

Financing the response to AIDS in low- and middle-income countries: International assistance from the G8, European Commission and other donor Governments, 2007

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Introduction

Financing a sufficient and sustained response to the HIV/AIDS epidemic in low- and middle- income countries has emerged as one of the world's greatest challenges, and one that will be with us for the foreseeable future. International assistance from donor governments, through bilateral aid and contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) as well as other financing channels, is a critical part of this response. Other international financing sources include multilateral institutions and the private sector. Domestic spending by many affected-country governments to combat their epidemics, as well as spending by households and individuals within these countries, are also major parts of the response. Funding from all these sources has risen over the past decade. Despite these increases, however, the difference between UNAIDS' estimates of resource needs compared to resources available in 2007 was at least \$8 billion, a difference that could even grow larger over the next few years. Most of this difference will need to be filled by the international community.

This analysis provides the latest available data on international assistance for AIDS in low- and middle-income countries provided by donor governments, including the Group of Eight (G8), the European Commission (EC), Australia, Ireland, The Netherlands, Sweden, and other donor governments who are members of the Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC), and provide international HIV/AIDS assistance. The data were collected and analyzed through a collaborative effort between UNAIDS and the Kaiser Family Foundation. The Henry L. Stimson Center also conducted research for this project.

Key Highlights

In 2007, international AIDS assistance from the G8, EC, and other donor governments reached its highest level ever:

- Commitments totalled US\$6.6 billion, of which US\$5.4 billion was through bilateral channels (including earmarked multilateral commitments) and US\$1.2 billion to the Global Fund (adjusted to represent the AIDS share).
- For every ten dollars committed in 2007, more than seven were disbursed (including disbursements against both current and past commitments), totalling US\$4.9 billion in disbursements, or resources made available for AIDS in low- and middle- income countries by donor governments.

Funding from donor governments has risen significantly over the past several years:

- Between 2002 and 2007, commitments and disbursements each increased by at least four-fold, although commitments rose at a faster rate than disbursements.
- In the most recent period, 2006 to 2007, disbursements rose faster than commitments (27% compared to 19%, respectively).

Key Highlights continued...

Increases in international AIDS assistance from donor governments have been driven by a subset of G8 Members and, notably, a few non-G8 Members:

- In 2007, the United States was the largest donor in the world, accounting for more than 40% of disbursements by governments. Among resources available in 2007 for the fight against AIDS in low-and middle- income countries from all sources (domestic and international), the U.S. accounted for 20%, the largest share.
- The United Kingdom accounted for the second largest share of disbursements from all donor governments, followed by the Netherlands. Sweden and Ireland each accounted for larger shares than some G8 Members.

Most funding provided by donor governments is channelled bilaterally or earmarked through multilateral instruments (and therefore here considered bilateral), accounting for 75% of disbursements in 2007; the remainder is provided through the Global Fund. Funding channel patterns vary significantly by donor.

Key Highlights continued...

UNAIDS estimates that US\$18.1 billion was needed to address the epidemic in low- and middle- income countries in 2007:

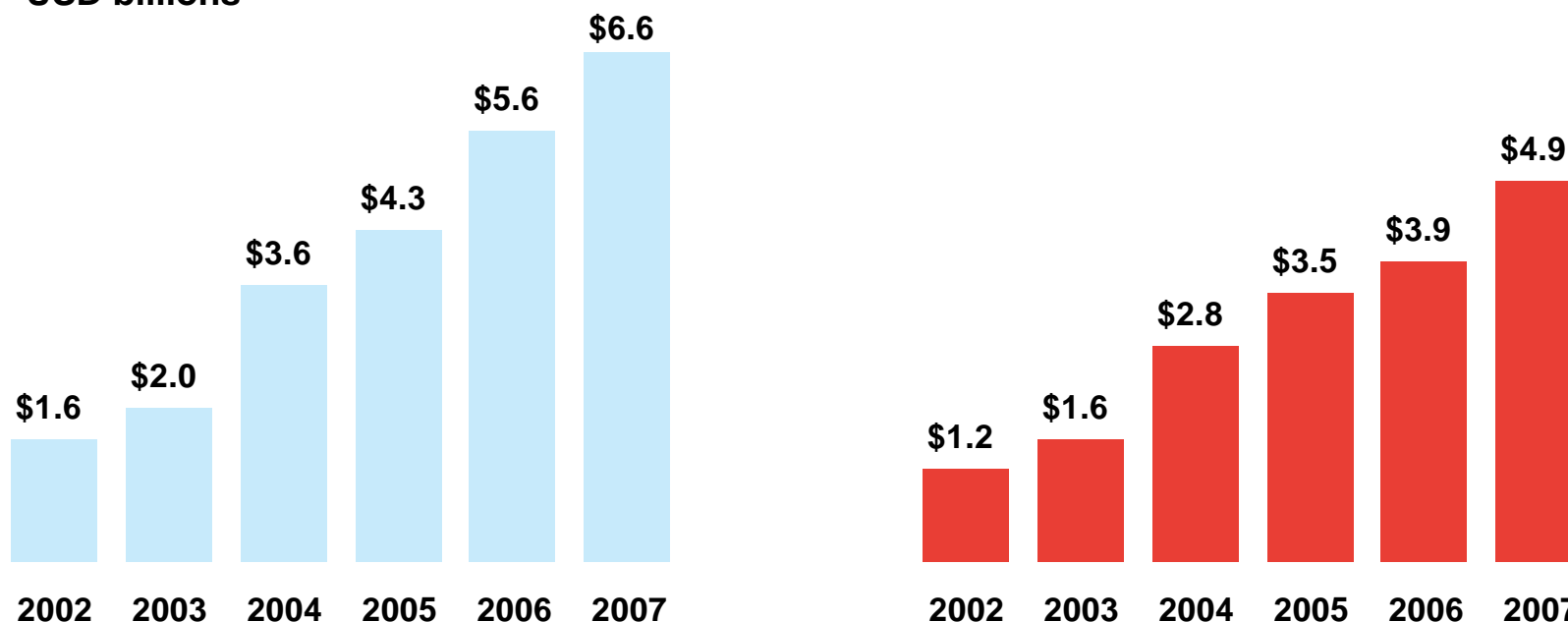
- Of this, an estimated US\$10.0 billion was available from all sources (public and private), with bilateral international assistance accounting for almost 40% (US\$3.7 billion in disbursements).
- The U.S., U.K., and the Netherlands accounted for the largest shares of such assistance funding.
- Still, there was a gap of US\$8.1 billion between resources available from all sources and resources needed in 2007, as estimated by UNAIDS.

