria is a multilateral funding mechanism that was founded in 2001 to streamline funding to the poorest countries for AIDS, tuberculosis, and malaria. It uses a model where wealthy countries and the private sector make donations, and poor countries apply for grants for programs directly affecting people with HIV, TB, and affected by malaria.

The Global Fund is an innovative model that rewards good performance while allowing recipient countries to prioritize their needs. Countries applying submit their grant proposals to the Global Fund's Technical Review Panel, which recommends funding for the most technically sound grants to the Global Fund's Board. The Board is made up of representatives from wealthy countries like the U.S., recipient countries, the private sector, foundations, and civil society, including people from communities living with HIV, TB, and affected by malaria. Grants that perform well are eligible for additional continuation funding.

Achievements¹⁷

The Global Fund is the most effective tool we have in the fight against TB, as well as HIV/AIDS and malaria. Since its inception just eight short years ago, the Global Fund has supported 2.5 million people on anti-retroviral treatment for HIV/AIDS, 6 million treatments for TB, and the distribution of 104 million bednets to prevent malaria. The impact of the Fund has gone well beyond Millennium Development Goal 6 to reverse AIDS, TB and malaria, and extends to Goals 4 and 5 on child and maternal health by addressing the biggest killers of women and children. In Africa, AIDS, TB and malaria account for over half of all deaths of women of reproductive age, and malaria alone accounts for up to 18 percent of child deaths. The Global Fund has also provided 790,000 HIV-positive pregnant women with treatment to prevent vertical transmission of HIV to their children.

The Global Fund's impact has been truly global, with investments in programs and efforts catalyzed in 144 countries. These efforts have saved 4.9 million lives.

The success of the Fund is not just what's been achieved, but in how it's been achieved. On a broad range of best practices — transparency, accountability, performance-based financing, country-led development — the Global Fund is on the cutting edge of translating aid effectiveness theory into practice.

Not just more — better aid

Congress is rightfully concerned with stretching our limited foreign aid resources. Every dollar contributed to the Global Fund by the U.S. goes to support programs in country, and the operating expenses of the Secretariat are covered by the interest earned on contributions. By relentlessly focusing on value for money the Global Fund has identified \$1 billion in efficiency savings. In one innovative example, Global Fund programs are required to procure commodities through a competitive process, and then report price information on key products like anti-retroviral drugs and bednets to a publicly accessible database. This information facilitates cost comparisons, and gives leverage to other programs to negotiate lower prices.

Responding to country demand, the Global Fund has provided resources to strengthen national health systems as countries respond to AIDS, TB and malaria. Sixteen percent of Global Fund financing has gone to health system strengthening priorities like improving supply chain management and increasing the capacity for monitoring and evaluation. In an effort to strengthen primary health care through investments in HIV/AIDS and malaria, Ethiopia has trained and deployed over 30,000 community health workers. The result is not only an astounding scale of up AIDS treatment, but rapid improvements in broader maternal and child health indicators. Between 2005 and 2008 — just three years — measles immunization rates have increased from 61 to 77 percent, and births attended by a health professional have jumped from 13 to 25 percent.

The Global Fund's flexible but targeted support for Ethiopia is enabled by a country-led approach. For the Fund, "country" means much more than just the central government. In fact, diverse civil society participation in proposal development is a prerequisite for Global Fund grant approval. This process results in funding disbursements that strengthens civil society voices and seeks to reflect who's actually delivering health services on the ground. Thirty-six percent of Global Fund grants are distributed to non-governmental organizations who are using these

