

Financing the Response to AIDS in Low- and Middle-Income Countries: International Assistance from Donor Governments in 2010

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Introduction

The last decade saw a dramatic rise in resources devoted to addressing the HIV epidemic in low- and middle-income countries, contributing to significant scale up of treatment and prevention efforts. In marking the 30th year of the epidemic, UNAIDS recently reported that treatment access had increased more than 20 times and new infections fell by nearly 25% over the decade.¹

While resources from all sectors – multilateral institutions; the private sector; and low and middle income country governments and the households and individuals within them – have been key to this scale-up, international assistance by donor governments has been one of the most critical, accounting for most of the funding for HIV in many hard hit countries. Donor governments provide assistance through both bilateral aid and contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) and other financing channels such as UNITAID (the international drug purchase facility).

Despite the rise in resources, UNAIDS estimates a resource gap of US\$6 billion annually.² Additionally, the decade of funding increases by donors to combat the HIV/AIDS epidemic appears to be over in the wake of the global economic crisis. After flattening for the first time in 2009, donor government funding for HIV/AIDS fell in 2010. While some of decline is due to exchange rate fluctuations, there were real decreases by several donors. This raises questions about the future of the response to the epidemic, and will be important to monitor over time.

Each year, UNAIDS and the Kaiser Family Foundation collect and analyze data to document international assistance for AIDS in low- and middle- income countries.³ This latest report provides data from 2010, the most recent year available. As such, it represents funding levels reflecting budgeting decisions that occurred during the aftermath of the global economic crisis. The analysis is based on data provided by governments – including the Group of Eight (G8), Australia, Denmark, Ireland, The Netherlands, Norway, Spain, Sweden, and other donor government members of the Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC) -- as well as from the European Commission (EC). It includes bilateral assistance and contributions to the Global Fund and UNITAID.

Key Highlights

Funding for international AIDS assistance provided by donor governments declined by 10 percent over the 2009-2010 period, marking the first time year-to-year support has fallen in more than a decade of tracking efforts:

- Disbursements (actual resources available in a given year) were US\$6.9 billion in 2010, compared to \$7.6 billion in 2009 (see Chart 5). The decrease primarily reflects reductions in direct bilateral funding by several governments as well as currency fluctuations.
- The drop in funding for the AIDS response between 2009 and 2010 comes after years of significant increases. Disbursements rose by more than six-fold between 2002 and 2008 before leveling in 2009, and dropping in 2010 (see Chart 5).
- In 2010, funding provided to the Global Fund totalled US\$2.9 billion, of which US\$1.6 billion (or 56%) represents an adjusted “AIDS share” (see Chart 8). Funding for UNITAID totalled US\$318 million, of which US\$173 million (54.4%) represents an adjusted “AIDS share”.

As has been shown in prior year reports³, most international assistance to combat the epidemic is provided bilaterally, although funding channels vary by donor.

- Bilateral assistance as identified for purposes of this analysis (which includes funding earmarked for AIDS through multilateral instruments, such as UNAIDS), accounted for 74% of disbursements in 2010 (US\$5.1 billion, see Chart 7); the remainder was provided multilaterally through the Global Fund and UNITAID.
- Funding channel patterns vary significantly by donor (see Chart 9).
- Other international financing sources include multilateral institutions such as U.N. agencies, multilateral development banks such as the World Bank, and the private sector.

Key Highlights continued...

As has been the case over the past decade, a subset of donor governments continues to account for the majority of international AIDS assistance provided:

- In 2010, the United States (U.S.) was the largest donor in the world, accounting for more than half (54.2%) of disbursements by governments. The U.K. accounted for the second largest share of disbursements in 2010 (13.0%), followed by France (5.8%), the Netherlands (5.1%), Germany (4.5%), and Denmark (2.5%) (see Chart 6).

At the same time, funding from many donor governments decreased in 2010, contributing to the overall decline in disbursements:

- Seven of 15 governments assessed had a year-to-year decrease in their currency of origin, including Australia, Germany, the Netherlands, Norway, Spain, Sweden, and the U.S. Even after adjusting into a U.S. dollar equivalent, disbursements dropped among several donors. Due to currency fluctuations, however, when measured in US dollars, Australia showed a slight increase in its contributions, even though its contributions dipped in its own currency. Conversely, Denmark showed a slight decrease in US dollars, even though it increased contributions in its own currency. Finally, one donor government – Italy – made no contribution to the Global Fund in 2010.
- A delay in disbursements from the U.S. was a significant factor in the overall decline. In recent years, the U.S. has seen rapid increases in its support to combat the epidemic, fueling much of the growth in overall HIV spending. However, the U.S. experienced a slower rate of disbursement in 2010 compared to the prior year, from US\$4.4 billion in 2009 to US\$3.7 billion in 2010, despite U.S. enacted levels holding steady. The slowdown occurred as a result of additional requirements put in place by Congress in 2008 during reauthorization of the President's Emergency Plan for AIDS Relief (PEPFAR) through legislation calling on PEPFAR to develop partnership agreements with recipient countries and requires the U.S. to certify that certain conditions are in place at the Global Fund to Fight AIDS, Tuberculosis and Malaria before full payments are made. As a result, some funds appropriated in 2010 will be disbursed in later years; in fact, U.S. disbursements have already resumed a faster pace. Nevertheless, as the single largest donor, the U.S. delay affected the overall financial picture for the year.

Key Highlights continued...