Assessing “fair share” in the context of international assistance is a challenging task and there is no single, agreed upon methodology for doing so. Two different methodologies used in this analysis indicate that, in 2007:

- The U.S. provided one-fifth (20%) of the funding available for AIDS from all sources (donor governments, multilaterals, the private sector, and domestic sources), the largest share of any donor, but less than its share of the world’s economy as measured by gross domestic product or GDP(26% in 2007). The U.K., the Netherlands, Sweden, and Ireland each provided greater shares of all resources for AIDS than their shares of GDP.
- When standardized by GDP per US\$1 million, to account for differences in the sizes of government economies, the Netherlands provided the highest amount of resources for AIDS in 2007, followed by Sweden and Ireland. The U.K. was fourth and the U.S., fifth.

International AIDS Assistance: Trends in G8/EC & Other Donor Government Assistance, 2002-2007

USD billions



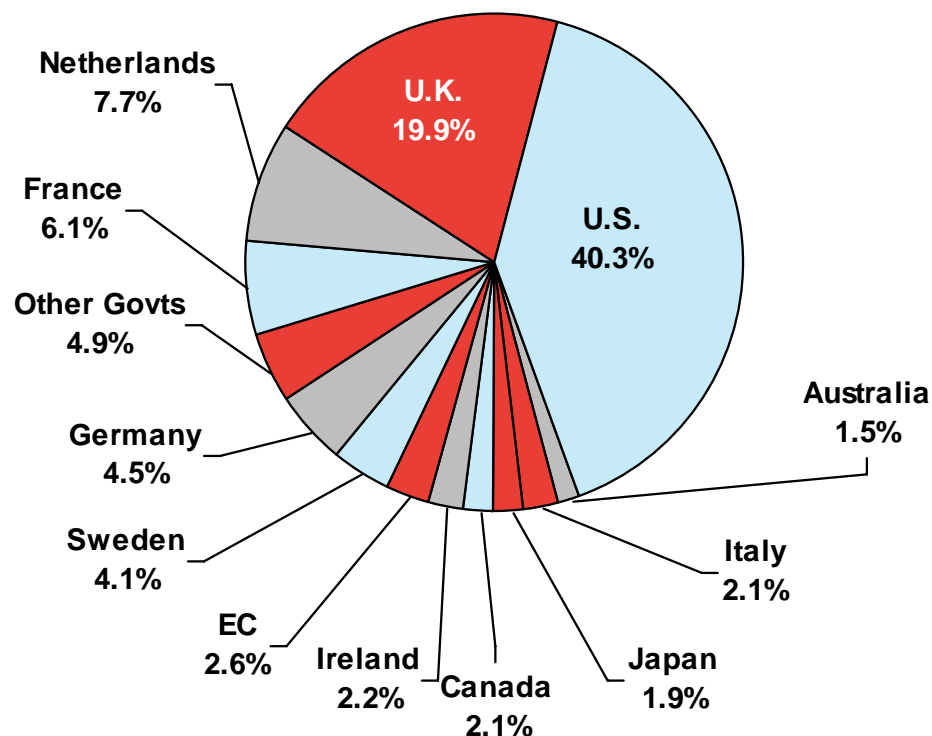
Commitments

Disbursements

Sources: UNAIDS and Kaiser Family Foundation analyses; Global Fund to Fight AIDS, Tuberculosis and Malaria online data queries; 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; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (58% for HIV). Data from 2002 and 2003 do not include Global Fund contributions. See Methodology for additional detail.