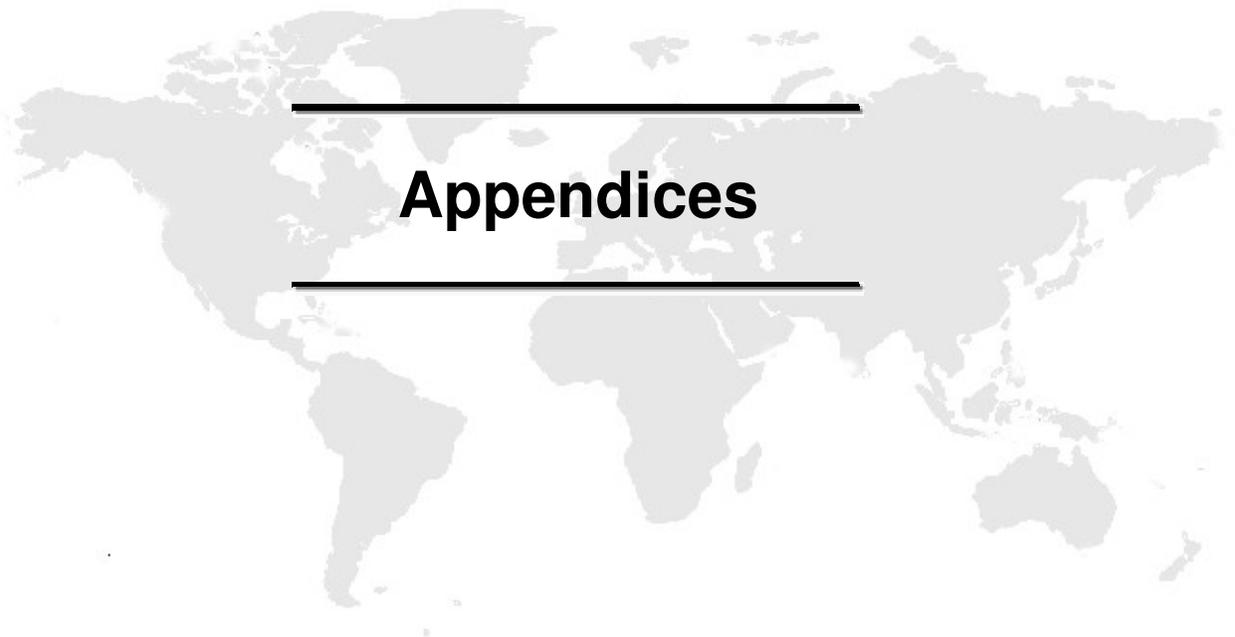
¹⁷ The Global Fund to Fight AIDS, Tuberculosis and Malaria. *Global Fund 2010: Innovation and Impact*. Geneva; March 2010. Available at: <http://www.theglobalfund.org/en/publications/progressreports/2010>.

funds to take community based programs to a massive scale. For example, the Churches Health Association of Zambia (CHAZ), a network of faith-based organizations and a primary recipient of Global Fund financing, provides half of all rural health care services in Zambia.

What's at stake

2010 will be critical in determining if the Global Fund will be allowed to accelerate its successful efforts or be forced to curb its growth — with dire consequences for AIDS, and TB and malaria. This year other donors will make three-year funding commitments as part of the Global Fund's replenishment conference, held every three years. While the U.S. has not historically made a formal multi-year replenishment pledge, as the largest contributor to the Global Fund our FY11 allocation will send an important signal to other donors. Flat or reduced funding will exert no leverage on other countries to increase their contributions, and might even trigger a downward spiral. Increased funding from the U.S. could change the course of the replenishment.

The Global Fund estimates that to maximize its impact on achieving Millennium Development Goal 6 and other international health targets, it will need to meet \$20 billion in demand for quality proposals over the next three years, including both scaled up efforts and continued support for successful programs. With this investment the Fund estimates that by 2015 we could virtually eliminate vertical (or so-called “mother-to-child”) transmission of HIV, eliminate malaria as a public health threat in many endemic countries, and contain the spread of multi-drug resistant TB. These are audacious goals, but they are worthy of our support and achievable if we are willing to make the right investments.