One question that often arises is what constitutes a donor's "fair share" of resources. Yet, assessing "fair share" in the context of international assistance is complex and there is no single, agreed upon methodology for doing so. Two different methodologies were used in this analysis:

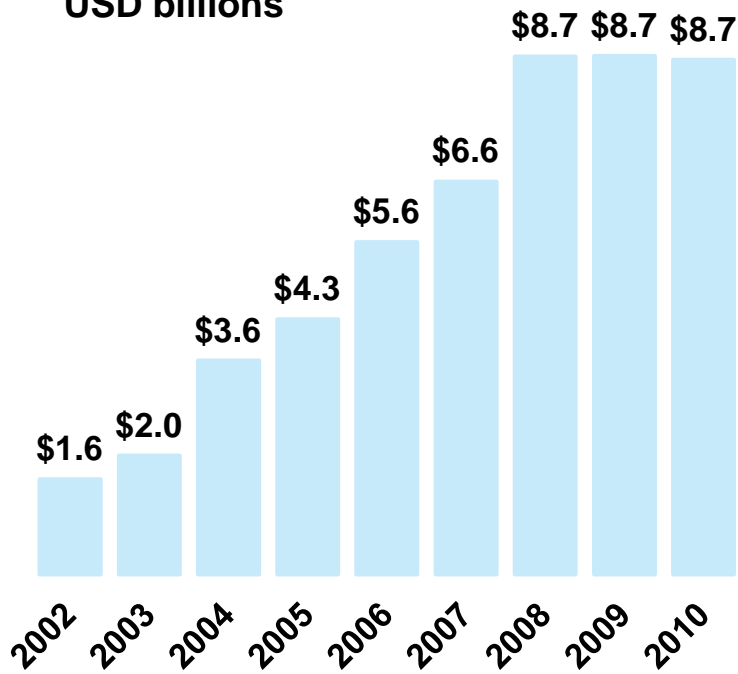
- *Share of Resources for AIDS Compared to GDP:* The U.S. provided 24% of the funding available for AIDS from all sources (donor governments, multilaterals, the private sector, and domestic sources), the largest share of any donor and just above its share of the world's economy as measured by gross domestic product or GDP (23% in 2010). The U.K., the Netherlands, Sweden, Norway, Denmark, and Ireland also provided greater shares of total AIDS resources than their shares of GDP (see Chart 10).
- *GDP per US\$1 Million:* When standardized by GDP per US\$1 million, to account for differences in the sizes of government economies, Denmark provided the highest amount of resources for AIDS in 2010, followed by the Netherlands, Ireland, the United Kingdom, and Sweden. The U.S. was seventh (see Chart 11).

Endnotes

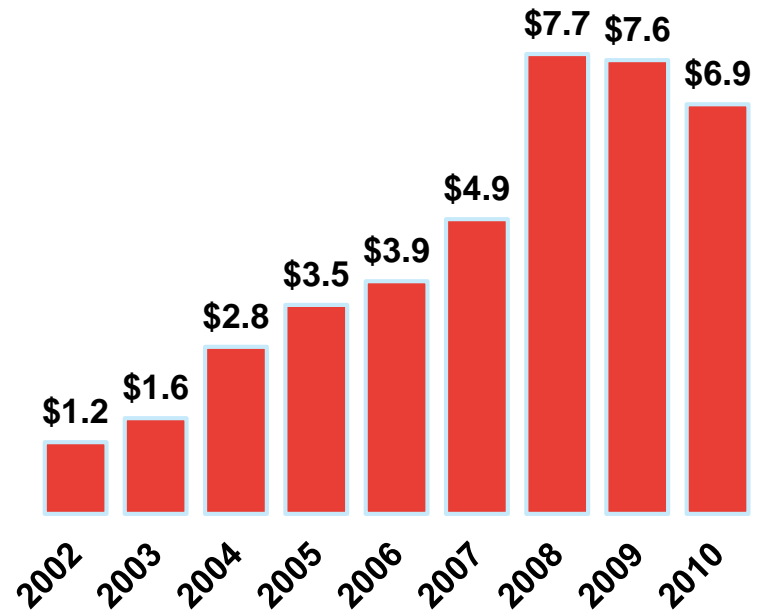
1. UNAIDS, *AIDS at 30: Nations at the crossroads*, June 2011.
2. UN General Assembly, *Political Declaration on HIV/AIDS: Intensifying our Efforts to Eliminate HIV/AIDS*, A/RES/65/277, June 2011.
3. See, Kaiser Family Foundation, <http://www.kff.org/hivaids/7347.cfm>.

International AIDS Assistance from Donor Governments: Commitments & Disbursements, 2002-2010