International AIDS Assistance: G8/EC & Other Donor Governments as Share of Total Disbursements, 2007

USD billions

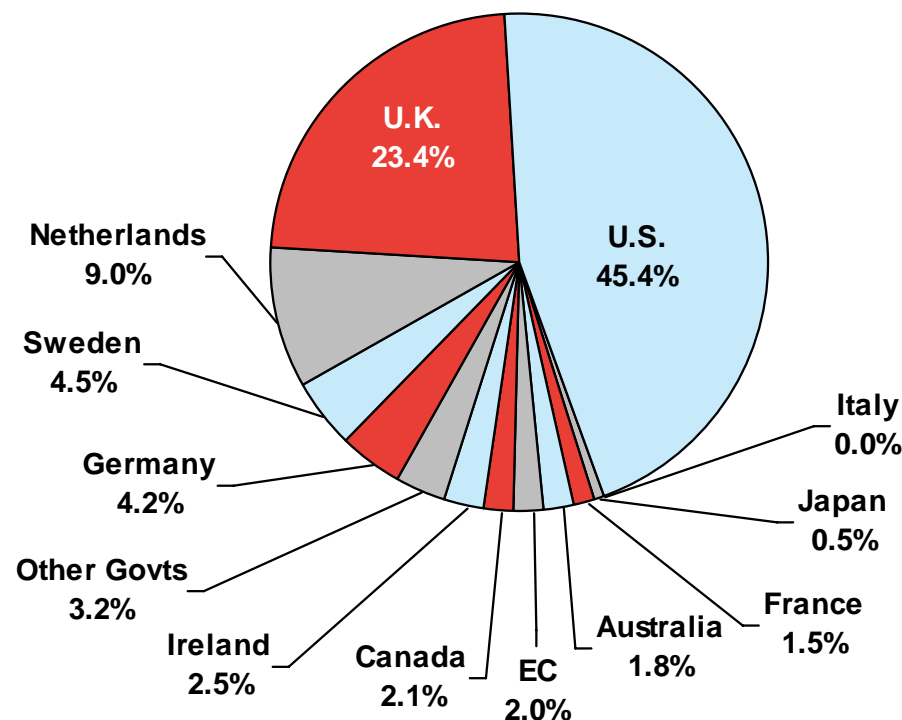


\$4.9 billion
Total Disbursements

Sources: UNAIDS and Kaiser Family Foundation analysis June 2008; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2008; OECD CRS online data query June 2008. Notes: Bilateral funding includes HIV-earmarked multilateral funding, other than the Global Fund; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (58% for HIV). See Methodology for additional detail.

International AIDS Assistance: G8/EC & Other Donor Governments as Share of Bilateral Disbursements, 2007