Appendix A: Status of FY2011 Appropriations Priorities

Program	Final FY07	Final FY08	FY09 Omnibus (final FY09 bill)	Final FY10	RESULTS' FY11 Goal	President's FY11 Request
Global Fund to Fight AIDS, TB and Malaria	\$724 M	\$840.5 M ((\$545.5 M in State and Foreign Ops, and \$295 in LHHS)	\$900 M total (\$300 M available through Labor, HHS appropriations bill)	\$1.05 B (\$300 M available through the Labor, HHS appropriations bill)	\$1.75 B	\$1 B
TB (bilateral)	\$92 M	\$152 M (plus an additional \$10.4 M in the other accounts for Eastern Europe and former Soviet states)	\$162 M (from all accounts)	\$225 M (includes \$15 M for the Global TB Drug Facility)	\$650 M	\$230 M
Global HIV/AIDS		\$4.662 B	\$5.259 B (including \$100 M in the FY09 emergency supplemental)	\$5.709 B (including Global Fund money)	RESULTS supports our partner's request but is not advocating directly	\$5.54 M
Microfinance	\$200 M	\$243 M	\$245 M	\$265 M	\$500 M	\$230 M
Basic Education – Overall	\$485 M	\$694 M plus language	\$700 M	\$925 M	\$2 B	\$840 M
Child Survival and Health Programs Fund (CS&H)	\$1.718 B	\$1.829 B (Combined with HIV/AIDS funding into Global Health and Child Survival Account)	\$1.955 B	\$242 B to USAID, including for HIV/AIDS	RESULTS supports our partner's request but is not advocating directly	\$3.013 B
Child Survival and Maternal Health (within CS&H)	\$356.4 M	\$446.5 M (includes \$71.9 M for the GAVI fund)	\$495 M	\$549 M	RESULTS supports our partner's request but is not advocating directly	\$700 M

Appendix B: RESULTS FY11 Appropriations Wish List Requests

Appropriations Leadership: House

Appropriations Committee Chair: David Obey (D-WI),
Appropriations Committee Ranking Member: Jerry Lewis (R-CA)

Foreign Operations Subcommittee Chair: Nita Lowey (D-NY)
Foreign Operations Subcommittee Ranking Member: Kay Granger (R-TX)

Appropriations Leadership: Senate

Appropriations Committee Chair: Daniel Inouye (D-HI),
Appropriations Committee Ranking Member: Thad Cochran (R-MS)

Foreign Operations Subcommittee Chair: Patrick Leahy (D-VT)
Foreign Operations Subcommittee Ranking Member: Judd Gregg (R-NH)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

FY11 Request: \$1.75 billion for the Global Fund to Fight AIDS, Tuberculosis and Malaria.

FY09	FY10	FY11 President's Request	FY11 RESULTS Request
\$1 billion	\$1.05 billion	\$1 billion	\$1.75 billion

- The Global Fund to Fight AIDS, Tuberculosis and Malaria is an innovative multi-donor funding mechanism that has approved over \$18 billion in grants to 140 countries. The Global Fund disburses grants with a minimum of red tape — operating with just 4.8 percent overhead — but with safeguards to monitor program implementation, financial management, and health outcomes.
- As of December 2009, Global Fund resources have supported these achievements:
 - 2.5 million HIV-positive people received ARVs (anti-retrovirals), a 25 percent increase over results reported a year ago.
 - 6 million new cases of tuberculosis detected and put on DOTS treatment, a 30 percent increase since 2008.
 - 104 million insecticide-treated nets distributed to prevent malaria, a 48 percent increase over numbers reported in 2008.
- According to the Global Fund's current projections, it will need about \$5.25 billion this year in order to continue financing ongoing grants (\$2.5 billion) and initiate a new Round 10 grant cycle (\$2.75 billion). Based on our longstanding 33 percent match, the U.S. contribution should be at least \$1.75 billion.
- The U.S. contribution to the Global Fund is particularly critical this year because it will influence the amount that other donors commit. In November 2010 international donors will meet for a replenishment conference and make multi-year funding commitments. If the U.S. — the Global Fund's biggest contributor — does not substantially increase its contribution, there will be little pressure on other countries to give more.

Tuberculosis

FY11 Request: \$650 million for scaling up critical efforts to control tuberculosis.

FY09	FY10	FY11 President's Request	FY11 RESULTS Request
\$162 million	\$225 million	\$230 million	\$650 million

- Although usually treatable with a course of inexpensive drugs (\$16–20), tuberculosis (TB) kills 1.8 million people every year.
- The emergence of drug-resistant TB poses a grave risk to global health. Multidrug-resistant and extensively drug-resistant TB — known as MDR and XDR — are the result of inconsistent and incorrect treatment of standard TB. MDR- and XDR-TB are far deadlier than normal TB and are much more difficult and expensive to treat. In a recent case, it cost \$500,000 to treat a young Peruvian student studying in Florida with a new highly resistant strain of TB — XXDR-TB.
- The deadly synergy between TB and HIV/AIDS undermines our fight against both diseases. TB is the leading killer of people with HIV/AIDS and accounts for half of HIV/AIDS deaths in some parts of Africa.
- In 2008, Congress passed into law the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act (or Lantos-Hyde Act). This landmark legislation authorized \$4 billion over five years in bilateral TB funding, which is the U.S. share of the funding needed to implement the Global Plan to Stop TB and the WHO's drug-resistant TB response plan.
- \$650 million represents the FY10 share of the Lantos-Hyde Act authorization. This funding is urgently needed to detect and treat TB and respond to the growing threat of extensively drug-resistant TB.