USD billions



**Commitments
(Enacted Amounts)**

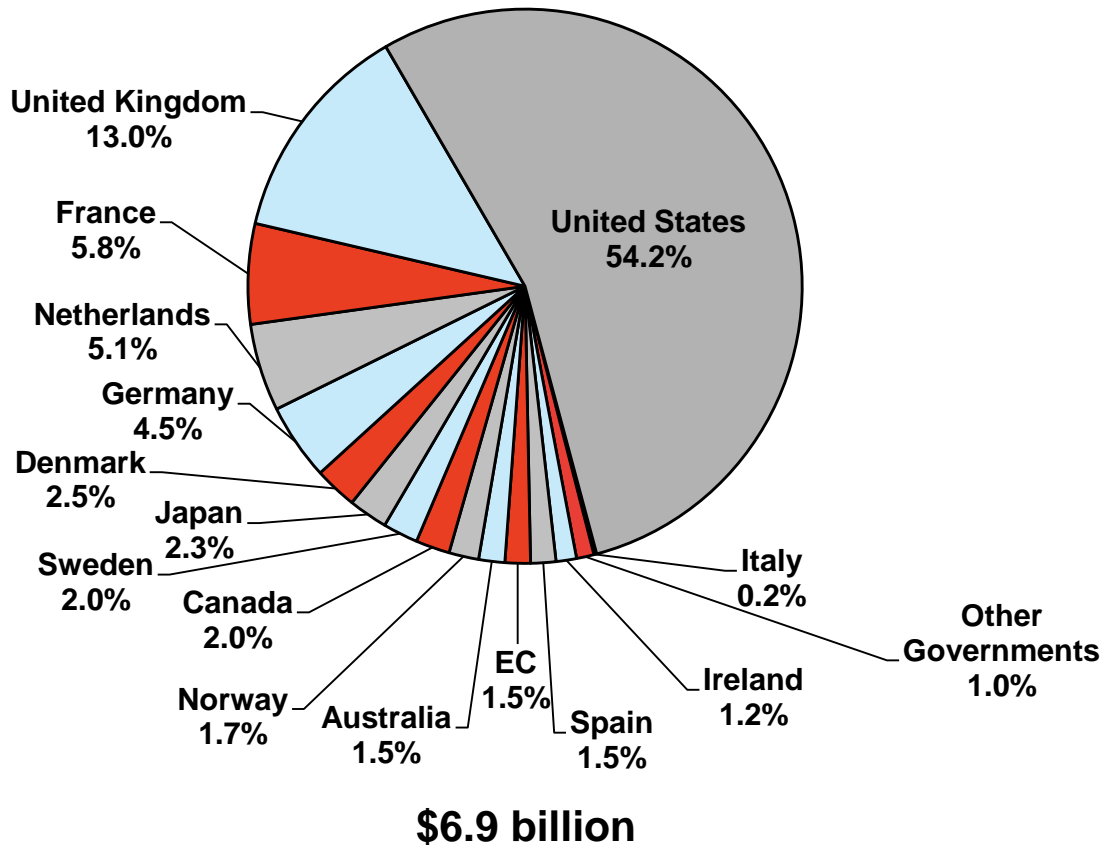


Disbursements

Sources: UNAIDS and Kaiser Family Foundation analyses; Global Fund to Fight AIDS, Tuberculosis and Malaria online data queries; UNITAID Annual Report 2010; OECD CRS online data queries; UNAIDS, PCB(13)/02.5, 28 November 2002; UNAIDS, PCB(14)/03 Conference Paper 2a, 25 June 2003. Notes: Bilateral funding includes HIV-earmarked multilateral funding but does not include the Global Fund or UNITAID. Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (56% for HIV). UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (54.4% for HIV). Data from 2002 and 2003 do not include Global Fund contributions. See Methodology for additional detail.

International AIDS Assistance: Donor Governments as Share of Total Donor Government Disbursements, 2010

