

An Overview Funding for Global HIV/AIDS

BY MAJOR DONOR GOVERNMENTS

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Financing the response to the global HIV/AIDS epidemic has emerged as one of the world's greatest challenges, and one that will be with us for the foreseeable future.

Often, those countries most affected also have the least resources, increasing their vulnerability to HIV/AIDS and complicating their ability to respond. This is especially true for many nations in sub-Saharan Africa.

In addition, there is concern about a "next wave" of the epidemic in several of the world's most populous nations, e.g. China, India and Russia, which stand on the brink of generalized epidemics. Yet analyses from a variety of sources, including UNAIDS, *The Lancet* and others, indicate that if effective programs in HIV prevention and treatment were truly brought to global scale, and on a sustained basis, millions of future infections could be prevented. Given the magnitude of the epidemic, the role of international donor assistance in low- and middle-income countries has been and continues to be critical.

Indeed, funding from international donors has risen significantly over the past several years. This is due to donor government assistance through bilateral aid and contributions to The Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund). Substantial funding is also provided by The World Bank and the private sector (foundations, corporations, international non-governmental organizations, and individuals). In addition, many affected governments allocate domestic resources to combat their epidemics, and households and individuals within these countries often shoulder at least some, if not most, of the financial burden. Taken together, it is estimated that resources made available from all of these funding streams rose from approximately \$300 million in 1996 to \$6.1 billion in 2004, and are expected to reach \$8 billion in 2005.

Despite increases in funding for HIV/AIDS, however, a considerable financing gap remains, and it is one that will likely grow over time. The Joint United Nations Program on HIV/AIDS (UNAIDS) now estimates that \$15 billion will be needed to effectively respond to the HIV/AIDS epidemic in low- and middle-income countries in 2006, rising to \$22 billion in 2008. Ultimately, most of these resources will need to come from the international community.

Donor governments have an especially vital role to play in filling this gap, particularly the Group of (G7) – Canada, France, Germany, Italy, Japan, the UK, the U.S.– and the European Commission (EC), some of the wealthiest donors in the world and major contrib-

utors of foreign development assistance. For example, in 2004, the G7 accounted for almost three-quarters (72 percent) of official development assistance (ODA). These same nations provide the bulk of donor government funding for HIV/AIDS.

Analysis of data from the G7, the EC, and other members of the DAC (Development Assistance Committee) indicates that their combined financial commitments for HIV/AIDS in low- and middle-income countries reached an estimated \$3.6 billion in 2004. Most was provided through bilateral channels (\$2.7 billion or 76 percent); the remainder was provided through contributions to the Global Fund (\$856.2 million or 24 percent; amount adjusted to represent an estimated HIV/AIDS share). The G7 and the EC accounted for 87 percent of all funds committed for HIV/AIDS by the DAC, a greater share than their share of the DAC's ODA. Certain other members of the DAC also provided substantial HIV/AIDS commitments in 2004, particularly the Netherlands and Sweden.

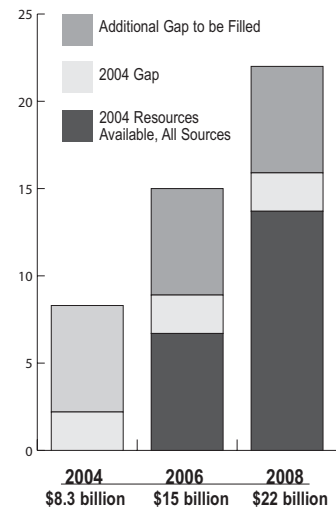
The U.S. committed the highest amount of funding (\$1.6 billion or 45 percent) to HIV/AIDS in 2004, including the highest bilateral commitment (\$1.4 billion or 50 percent of bilateral commitments made by the DAC) and the highest contribution to the Global Fund (\$275 million or 32 percent of Global Fund contributions by the DAC, adjusted by 60 percent). The UK committed the second highest amount in 2004 (\$596 million or 17 percent). While most funding for HIV/AIDS by donor governments was provided through bilateral channels in 2004 (76 percent), versus the Global Fund (24 percent), this also varied by donor.

Disbursements Often Lag Behind Commitments

In 2004, estimated disbursements of bilateral assistance from the DAC were \$1.9 billion, or 71 percent of the \$2.7 billion committed in that year, with the G7 and EC accounting for 85 percent of DAC bilateral disbursements. The U.S. and UK provided the two highest amounts in bilateral disbursements in 2004. Disbursement rates varied by donor, a function of factors such as differences in donor requirements about when funds must be committed, grant and contracting rules, program start-up factors, and assessments of recipient country absorptive capacity and program performance.

Estimates suggest, however, that available resources for HIV/AIDS are not sufficient and that the gap may be growing. In 2004, an estimated \$6.1 billion was made available for HIV/AIDS from all sources cited above. UNAIDS has estimated that a minimum of \$8.3 billion was needed to address HIV/AIDS in low- and middle-income countries, resulting in a financing

But is the Need Being Met?
Resources Available Compared to Estimated Need



gap of at least \$2.2 billion in 2004. New figures from UNAIDS project that need will rise to \$15 billion in 2006 and \$22 billion in 2008. To fill the 2004 gap and further meet these projected needs, an additional \$8.9 billion (\$2.2 billion + \$6.7 billion) would have to be made available by 2006, rising to \$15.9 billion (\$2.2 billion + \$13.7 billion) in 2008. Even a doubling of available funding from all sources over its 2004 level by 2006, reaching \$12.2 billion, it would still fall short of estimated need.

With each year of funding lag, more people will become infected with HIV and be without treatment. Part of the challenge in meeting the need is to overcome the inherent limitations of current funding decision frameworks which generally operate within compressed time frames, often defined by annual, biennial, or other short-term funding cycles. Even the newer financing mechanism offered by the Global Fund is dependent on donors that operate within similarly limited financing time frames. Moreover, even if current resources were to double over the next two-three years, a financing gap would still remain. Given the unprecedented magnitude of the HIV/AIDS crises, significant and sustainable gains require both a short-term and long-term response. There is a need for innovative thinking about ways to leverage and enhance donor assistance. Although such thinking is already under way by some, a collective and ongoing effort by donors and affected countries will be required to make a real impact on the epidemic.

Adapted from: Kaiser Family Foundation, Financing The Response To HIV/AIDS In Low And Middle Income Countries: Funding For HIV/AIDS From The G7 And The European Commission, July 2005; available at: www.kff.org/hiv/aids/7344.cfm. Data on funding by donor governments were jointly collected and analyzed by UNAIDS and the Kaiser Family Foundation.