Microenterprise

FY11 Request: \$500 million for microfinance and microenterprise programs, with fifty percent directed to the very poor as required by the Microfinance Results and Accountability Act of 2004.

FY09	FY10	FY11 President's Request	FY11 RESULTS Request
\$245 million	\$265 million	\$230 million	\$500 million

- Microfinance is a successful, economically sustainable tool to help the very poor (those living on less than \$1.25 a day) lift themselves out of poverty and improve the lives of their families. Thanks to strong congressional leadership, USAID has been a global leader in microfinance, one of the great success stories of U.S. foreign aid. Yet current allocations are not keeping up with the potential capacity of microfinance practitioners.
- By the end of 2007, more than 3,552 microcredit institutions reached nearly 155 million clients, 106 million of whom were among the poorest when they took their first loan. Of these poorest clients, 83.4 percent, or 88.7 million, are women. Unfortunately, hundreds of millions more people around the world still lack access to fundamental financial services that can help them work their way out of poverty. And the global financial crisis has made access to credit for the very poor even more important.

- Public funding is critical to reaching the poorest and most marginalized. Very little of the private foreign investment capital in microfinance and microenterprise is going to the countries with greatest need — especially in Africa — or to support the microfinance services that reach the most marginalized. Despite the high poverty levels and need for financial services in Africa and Asia, these regions receive only six and seven percent of foreign private-sector investment in microenterprise, respectively.
- We know that microfinance can reach even the most destitute among the poor. In one of the worst slums in Nairobi, Kenya, the microfinance institution Jamii Bora began in 1999 with loans to 50 beggars. It now has over 200,000 clients and 300,000 people participate in its health insurance program. Grameen Bank in Bangladesh has more than 100,000 beggar clients.

Proposed Language

Microenterprise

The Committee recommends \$500,000,000 for microfinance and microenterprise development programs for the poor, especially women. Because the delivery of financial services is an especially important tool in enabling the poor to escape from poverty, the Committee encourages investment in a variety of financial services that allows the poor to save, borrow, and access insurance, remittances, and other key services. At least 50 percent of funds should be for grants and cooperative agreements to not-for-profit networks, practitioner institutions, and NGOs and funds should be provided for microfinance service providers working with people infected and affected by HIV/AIDS. As required by section 251(c) of the Foreign Assistance Act of 1961, USAID is to target half of all microfinance and microenterprise funds to the very poor.

Basic Education

FY11 Request: Provide \$2 billion for basic education.

FY09	FY10	FY11 President's Request	FY11 RESULTS Request
\$700 million	\$925 million	\$840 million	\$2 billion

- According to UNESCO's 2010 Education for All Monitoring Report, there are still at least 72 million primary school aged children not in school; 55 percent are girls. Unless the current trend changes, 56 million children will still be out of school in 2015, missing the Millennium Development Goal target of universal primary education.
- Education is one of the most effective ways to fight poverty and disease and promote democracy and development. Educated women marry later and have fewer children and better prenatal care. Their children have better survival rates, better health and nutrition, and are more likely to succeed in school.
- When countries in Africa have eliminated school fees, the results have been stunning. In 2003, Kenya eliminated public primary school fees and over a million more children came to school within the first week, a 22 percent increase. School enrollment in Kenya has continued to grow and gender disparities in primary education have largely disappeared.
- There is growing support internationally and within the U.S. for a Global Fund for Education to accelerate progress toward universal schooling. An allocation of \$2 billion would allow the U.S. to provide a "down payment" on the establishment of the new fund in 2010.

Appendix C: Congressional Actions on FY11 Appropriations

Senate Appropriations Letter for International Affairs Funding (Kerry-Lugar-Durbin-Bond-Feinstein). May 2010

Thirty-seven senators signed a bipartisan letter to the Senate Appropriations Committee urging them to restore the \$4 billion cut to the foreign affairs account that was recommended by the Senate Budget Committee.