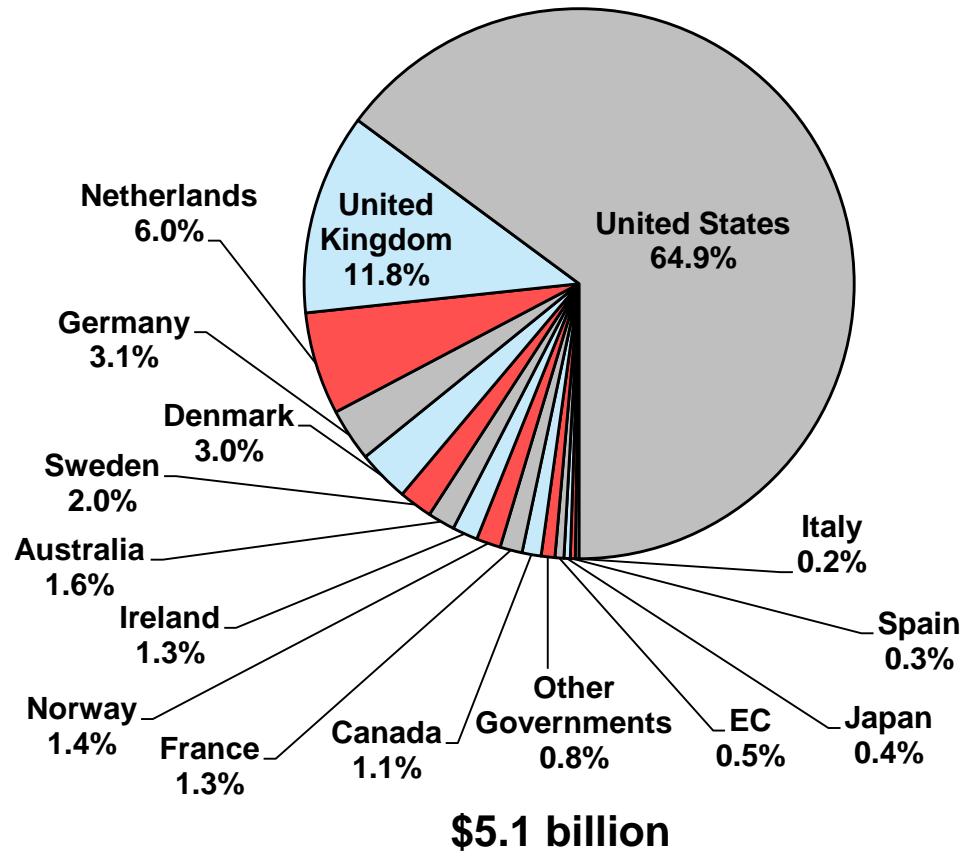
USD billions



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2011; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, January 2011; UNITAID Annual Report 2010; OECD CRS online data queries; UNAIDS, PCB(13)/02.5, 28 November 2002; UNAIDS, PCB(14)/03 Conference Paper 2a, 25 June 2003. Notes: Bilateral funding includes HIV-earmarked multilateral funding but does not include the Global Fund or UNITAID; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (56% for HIV). UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (54.4% for HIV). Data from 2002 and 2003 do not include Global Fund contributions. See Methodology for additional detail.

International AIDS Assistance: Donor Governments as Share of Bilateral Disbursements, 2010

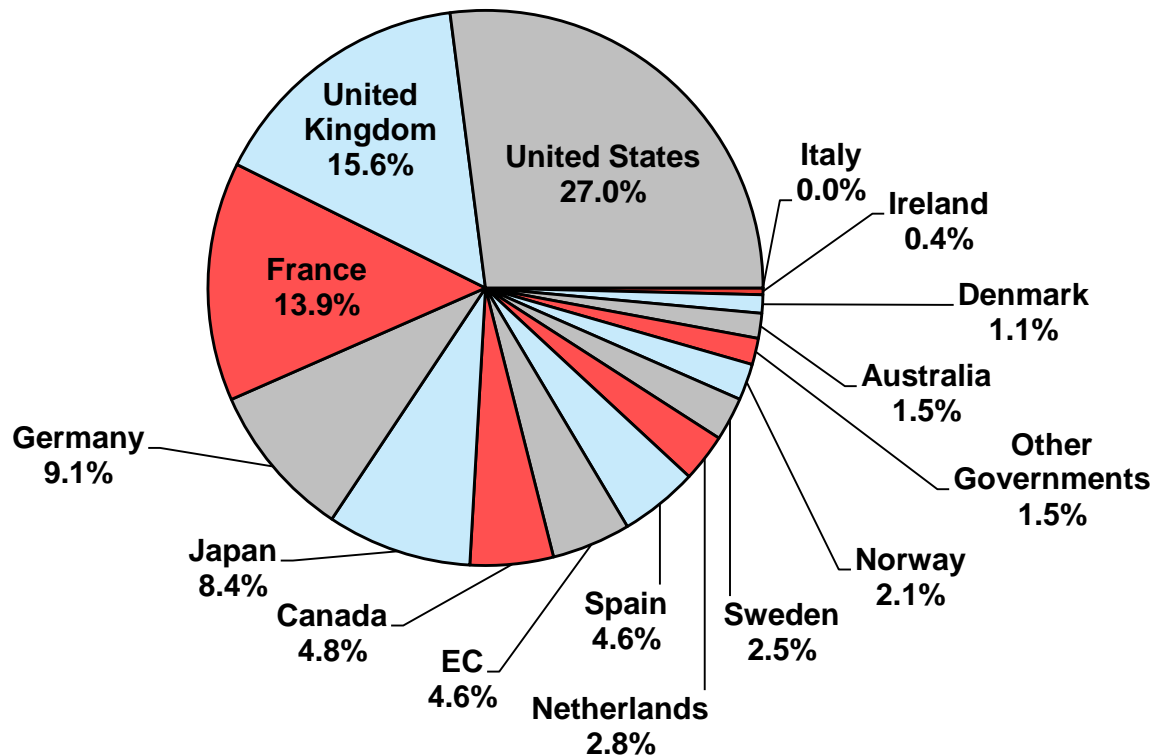
USD billions



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2011; OECD CRS online data query, July 2011.
Notes: Bilateral funding includes HIV-earmarked multilateral funding, but does not include the Global Fund or UNITAID. See Methodology for additional detail.

International AIDS Assistance: Donor Governments as Share of Global Fund Contributions by Donor Governments, 2010