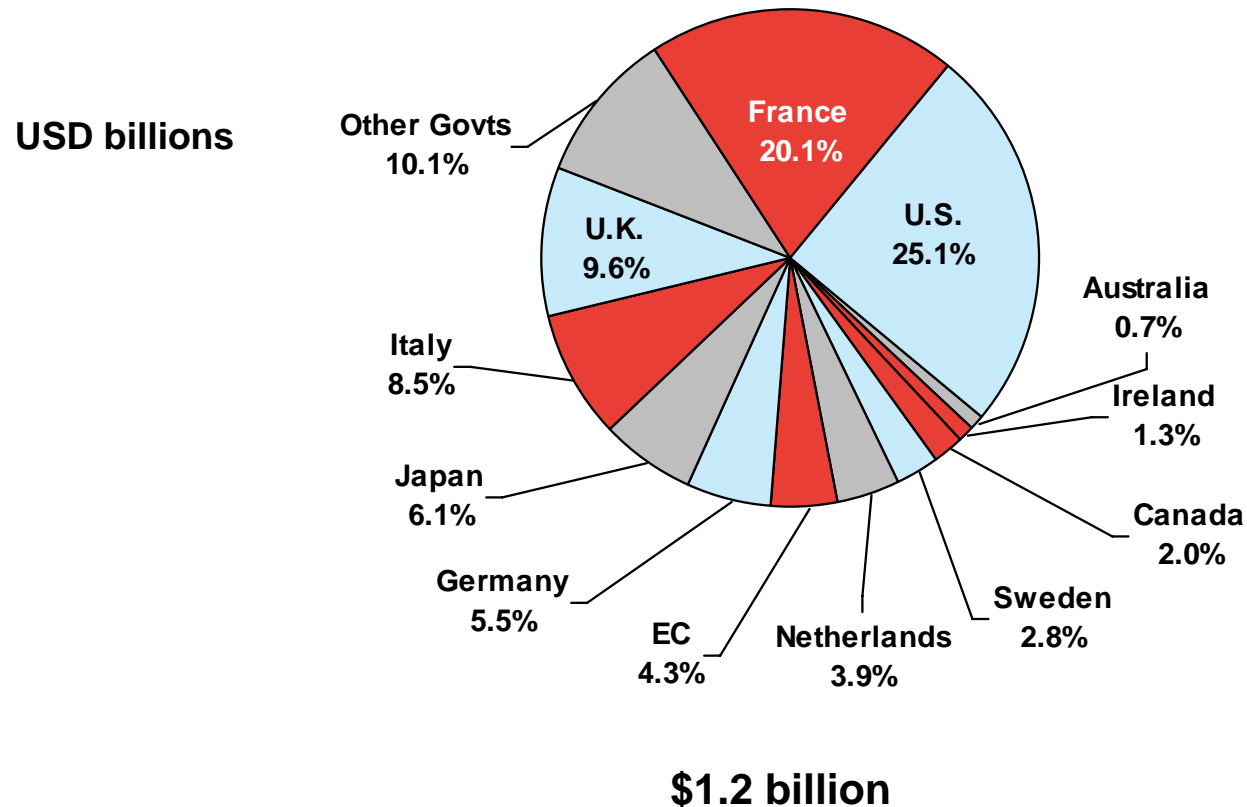
USD billions



\$3.7 billion
Bilateral Disbursements

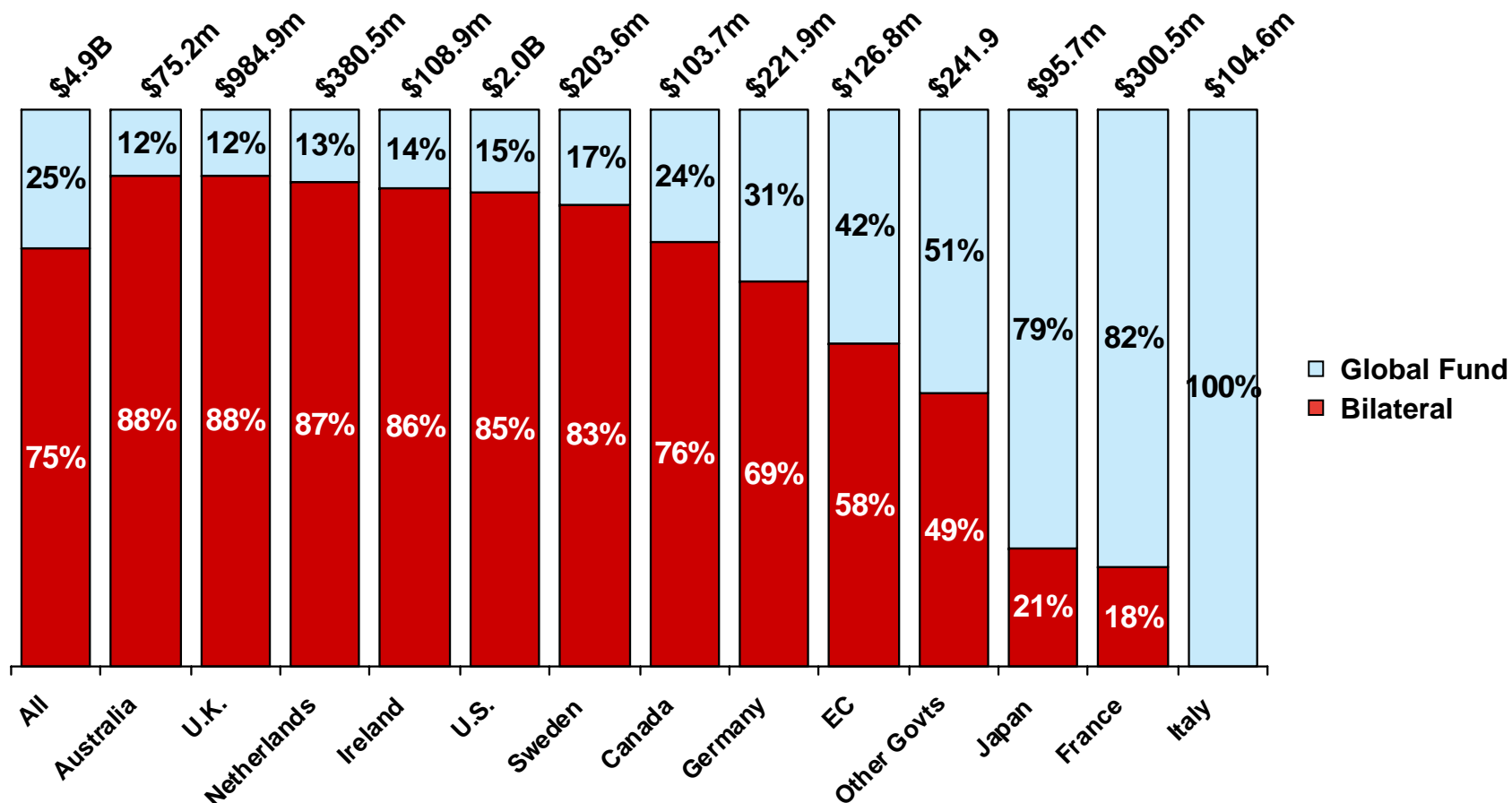
Sources: UNAIDS and Kaiser Family Foundation analysis June 2008; OECD CRS online data query June 2008.
Notes: Bilateral funding includes HIV-earmarked multilateral funding, other than the Global Fund;
See Methodology for additional detail.