Signers (37): Kerry (D-MA), Lugar (R-IN), Durbin (D-IL), Feinstein (D-CA), Bond (R-MO), Akaka (D-HI), Cardin (D-MD), Casey (D-PA), Collins (R-ME), Gillibrand (D-NY), Lautenberg (D-NJ), Shaheen (D-NH), Klobuchar (D-MN), Landrieu (D-LA), Bingaman (D-NM), Levin (D-MI), Johnson (D-SD), Kaufman (D-DE), Menendez (D-NJ), Wyden (D-OR), Sherrod Brown (D-OH), Lieberman (D-CT), Tom Udall (D-NM), Hagan (D-NC), Merkley (D-OR), Whitehouse (D-RI), Mark Udall (D-CO), Johanns (R-NE), Leahy (D-VT), Boxer (D-CA), Sanders (D-VT), Mikulski (D-MD), Specter (D-PA), Dodd (D-CT), Begich (D-AK), Snowe (R-ME), Franken (D-MN)

Senate Budget Letter for International Affairs Funding (Lugar-Kerry). April 2010

31 Senators to sign a key bipartisan letter urging the Senate Budget Committee to provide a robust budget for international affairs in this year's (fiscal year 2011) budget.

Signers (31): Lugar (R-IN), Kerry (D-MA), Durbin (D-IL), Voinovich (R-OH), Feinstein (D-CA), Menendez (D-NJ), Leahy (D-VT), Brown (D-OH), Udall (D-NM), Reed (D-RI), Levin (D-MI), Specter (D-PA), Wyden (D-OR), Lieberman (D-CT), Franken (D-MN), Sanders (D-VT), Casey (D-PA), Bingaman (D-NM), Kaufman (D-DE), Akaka (D-HI), Feingold (D-WI), Whitehouse (D-RI), Klobuchar (D-MN), Gillibrand (D-NY), Collins (R-ME), Neslon (D-NE), Shaheen (D-NH), Lautenberg (D-NJ), Dodd (D-CT), Bond (R-MO), Boxer (D-CA).

House Global Fund Letter

55 representatives signed a letter initiated by Reps. Lee (D-CA) and Payne (D-NJ) supporting \$1.75 billion for the Global Fund to Fight AIDS, TB and Malaria in the FY11 budget.

Signers (55): D. Moore (D-KS); Sires (D-NJ); G. Moore (D-WI); Hinchey (D-NY); Stark (D-CA); Maloney (D-NY); Baldwin (D-WI); Woolsey (D-CA); H. Johnson (D-GA); EB Johnson (D-TX); Loeb sack (D-IA); Honda (D-CA); Oberstar (D-MN); Waxman (D-CA); Wu (D-OR); Carnahan (D-MO); Inslee (D-WA); Schakowsky (D-IL); Ellison (D-MN); Conyers (D-MI); D. Edwards (D-MD); A. Hastings (D-IL); DeLauro (D-CT); *D. Young (D-AK)*; Rangel (D-NY); Cleaver (D-MO); Grayson (D-FL); James Moran (D-VA); Lofgren (D-CA); McNerney (D-CA); Fattah (D-PA); Towns (D-NY); Clarke (D-NY); Shea-Porter (D-NH); Waters (D-CA); Larsen (D-WA); Engel (D-NY); Frank (D-MA); D. Price (D-NC); Nadler (D-NY); Watt (D-NC); Gene Green (D-TX); Capuano (D-MA); Grijalva (D-AZ); D. Davis (D-IL); Napolitano (D-CA); Shuler (D-NC); Carson (D-IN); Welch (D-VT); Van Hollen (D-MD); Holt (D-NJ); Becerra (D-CA); Christensen (D-VI); Levin (D-MI); Linda Sanchez (D-CA);

House Microfinance Letter

32 representatives signed a letter initiated by Reps. Holt (D-NJ) and Reichert (R-WA) supporting \$500 million for microfinance in the FY11 budget.