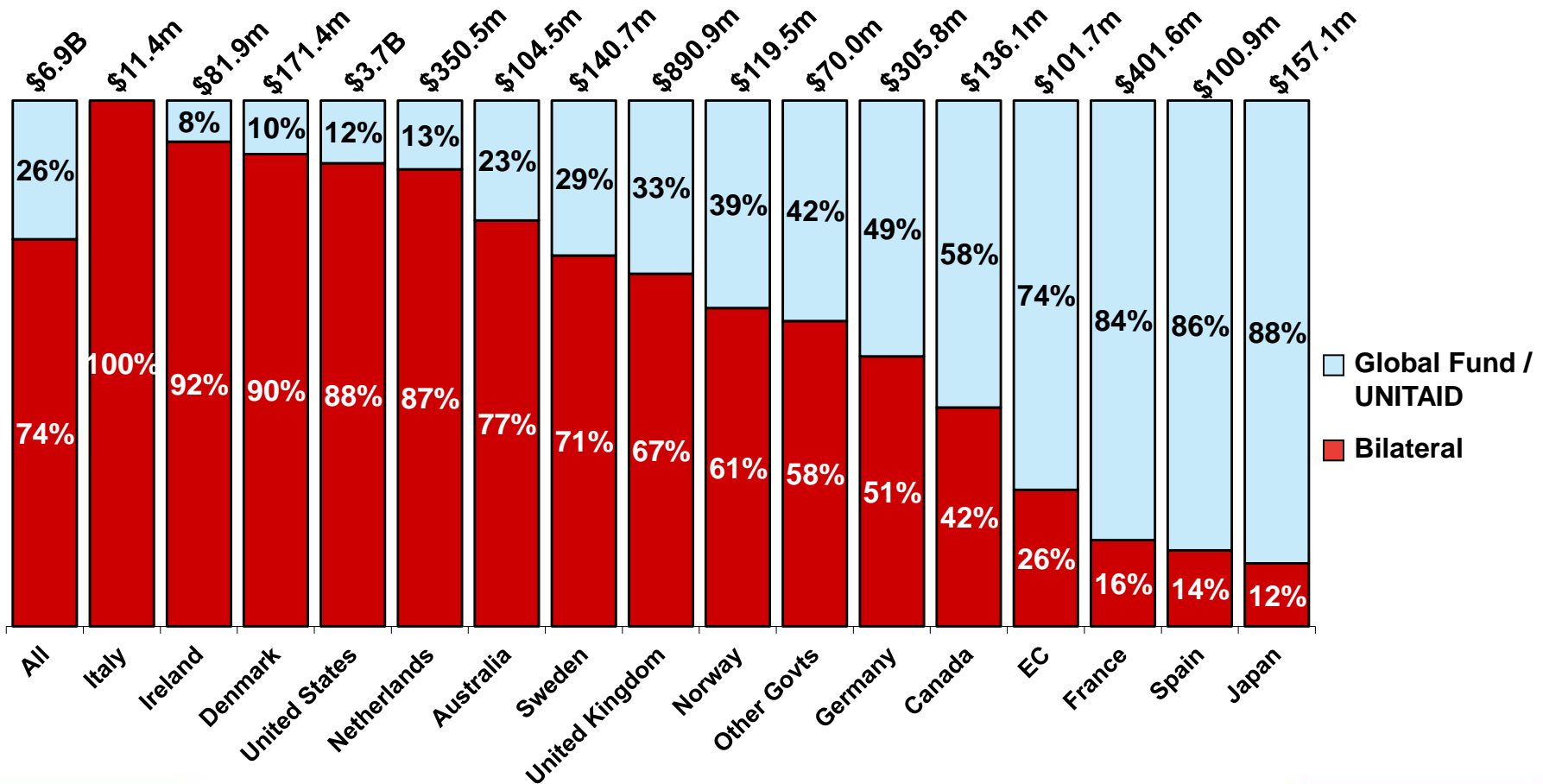
USD billions



\$1.6 billion

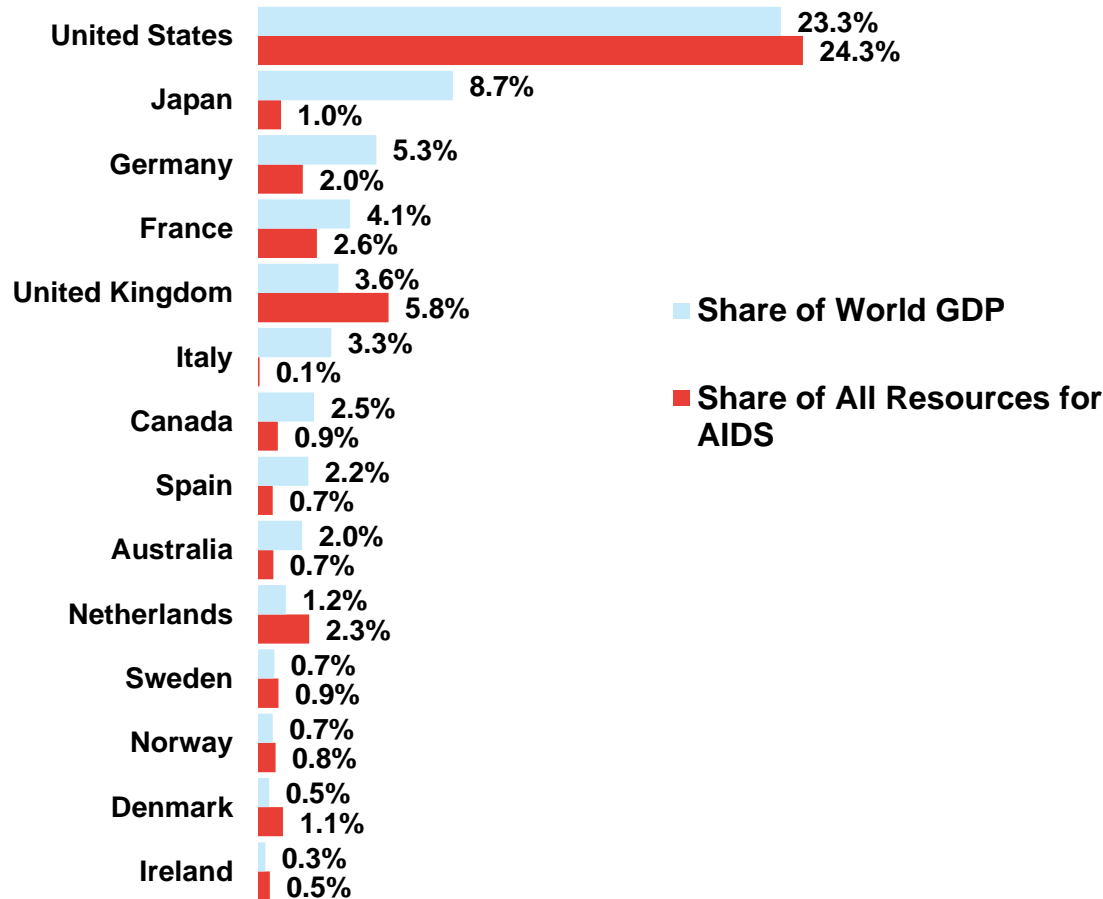
Sources: UNAIDS and Kaiser Family Foundation analysis, July 2011; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, January 2011. Notes: Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (56% for HIV). *Members of the OECD's Development Assistance Committee (DAC): www.oecd.org/dac. See Methodology for additional detail.