International AIDS Assistance: G8/EC & Other Donor Governments as Share of Global Fund Contributions for AIDS from DAC Donor Governments, 2007



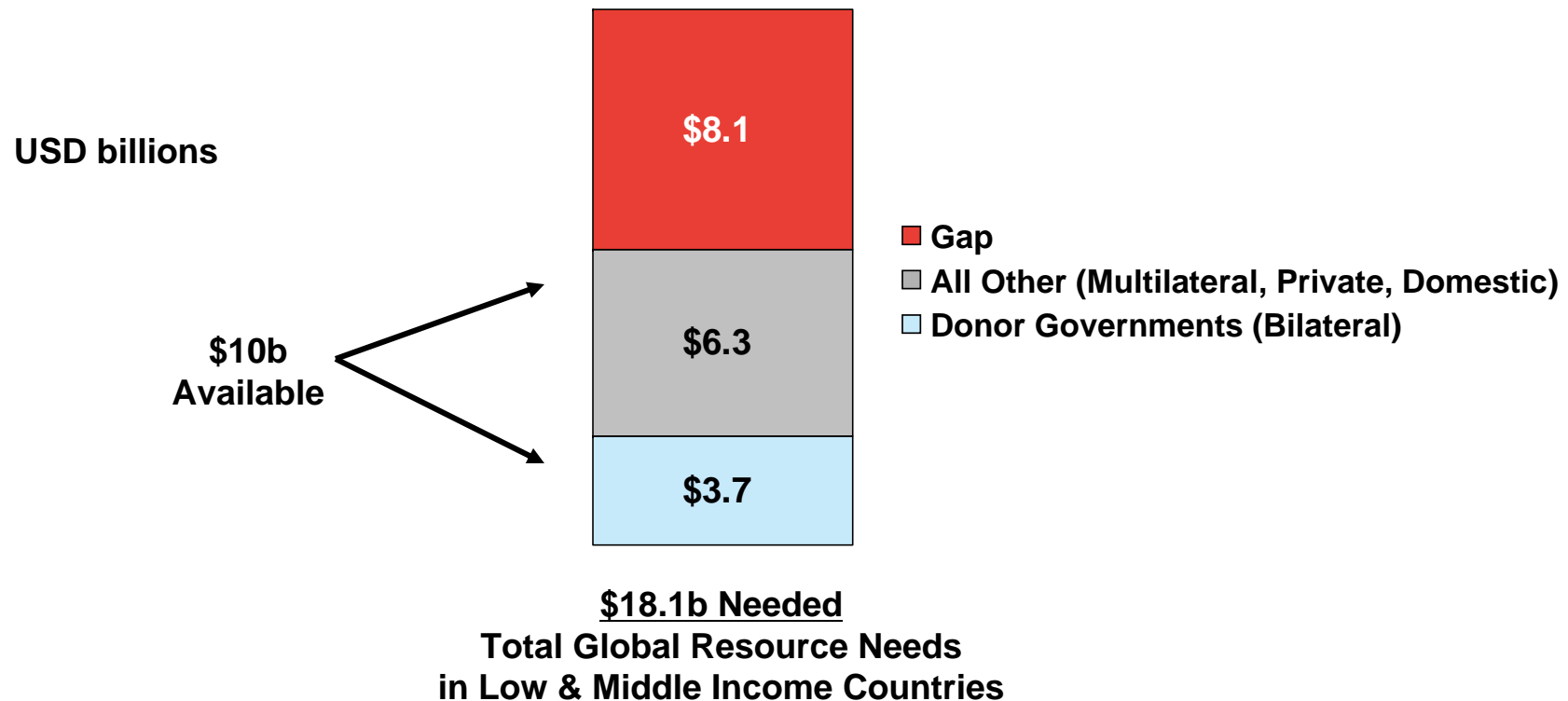
Sources: UNAIDS and Kaiser Family Foundation analysis, June 2008; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2008. Notes: Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (58% for HIV). See Methodology for additional detail.

