

### Global Funding for HIV/AIDS in Resource Poor Settings

January 2004

#### Background

Early analyses estimated that \$7 to 10 billion would be needed annually to address the HIV/AIDS epidemic through programs of prevention, care, treatment, and impact mitigation (research needs were not included). Subsequent analyses projecting growth in need over time, tempered to reflect limitations in growth capacity, put total funding needs at \$4.7 billion for 2002, \$6.3 billion for 2003, rising to \$10.7 billion by 2005 and \$14.9 billion by 2007 (see Figure 1).<sup>1-3</sup> Funding to address the epidemic—provided by major donor governments, multilateral organizations, affected countries, and the private sector—has only recently increased to significant levels, but is still less than estimated need.

Assessments of resources available to address the global epidemic look at both budgeted funding and actual spending. “Budgeted funding” reflects final appropriations by government donors and final commitments by private sector donors. “Actual spending” reflects disbursements or outlays. Actual spending is typically less than budgeted funding, and in 2003 both are well below the estimated need of \$6.3 billion.

#### Current Funding

Budgeted funding for HIV/AIDS in 2003 is estimated to total \$4.2 billion.<sup>1,4-6</sup> This includes budgeted funding from donor governments (\$2 billion); the share of government contributions to the Global Fund to Fight AIDS, Tuberculosis, and Malaria used for HIV/AIDS (\$547 million); spending by United Nations (UN) agencies (\$350 million); the estimated grant equivalency of loan disbursements by the World Bank (\$120 million); and disbursements by foundations and major non-governmental organizations (\$200 million). It also includes an estimate by UNAIDS of resources provided by the national governments of affected countries (\$1 billion).<sup>1</sup> (See Table 1.) Not included are estimates of individual and household spending by those in affected countries, although such expenditures may be significant.

Actual spending in 2003 on global HIV/AIDS, derived primarily from estimates provided by the Joint United Nations Program on HIV/AIDS (UNAIDS), totals about \$3.6 billion, less than the estimate of budgeted funding of \$4.2 billion.<sup>1</sup> The difference is attributable to the variance between budgeted and actual spending by donor governments and to the lag time between receipt and disbursement of contributions to the Global Fund.

#### The United States and Other Donor Governments

Donor governments provide the majority (61%) of budgeted funding to address HIV/AIDS in resource poor settings utilizing bilateral and multilateral channels. In 2003, donor governments are budgeted to provide \$2.6 billion of HIV/AIDS support, most (\$2.0 billion or 79%) in the form of bilateral aid and the remainder (\$547 million or 21%) in contributions to the Global Fund used for HIV/AIDS.<sup>1,4,6</sup> (See Table 2.)

The United States has provided the highest amount of funding among donors to the global effort on HIV/AIDS, committing in aggregate over \$3 billion since 1996.<sup>4,5,7,8</sup> In fiscal year (FY) 2003, the US government will provide an estimated \$1.1 billion to support international HIV/AIDS activities, with \$852 million provided bilaterally for prevention, care, treatment, and support, and \$209 million contributed to the Global Fund for HIV/AIDS grants.<sup>4-6</sup>

This excludes funding for international research at the US National Institutes of Health and Centers for Disease Control and Prevention (\$263 million in FY 2003<sup>5,9</sup>), since international research estimates are not counted in estimates of need and spending by UNAIDS and others.

Comparing government donor commitments across countries is difficult. One method for doing so is to compare the share of the global economy, as measured by gross domestic product (GDP), to the share of HIV/AIDS support, as measured by governments' bilateral aid and Global Fund contributions. While the US accounts for about one-third (32%) of the world's GDP,<sup>10</sup> it accounts for 41% of funding provided by major donor governments and 25% of funding from all donor sources. When standardized by the relative size of its economy, however (the amount allocated to global HIV/AIDS per \$1 million GDP), the US ranked 6<sup>th</sup> among donor governments and Ireland ranked 1<sup>st</sup>.

#### Governments of Affected Countries

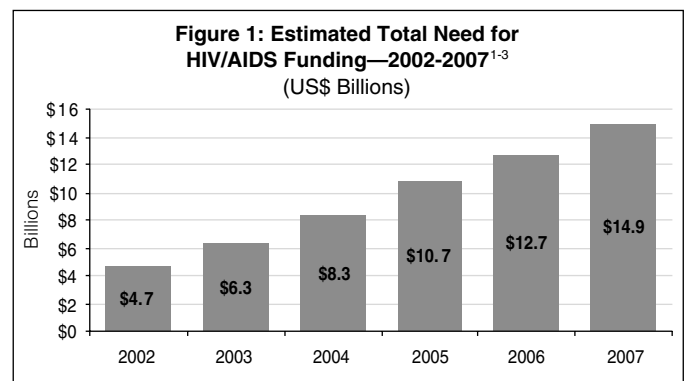
National governments of resource poor countries directed roughly \$1 billion to support domestic HIV/AIDS programs in 2002, an amount projected to rise slightly for 2003, according to UNAIDS.<sup>1</sup> The ratio of domestic spending to donor spending varies widely by country.