International AIDS Assistance: Funding Channels for Donor Government Disbursements, 2010



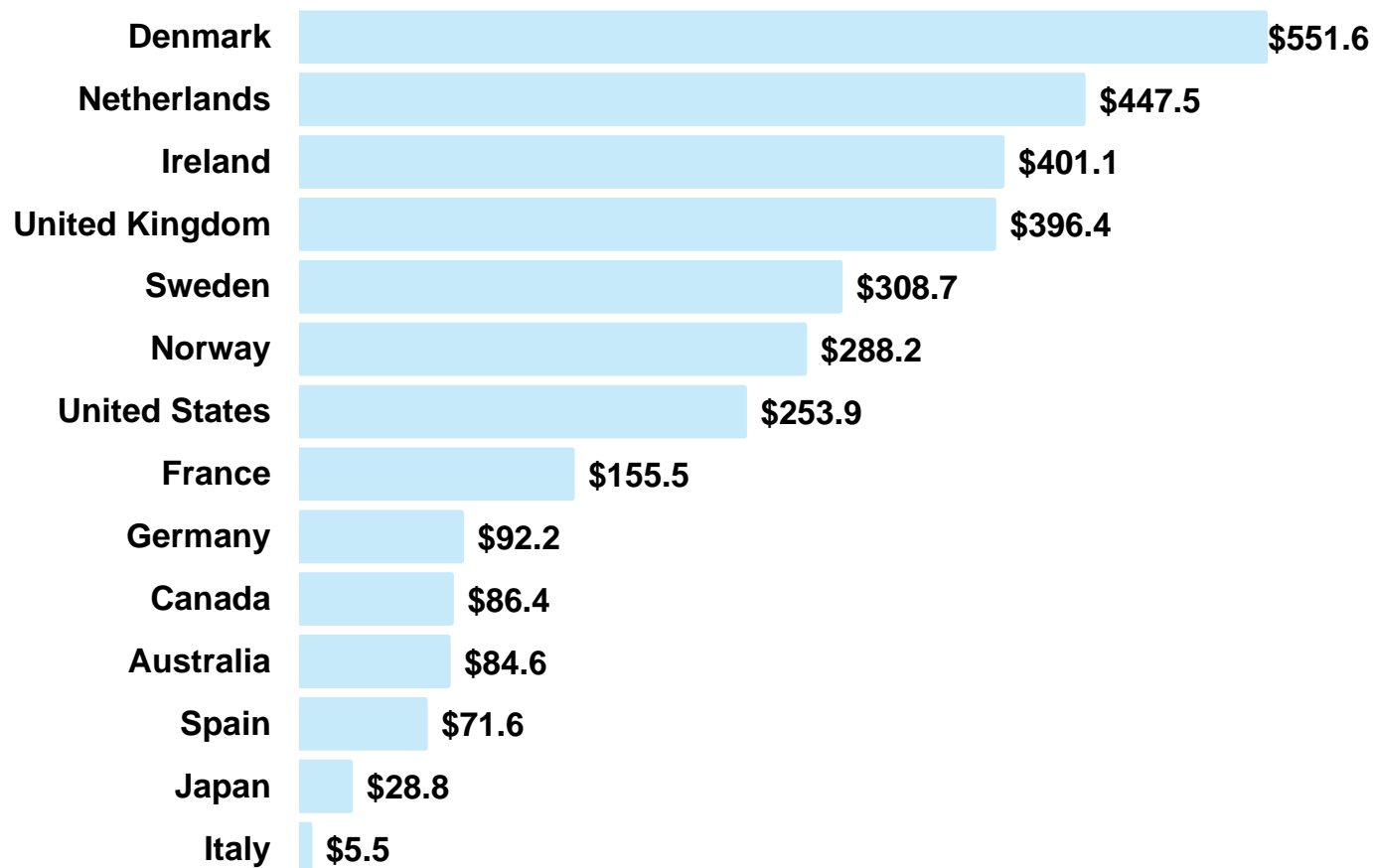
Sources: UNAIDS and Kaiser Family Foundation analysis, July 2011; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, January 2011; UNITAID Annual Report 2010; OECD CRS online data query, July 2011; UNAIDS, PCB(13)/02.5, 28 November 2002; UNAIDS, PCB(14)/03 Conference Paper 2a, 25 June 2003. Notes: Bilateral funding includes HIV-earmarked multilateral funding; Multilateral funding includes Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (56% for HIV) and UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (54.4% for HIV). See Methodology for additional detail.