International AIDS Assistance: G8/EC Funding Channels for Disbursements, 2007



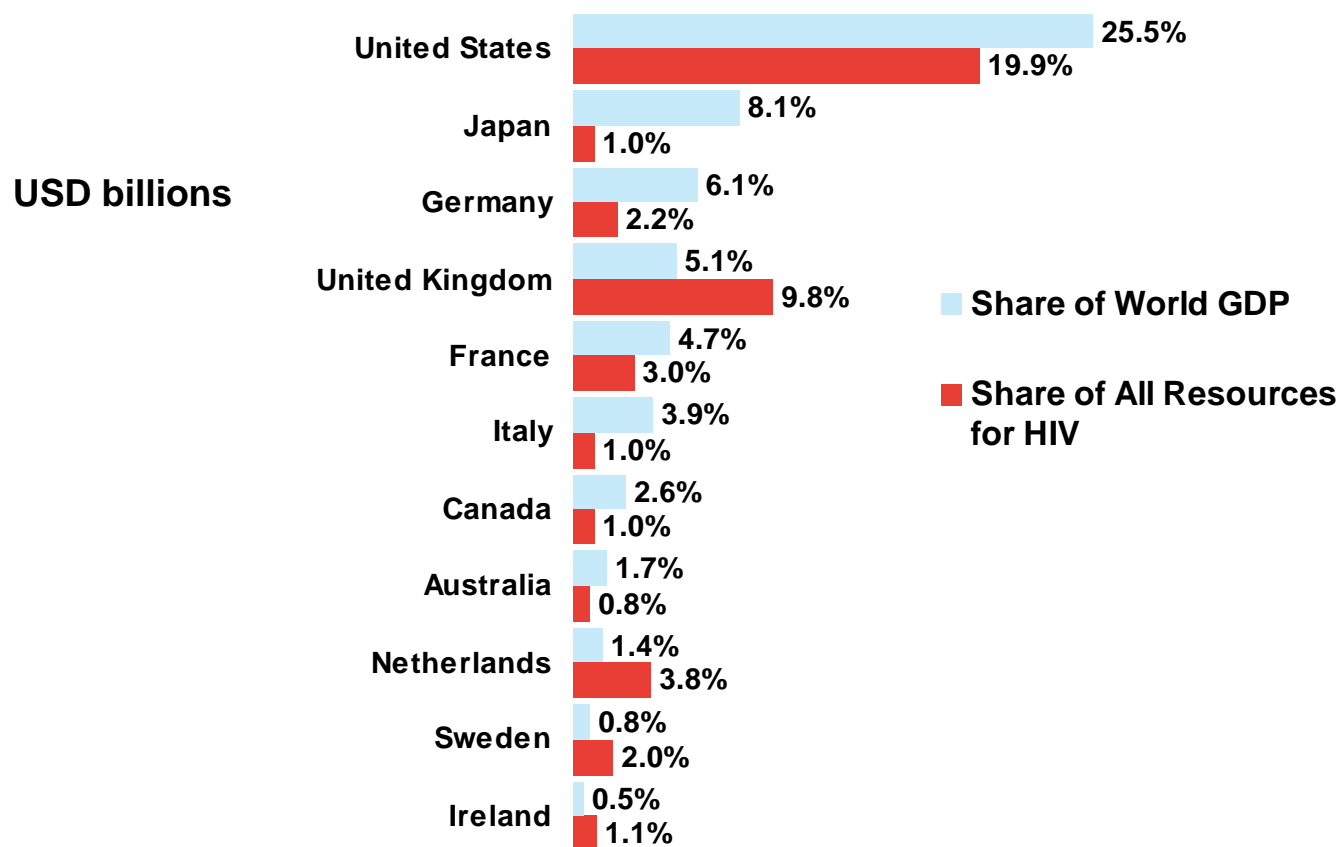
Sources: UNAIDS and Kaiser Family Foundation analysis June 2008; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2008; OECD CRS online data query June 2008. Notes: Bilateral funding includes HIV-earmarked multilateral funding, other than the Global Fund; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (58% for HIV). See Methodology for additional detail.

Resources Available for AIDS from All Sources Compared to UNAIDS Estimate of Resources Needed, 2007



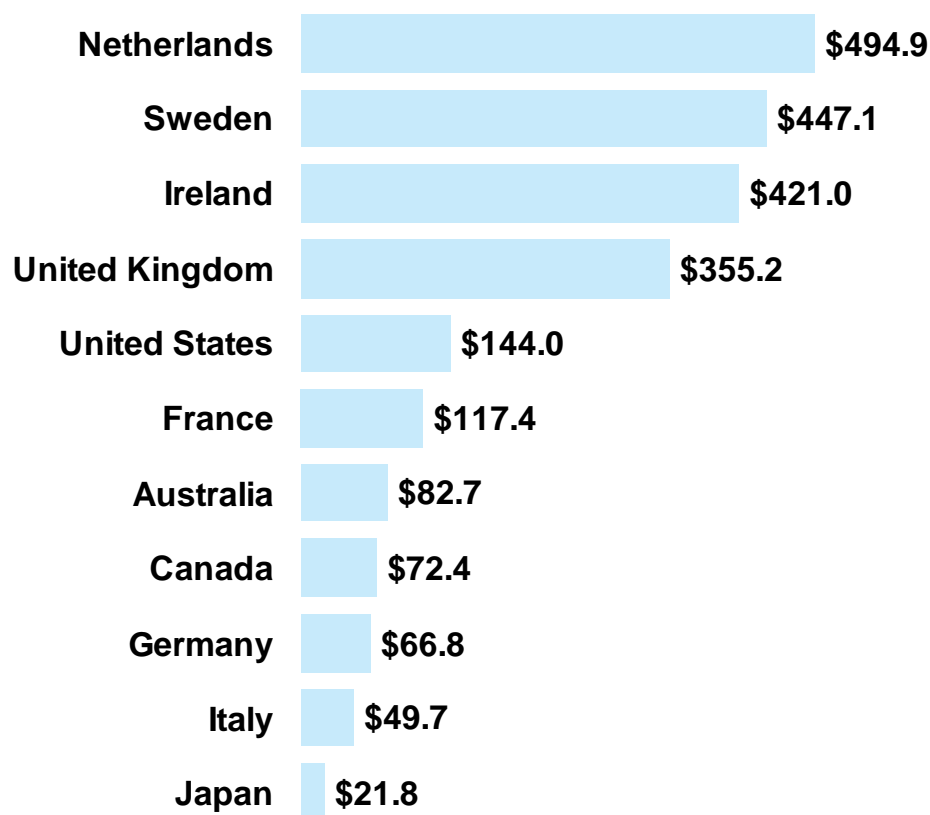
Sources: UNAIDS and Kaiser Family Foundation analysis June 2008; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2008; OECD CRS online data query June 2008; UNAIDS, 2006 Report on the Global AIDS Epidemic. Notes: Bilateral funding includes HIV-earmarked multilateral funding other than the Global Fund; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (58% for HIV). Other financing sources include multilateral, private, and domestic government funding. Resources available are estimated and represent disbursements from all sources. See Methodology for additional detail.