#### The Global Fund and Other Multilateral Efforts

The Global Fund, launched in 2001, is an independent, public-private partnership established to raise and disburse grants in support of programs to fight AIDS, tuberculosis, and malaria in resource poor settings. As of November 2003, the Global Fund had received pledges of over \$4.8 billion payable through 2008, and had received payments on these pledges totaling \$1.7 billion.<sup>6</sup> These payments have come from high-, middle-, and low-income countries (94%), foundations (6%), corporations, and individuals, though the vast majority has come from governments. Sixty percent of grant awards to date have been for HIV/AIDS.<sup>11</sup>

UN agencies support global HIV/AIDS efforts, both directly and through UNAIDS. In aggregate, the UN is projected to spend \$350 million in 2003, more than double the \$150 million spent in 2002.<sup>1</sup> In addition, the UN's World Food Program committed \$195 million to HIV/AIDS-related programs in 2002.<sup>12</sup>

The World Bank reports that it has committed almost \$2.2 billion to HIV/AIDS projects since 1986, primarily in the form of multi-year concessionary (below market-rate) loans to affected



governments.<sup>13</sup> According to UNAIDS calculations, the grant equivalency of disbursements on World Bank loans for HIV/AIDS (based on the difference between what has been loaned and the real dollar value of what would be repaid) are estimated at \$78 million in 2001, \$95 million in 2002, and \$120 million as of mid-year 2003.<sup>1</sup>

*The Private Sector: Foundations, Corporations, and NGOs*  
Private foundations, corporations, and nongovernmental organizations (NGOs) have become an increasingly important source of global HIV/AIDS resources. Funders Concerned About AIDS, an

**Table 1: Estimated Funding for Global HIV/AIDS—2003**  
(US\$ Millions)<sup>1, 4-6</sup>

	Estimated Amounts
1. US government bilateral	\$852
2. Other governments bilateral	1,163
3. Global Fund (HIV/AIDS only)	547
4. UN Agencies	350
5. World Bank	120
6. Foundations/NGOs	200
7. Affected Country Governments	1,000
<b>Total</b>	<b>\$4,232</b>

Line 1: Final appropriated amounts for US bilateral assistance. Excludes Global Fund contributions and funding for international HIV/AIDS research at NIH and CDC.

Line 2: From UNAIDS;<sup>1</sup> estimate of bilateral funding from donor governments other than the US for which final statutory and budget processes are complete.

Line 3: HIV/AIDS share of contributions to the Global Fund—from government donors only—paid in 2003.<sup>6</sup> Amount is 60% of total contributions, the proportion of grants approved to date for HIV/AIDS (the 40% balance funds grants for tuberculosis and malaria).<sup>11</sup>

Line 4: From UNAIDS;<sup>1</sup> budgeted spending by UN agencies from their general funds (not designated by donors to be used for HIV/AIDS).

Line 5: From UNAIDS;<sup>1</sup> estimate as of mid-2003, of the grant equivalency of disbursements on loans for HIV/AIDS (based on the difference between what has been loaned and the real dollar value of what would be repaid).<sup>1</sup>

Line 6: From UNAIDS;<sup>1</sup> for foundations, estimate of disbursements on grants; for non-governmental organizations, estimate of funding obtained through independent fundraising (net of assistance received from government, foundation, and other donors listed in this table).

Line 7: From UNAIDS;<sup>1</sup> rough estimate of domestic spending by affected country governments.

Note: Line 1 (US government) is for fiscal year 2003, whereas Line 2 (Other governments) is for calendar year 2003.

**Table 2: Total Estimated HIV/AIDS Funding from Major Donor Nations—2003**  
(US\$ Millions)<sup>1, 4-6</sup>

	Bilateral**	Global Fund***	Total
United States	\$852	\$209	\$1,061
United Kingdom	408	24	432
Germany	134	22	156
Japan	95	48	143
European Commission	93	30	123
Canada	94	15	109
Netherlands	82	20	102
Italy	36	60	96
France	36	35	72
Norway	51	10	61
Ireland	45	7	52
Australia	39	0	39
Other	50	66	116
<b>Total</b>	<b>\$2,015</b>	<b>\$547</b>	<b>\$2,562</b>

\*\* Bilateral amounts do not include funding for international research. Data for US derived by authors from primary sources, other countries from UNAIDS<sup>1</sup>

\*\*\* Global Fund amounts represent 60% of total contributed to the Global Fund for 2003, which is the percentage of grants awarded to date specifically for HIV/AIDS efforts (the balance was for malaria and TB).<sup>6, 11</sup>

affinity group of US-based foundations, estimated that US foundations committed \$292 million to domestic and international HIV/AIDS efforts in 2002.<sup>14</sup> Many of these commitments were for multi-year grants; UNAIDS has estimated that foundations and large NGOs together actually paid out at least \$200 million annually from 2001 to 2003 to support global HIV/AIDS programs.<sup>1</sup> Corporations and businesses also support HIV/AIDS programs in resource-poor countries through non-cash mechanisms such as price reductions for HIV/AIDS medicines and in-kind supports.

## Conclusion

Funding for global HIV/AIDS includes bilateral and multilateral support from donor governments; multilateral organizations; the private sector (businesses, foundations, and nongovernmental organizations); and domestic funding by the governments of aid-receiving countries. This funding picture is constantly changing and tracking such figures is complex, but increasingly important. The past few years have seen significant increases in funding for global HIV/AIDS by all major sectors and the formation of important new efforts and institutions to address the epidemic; still, current funding for global HIV/AIDS is less than estimated need and the enormity of the epidemic will continue to present funding challenges to all donors and particularly to those countries most affected by HIV/AIDS.

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