Assessing Fair Share 1: Donor Share of World GDP* Compared to Donor Share of All Resources Available for AIDS, 2010



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2011; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, January 2011; UNITAID Annual Report 2010; International Monetary Fund, World Economic Outlook Database, July 2011. Notes: *GDP = gross domestic product. Bilateral funding includes HIV-earmarked multilateral funding, but does not include the Global Fund or UNITAID; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (56% for HIV). UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (54.4% for HIV). Resources available are estimated and represent disbursements from all sources. See Methodology for additional detail.

Assessing Fair Share 2: Donor Rank by Disbursements for AIDS per US\$1 Million GDP*, 2010



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2011; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, January 2011; UNITAID Annual Report 2010; International Monetary Fund, World Economic Outlook Database, July 2011. Notes: *GDP = gross domestic product. Bilateral funding includes HIV-earmarked multilateral funding, but does not include the Global Fund or UNITAID. Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (56% for HIV). UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (54.4% for HIV). See Methodology for additional detail.

International AIDS Assistance from Donor Governments, Summary Data Table, 2010

USD millions

Government	Bilateral Disbursements	Global Fund		UNITAID		Total Disbursements
		Total (100%)	Adjusted (56%)	Total (100%)	Adjusted (54.4%)	
Australia	\$ 80.7	\$ 42.5	\$ 23.8			\$ 104.5
Canada	\$ 56.7	\$ 141.8	\$ 79.4			\$ 136.1
Denmark	\$ 153.9	\$ 31.2	\$ 17.5			\$ 171.4
France	\$ 66.0	\$ 407.3	\$ 228.1	\$ 197.7	\$ 107.5	\$ 401.6
Germany	\$ 157.0	\$ 265.8	\$ 148.8			\$ 305.8
Ireland	\$ 75.5	\$ 11.5	\$ 6.4			\$ 81.9
Italy	\$ 11.4	\$ 0.0	\$ 0.0			\$ 11.4
Japan	\$ 18.8	\$ 246.9	\$ 138.2			\$ 157.1
Netherlands	\$ 304.7	\$ 81.8	\$ 45.8			\$ 350.5
Norway	\$ 72.3	\$ 62.0	\$ 34.7	\$ 22.8	\$ 12.4	\$ 119.5
Spain	\$ 14.6	\$ 133.7	\$ 74.9	\$ 21.1	\$ 11.5	\$ 100.9
Sweden	\$ 99.2	\$ 74.0	\$ 41.5			\$ 140.7
United Kingdom	\$ 597.6	\$ 456.9	\$ 255.9	\$ 68.8	\$ 37.4	\$ 890.9
United States	\$ 3,278.9	\$ 791.2	\$ 443.1			\$ 3,722.0
European Commission	\$ 26.4	\$ 134.4	\$ 75.3			\$ 101.7
Other DAC Governments	\$ 40.6	\$ 45.0	\$ 25.2	\$ 7.6	\$ 4.1	\$ 70.0
TOTAL	\$ 5,054.5	\$ 2,925.8	\$ 1,638.4	\$ 318.0	\$ 173.0	\$ 6,866.0

G8 Members in **Bold**. G8 share is 82% of total disbursements.

Sources: UNAIDS and Kaiser Family Foundation analysis, July 2011; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, January 2011; UNITAID Annual Report 2010; OECD CRS online data query, July 2011. Notes: Bilateral funding includes HIV-earmarked multilateral funding but does not include the Global Fund or UNITAID. Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (56% for HIV). UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (54.4% for HIV). Global Fund contributions from all governments correspond to amounts received by the Fund during the 2010 calendar year, regardless of which contributor's fiscal year such disbursements pertain to. U.K., Canadian, and Japanese data are preliminary estimates.. Netherlands disbursement data differ from HGIS annual reports, due to exclusion of TB and malaria funding, imputed multilateral funding, and indirect administrative costs. "Other DAC government" totals represent 2009 data reported to the OECD and 2010 data by the Global Fund and UNITAID. See Methodology for additional detail.

Annex: Methodology

This project represents a collaboration between the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the Kaiser Family Foundation. Data provided in this report were collected and analyzed by UNAIDS and the Kaiser Family Foundation. The Stimson Center conducted research for this project.

Bilateral and multilateral data on donor government assistance for AIDS in low- and middle-income countries were collected from multiple sources. The research team solicited bilateral assistance data directly, from the governments of Australia, Canada, Denmark, France, Germany, Ireland, Japan, The Netherlands, Norway, Spain, Sweden, The United Kingdom, and The United States during the first half of 2011, representing the fiscal year 2010 period. Direct data collection from these donors was desirable because the latest official statistics on international AIDS specific assistance – from the Organisation for Economic Co-operation and Development (OECD) Creditor Reporting System (CRS) (see: <http://www.oecd.org/dataoecd/20/29/31753872.htm>) – are from 2009 and do not include all forms of international assistance (e.g., the CRS no longer collects data on aid to countries and territories in transition, such as those in Central and Eastern Europe and the Newly Independent States of the former Soviet Union). In addition, the CRS data may not include certain funding streams provided by donors, such as HIV components of mixed grants to non-governmental organizations. The research team therefore undertook direct data collection from the donors who provide significant shares for international AIDS assistance through bilateral channels.

Where donor governments were members of the European Union (EU), the research team ensured that no double-counting of funds occurred between EU Member reported amounts and EC reported amounts for international AIDS assistance. Figures obtained directly using this approach should be considered as the upper bound estimation of financial flows in support of HIV-related activities. Although the Russian Federation is a Member of the G8 and has contributed to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), it has also been a net recipient of AIDS assistance, and therefore is not included in the donor analysis.