Assessing Fair Share 1: Donor Share of World GDP Compared to Donor Share of All Resources Available for AIDS, 2007



Sources: UNAIDS and Kaiser Family Foundation analysis June 2008; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2008; International Monetary Fund, World Economic Outlook Database, April 2008. Notes: Bilateral funding includes HIV-earmarked multilateral funding, other than the Global Fund; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (58% 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, 2007



Sources: UNAIDS and Kaiser Family Foundation analysis June 2008; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2008; International Monetary Fund, World Economic Outlook Database, April 2008. Notes: Bilateral funding includes HIV-earmarked multilateral funding, other than the Global Fund; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (58% for HIV). See Methodology for additional detail.

International AIDS Assistance: G8/EC & Other Donor Governments, Summary Data Table, 2007

USD millions

| Government | Bilateral | | Global Fund | Global Fund | Total | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Commitment | Disbursement | (100%) | Adjusted (58%) | Commitment | Disbursement |
| Australia | \$ 74.7 | \$ 66.3 | \$ 15.3 | \$ 8.9 | \$ 83.6 | \$ 75.2 |
| Canada | \$ 79.5 | \$ 79.1 | \$ 42.4 | \$ 24.6 | \$ 104.1 | \$ 103.7 |
| France | \$ 54.4 | \$ 54.1 | \$ 424.9 | \$ 246.4 | \$ 300.8 | \$ 300.5 |
| Germany | \$ 155.0 | \$ 154.2 | \$ 116.7 | \$ 67.7 | \$ 222.7 | \$ 221.9 |
| Ireland | \$ 93.2 | \$ 93.2 | \$ 27.0 | \$ 15.7 | \$ 108.9 | \$ 108.9 |
| Italy | \$ - | \$ - | \$ 180.4 | \$ 104.6 | \$ 104.6 | \$ 104.6 |
| Japan | \$ 20.2 | \$ 20.2 | \$ 130.2 | \$ 75.5 | \$ 95.7 | \$ 95.7 |
| Netherlands | \$ 348.1 | \$ 332.5 | \$ 82.7 | \$ 48.0 | \$ 396.1 | \$ 380.5 |
| Sweden | \$ 168.7 | \$ 168.7 | \$ 60.1 | \$ 34.9 | \$ 203.6 | \$ 203.6 |
| United Kingdom | \$ 867.4 | \$ 867.4 | \$ 202.5 | \$ 117.5 | \$ 984.9 | \$ 984.9 |
| United States | \$ 3,337.5 | \$ 1,686.0 | \$ 531.0 | \$ 308.0 | \$ 3,645.5 | \$ 1,994.0 |
| European Commission | \$ 35.6 | \$ 74.0 | \$ 91.1 | \$ 52.8 | \$ 88.4 | \$ 126.8 |
| Other Governments | \$ 154.9 | \$ 118.0 | \$ 213.7 | \$ 123.9 | \$ 278.8 | \$ 241.9 |
| TOTAL | \$ 5,389.2 | \$ 3,713.7 | \$ 2,118.0 | \$ 1,228.4 | \$ 6,617.6 | \$ 4,942.1 |

G8 Members in **Bold**. G8 share is 82% of total commitments and 77% of total disbursements.

Sources: UNAIDS and Kaiser Family Foundation analysis June 2008; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2008; OECD CRS online data query June 2008. Notes: Bilateral funding also includes HIV-earmarked multilateral funding, other than the Global Fund; Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (58% for HIV). U.S. bilateral commitment data correspond to amounts appropriated by Congress for the 2007 fiscal year. U.S. Global Fund contributions correspond to amounts received by the Fund during the 2007 calendar year, regardless of which U.S. fiscal year such disbursements pertain to. U.K. and Canadian data are preliminary estimates. Canadian 2007 Global Fund contribution excludes 2005 pre-payment of C\$70 million. U.K., Irish, Swedish and Japanese disbursements used as proxy for commitments. German, Canadian and Irish disbursement data used to calculate commitments, based on an assumed lapse rate of .5%. French commitment data based on prior-year estimate of projected commitments in 2007, converted into dollars at 2007 rates and assumes a lapse rate of .5% for disbursements. Data shown as corresponding to Australian and Netherlands commitments are in fact "budgeted" disbursement figures, derived from prior-year published budgets. Netherlands disbursement data differ from HGIS annual reports, due to exclusion of TB and malaria funding, imputed multilateral funding, and indirect administrative costs. "Other government" totals represent 2006 data reported to the OECD and by the Global Fund. Japan data represents final 2006 disbursements. See Methodology for additional detail.