Signers (32): Holt (D-NJ), Reichert (R-WA), E.B. Johnson (D-TX), Wu (D-OR), Schakowsky (D-IL), D. Edwards (D-MD), Baldwin (D-WI), *Young (R-AK)*, J. Moran (D-VA), Shea-Porter (D-NH), Lofgren (D-CA), Hirono (D-HI), Van Hollen (D-MD), Peters (D-MI), Inslee (D-WA), Shuler (D-NC), Davis (D-IL), Eshoo (D-CA), Grijalva (D-AZ), Capuano (D-MA), Nadler (D-NY), Berkley (D-NV), Larsen (D-WA), Woolsey (D-CA), Levin (D-MI), McNerney (D-CA), Shuler (D-NC), Snyder (D-AK), Payne (D-NJ), DeLauro (D-CT), Matheson (D-UT), McDermott (D-WA).

House Education Letter

22 representatives signed the letter initiated by Reps. Pomeroy (D-ND) and Cao (R-LA) supporting the highest amount possible for basic education in the FY11 budget. We only had a few days, so you deserve a big round of applause!

Signers (22): Pomeroy (D-ND), Cao (R-LA), Van Hollen (D-MD), E.B. Johnson (D-TX), Loeb sack (D-IA), Holt (D-NJ), McDermott (D-WA), Clarke (D-NY), Edwards (D-MD), Lynch (D-MA), Larsen (D-WA), Baldwin (D-WI), Conyers (D-MI), DeLauro (D-CT), Smith (D-WA), Schakowsky (D-IL), Wu (D-OR), Fattah (D-PA), Blumenauer (D-OR), Woolsey (D-CA), Moran (D-VA), Waxman (D-CA).

House Letter to Obama for the Global Fund to Fight AIDS, TB and Malaria

98 representatives signed the letter initiated by Rep. Barbara Lee (D-CA) to the president asking him to include \$1.75 billion for the Global Fund to Fight AIDS, TB and Malaria in his FY2011 budget (to be released in early 2010).

Signers (98): B. Lee (D-CA), Inglis (R-SC), Abercrombie (D-HI), Baldwin (D-WI), Berkley (D-NV), Berman (D-CA), Blumenauer (D-OR), Bordallo (D-GU), C. Brown (D-FL), Butterfield (D-NC), Capps (D-CA), Capuano (D-MA), Carnahan (D-MO), Carson (D-IN), Carter (R-TX), Christensen (D-VI), Clarke (D-NY), Clay (D-MO), Cleaver (D-MO), Connolly (D-VA), Conyers (D-MI), Cummings (D-MD), D. Davis (D-IL), Delahunt (D-MA), DeLauro (D-CT), Dicks (D-WA), Doggett (D-TX), D. Edwards (D-MD), Ellison (D-MN), Engel (D-NY), Fattah (D-PA), Filner (D-CA), Frank (D-MA), Fudge (D-OH), Grayson (D-FL), A. Green (D-TX), G. Green (D-TX), Grijalva (D-AZ), Gutierrez (D-IL), J. Hall (D-NY), Hare (D-IL), A. Hastings (D-FL), Hinchey (D-NY), Holt (D-NJ), Honda (D-CA), Jackson Jr. (D-IL), Jackson-Lee (D-TX), E.B. Johnson (D-TX), H. Johnson (D-GA), Kildee (D-MI), Kilpatrick (D-MI), Larsen (D-WA), Levin (D-MI), J. Lewis (D-GA), Lofgren (D-CA), Maloney (D-NY), McDermott (D-WA), McGovern (D-MA), McNerney (D-CA), Meeks (D-NY), B. Miller (D-NC), G. Miller (D-CA), D. Moore (D-KS), G. Moore (D-WI), J. Moran (D-VA), Nadler (D-NY), Napolitano (D-CA), Norton (D-DC), Payne (D-NJ), D. Price (D-NC), Quigley (D-IL), Rangel (D-NY), Rothman (D-NJ), Roybal-Allard (D-CA), Rush (D-IL), T. Ryan (D-OH), Linda Sánchez (D-CA), Loretta Sanchez (D-CA), Schakowsky (D-IL), Schiff (D-CA), B. Scott (D-VA), Serrano (D-NY), Shuler (D-NC), Sires (D-NJ), Stark (D-CA), B. Thompson (D-MS), Towns (D-NY), Van Hollen (D-MD), Velázquez (D-NY), Waters (D-CA), Watson (D-CA), Watt (D-NC), Weiner (D-NY), Welch (D-VT), Wexler (D-FL), Woolsey (D-CA), Wu (D-OR), D.Young (R-AK).