Methodology continued...

Data for all other governments – Austria, Belgium, Finland, Greece, Luxembourg, New Zealand, Portugal, Switzerland – were obtained from the OECD CRS and are from calendar year 2009; these data, therefore, do not necessarily reflect 2010 calendar year amounts. However, collectively, these governments have accounted for less than 5 percent of bilateral commitments and disbursements in each of the past several years.

Data included in this report represent funding assistance for HIV prevention, care, treatment and support activities, but do not include funding for international HIV research conducted in donor countries (which is not considered in estimates of resource needs for service delivery of HIV-related activities).

Bilateral funding is defined as any earmarked (HIV-designated) amount, including earmarked contributions to multilateral organizations, such as UNAIDS. In some cases, donors use policy markers to attribute portions of mixed-purpose projects to HIV. This is done, for example, by the European Commission, the Netherlands, Norway, Denmark, and the UK. U.S. bilateral “enacted” data, or “commitments”, correspond to amounts appropriated for the 2010 fiscal year. Global Fund contributions from all governments correspond to amounts received by the Fund during the 2010 calendar year, regardless of which contributor’s fiscal year such disbursements pertain to. Data from the U.K., Canada, and Japan should be considered preliminary estimates. With the exception of the U.S., disbursements were used as a proxy for “enacted” amounts. Netherlands disbursement data differ from HGIS annual reports, due to exclusion of TB and malaria funding, imputed multilateral funding, and indirect administrative costs.

Methodology continued...

Included in multilateral funding were contributions to the Global Fund (see: <http://www.theglobalfund.org/en/>), and UNITAID (see: <http://www.unitaid.eu/>). All Global Fund contributions were adjusted to represent 56% of the donor's total contribution, reflecting the Fund's reported grant approvals for HIV-related projects to date. The Global Fund attributes funds received to the years that they were pledged rather than the year of actual receipt. As a result, Global Fund totals presented in this report may differ from those currently available on the Global Fund website. UNITAID contributions were adjusted to represent 54.4% of the donor's total contribution, reflecting UNITAID's reported commitments for HIV-related projects to date. Other than contributions provided by governments to the Global Fund and UNITAID, un-earmarked general contributions to United Nations entities, most of which are membership contributions set by treaty or other formal agreement (e.g., the World Bank's International Development Association or United Nations country membership assessments), are not identified as part of a donor government's AIDS assistance even if the multilateral organization in turn directs some of these funds to AIDS. Rather, these would be considered as AIDS funding provided by the multilateral organization, as in the case of the World Bank's efforts, and are not considered for purposes of this report.

Bilateral assistance data were collected for disbursements. A disbursement is the actual release of funds to, or the purchase of goods or services for, a recipient. Disbursements in any given year may include disbursements of funds committed in prior years and in some cases, not all funds committed during a government fiscal year are disbursed in that year. In addition, a disbursement by a government does not necessarily mean that the funds were provided to a country or other intended end-user. Enacted amounts represent budgetary decisions that funding will be provided, regardless of the time at which actual outlays, or disbursements, occur. In recent years, most governments have converted to cash accounting frameworks, and present budgets for legislative approval accordingly; in such cases, disbursements were used as a proxy for enacted amounts. In the U.S. case, both enacted and disbursement data were available for analysis.

Methodology continued...

Data collected directly from the Australian, Canadian, Japanese, UK, and U.S. (enacted levels) governments reflect the fiscal year (FY) period as defined by the donor, which varies by country. U.S. disbursement data is arrayed on a 2010 calendar-year basis. The U.S. fiscal year runs from October 1-September 30. The Australian fiscal year runs from July 1-June 30. (Because the Australian fiscal year runs from July 1-June 30, Australian Global Fund contributions align partly with a period during which Global Fund attributions of HIV/AIDS funding were publicly stated at 61%. If applied to the Australian contribution, this would produce an upward adjustment of \$1.8 million in HIV/AIDS assistance.) The fiscal years for Canada, Japan, and the U.K. are April 1-March 31. The EC, Denmark, France, Germany, Italy, Ireland, the Netherlands, Norway, Spain, and Sweden use the calendar year. The OECD uses the calendar year, so data collected from the CRS for other donor governments reflect January 1-December 31. Among the key multilateral institutions analyzed, the World Bank fiscal year is July 1-June 30. Most UN agencies use the calendar year and their budgets are biennial. The Global Fund's fiscal year is also the calendar year.

All data are expressed in US dollars (USD). Where data were provided by governments in their currencies, they were adjusted by average daily exchange rates to obtain a USD equivalent, based on foreign exchange rate historical data for 2010, available from the U.S. Federal Reserve (see: <http://www.federalreserve.gov/>). Data obtained from the Global Fund were already adjusted by the Global Fund to represent a USD equivalent based on date of receipts. Data on gross domestic product (GDP) were obtained from the International Monetary Fund's World Economic Outlook Database and represent current price data for 2010 (see: <http://www.imf.org/external/pubs/ft/weo/2011/01/weodata/index.aspx>).

UNAIDS, the Joint United Nations Programme on HIV/AIDS, is an innovative United Nations partnership that leads and inspires the world in achieving universal access to HIV prevention, treatment, care and support. Learn more at unaids.org.

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