Annex: Methodology

This project represents a collaboration between the Joint United Nations Programme on AIDS (UNAIDS) and the Kaiser Family Foundation. Data provided in this report were collected and analyzed by UNAIDS and the Kaiser Family Foundation. The Henry L. Stimson Center also 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, using uniform protocols, from the governments of Australia, Canada, France, Germany, Italy, Ireland, Japan, The Netherlands, Sweden, The United Kingdom, The United States, and The European Commission during the first half of 2008, representing the fiscal year 2007 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) – are from 2006 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 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 made significant contributions to the Global Fund in 2007, it was a net recipient of HIV/AIDS assistance, and therefore is not included in the donor analysis.

Methodology continued...

Data for all other donor governments – Austria, Belgium, Denmark, Finland, Greece, Luxembourg, New Zealand, Norway, Portugal, Spain, Switzerland – were obtained from the OECD CRS and are from calendar year 2006; these data, therefore, do not necessarily reflect 2007 calendar amounts. However, collectively, these governments have accounted for less than 5 percent of bilateral commitments and disbursements in each of the past several years.

Because donor governments do report international assistance data to OECD each year, and these data are publicly available and considered official development statistics, a separate analysis is currently being undertaken by UNAIDS to systematically compare data provided by donors to the OECD with data provided to UNAIDS and Kaiser for this effort and to establish standards to explain any differences between the two data sets, taking into account reporting period differences.

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 (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 multilateral amounts, such as donor contributions to UNAIDS. In some cases, governments use policy markers to attribute portions of mixed-purpose projects to HIV. This was done by the European Commission, the Netherlands, and the UK.

Methodology continued...

U.S. bilateral commitment data correspond to amounts appropriated by Congress for the 2007 fiscal year. U.S. Global Fund contributions correspond to amounts received by the Fund during the 2007 calendar year, regardless of which U.S. fiscal year such disbursements pertain to. Data from the U.K., Canada, and Japan should be considered preliminary estimates. The Canadian 2007 Global Fund contribution excludes a year 2005 pre-payment of C\$70 million. U.K., Irish, Swedish and Japanese disbursements were used as a proxy for commitments. German, Canadian and Irish disbursement data were used to calculate commitments, based on an assumed lapse rate of .5%. French commitment data are based on prior-year estimate of projected commitments in 2007, converted into dollars at 2007 rates and assumes a lapse rate of .5% for disbursements. Data shown as corresponding to Australian and Netherlands commitments are in fact "budgeted" disbursement figures, derived from prior-year published budgets. Netherlands disbursement data differ from HGIS annual reports, due to exclusion of TB and malaria funding, imputed multilateral funding, and indirect administrative costs.

Included in multilateral funding were contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). Global Fund contributions were collected directly from donors and from the Global Fund's web-based database. All Global Fund contributions were adjusted to represent 58% of the donor's total contribution, reflecting the Fund's reported grant approvals for HIV-related projects to date. Other than contributions provided by governments to the Global Fund, un-earmarked general contributions to United Nation's 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 counted as AIDS funding provided by the multilateral organization, as in the case of the World Bank's efforts.

Bilateral assistance data were collected or estimated for both commitments and disbursements. Commitments, or obligations, represent firm decisions that funding will be provided, regardless of the time at which actual outlays, or disbursements, occur. In the U.S. case, both final enacted appropriations and obligations were available for the analysis and obligations were used to represent commitments.

Methodology continued...

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. Contributions made by donors to the Global Fund in a given year are considered to be disbursed by donors in full, although these funds are not necessarily disbursed by the Global Fund to programs in that same year. For purposes of assessing available resources against estimated need in a given year, disbursements are used, not commitments.

Data collected directly from donor governments reflect the fiscal year (FY) period as defined by the donor which varies by country. The U.S. fiscal year runs from October 1-September 30. The Australian fiscal year runs from July 1-June 30. The fiscal years for Canada, Japan, and the U.K. are April 1-March 31. The EC, France, Germany, Italy, Ireland, the Netherlands, 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. In some cases, therefore, data obtained directly from donors on their fiscal year 2007 contributions to the Global Fund may differ from amounts reported on the Global Fund's website, which are by calendar year. This is the case for Ireland and the U.S.

All data are expressed in US dollars (USD). Where data were provided by governments in their currencies, they were adjusted by average exchange rates to obtain a USD equivalent, based on foreign exchange rate historical data available from the U.S. Federal Reserve for 2007. Data obtained from the Global Fund were already adjusted by the Global Fund to represent a USD equivalent.



UNAIDS is an innovative joint venture of the United Nations, bringing together the efforts and resources of the UNAIDS Secretariat and ten UN system organizations in the AIDS response. The Secretariat headquarters is in Geneva, Switzerland—with staff on the ground in more than 80 countries. Coherent action on AIDS by the UN system is coordinated in countries through UN theme groups, and joint programmes on AIDS. UNAIDS' Cosponsors include UNHCR, UNICEF, WFP, UNDP, UNFPA, UNODC, ILO, UNESCO, WHO and the World Bank. Visit the UNAIDS Web site at www.unaids.org

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