Can we finance the End of AIDS?

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ERG- Sustainable Financing Technical Working Group

9th IAEN AIDS & ECONOMICS PRE-CONFERENCE
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UNAIDS/WB Economics Reference Group

- Costing and Technical Efficiency TWG
- Allocative Efficiency TWG
- Sustainable Financing TWG

Web site http://hiv-erg.org/wp/
1. “Fair share” and “global solidarity”
   - How much can LMICs reasonably be expected to contribute to their HIV programmes?
   - Responsibility and capacity of external donors to honor their international financing commitments?

2. Expanding revenue mobilization
   - Potential sources of additional domestic revenue?
   - Scope for and successes with innovative sources of revenue?
   - Maximizing impact of existing sources and mobilizing new ones globally

3. Integrating HIV & AIDS financing into national health financing systems
   - Clarifying concepts and reviewing country experiences
   - Choosing services to integrate and ensuring sustainability
   - Challenges

4. Transitioning to domestic funding and programming
   - Existing experiences
   - Country-donor tools for transparency, accountability, joint planning, and monitoring

Dimensions of sustainable HIV financing - distinct but related work streams

UNAIDS-WB ERG for HIV & AIDS: TWG on Sustainable Financing
Outline

• Resources available for HIV/AIDS
• Resource needs towards the “End of AIDS as a global public health threat by 2030”
  – Front-loading, efficiency and effectiveness
• Resource gap by income level of countries
  – “Fast Track” Resource Gap and financing scenarios
    • Business as usual
    • Ambitious (potential?) financing

• SF-TWG Handouts
• Policy Briefs and Compendium: future publication
• http://hiv-erg.org/wp/
Resources available for HIV/AIDS
(Excluding high income countries by 2014)

International Resources available for HIV/AIDS in Low-and-Middle-Income Countries 2000-2015 (available for in-country services)

Resources for HIV (2000-2015) by source of funding

At this site you can obtain:

**Global AIDS Response Progress Reporting (GARPR)**
- Indicators on prevention, mother to child transmission, 90-90-90 targets, stigma and discrimination
- Estimates of new HIV infections, people living with HIV and AIDS deaths by different age groups and by sex

**Reported donor disbursements and in-country HIV expenditures:**
- International assistance for the AIDS response in low- and middle-income countries as reported by donors, 2010–2015 (p.p. 252-264)
- Domestic public and international expenditure reported by countries to UNAIDS, 2010–2015 (p.p. 265-281)

- A Key Population Atlas of maps on key populations including the latest available data on key populations at increased risk for acquiring or transmitting HIV
- Subnational data for selected countries
- Data in different formats: spreadsheet, maps, graphics
- Comparable data over years and across countries that can be extracted to spreadsheets for further analysis.
International assistance for the AIDS response in low- and middle-income countries as reported by donors, 2010–2015

The table contains the international financial assistance for the AIDS response in US dollars provided annually to low- and middle-income countries as reported by bilateral and multilateral entities. International assistance reported by the Global Fund to Fight AIDS, Tuberculosis and Malaria and the United States President’s Emergency Plan for AIDS Relief (PEPFAR) are presented separately. Total disbursements by bilateral and multilateral entities are the amounts they reported to the Organisation for Economic Co-operation and Development (OECD) under two AIDS categories. These totals may omit disbursements for HIV-related services within grants that cover broader health and development work. Discrepancies between the disbursements reported by different sources may be due to variation in financial years and the underlying reporting methods and standards.

<table>
<thead>
<tr>
<th>Donor</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<td>Global Fund</td>
<td>2 148 734</td>
<td>1 462 669</td>
<td>2 185 368</td>
<td>2 055 495</td>
<td>1 988 748</td>
<td>120 285</td>
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<tr>
<td>PEPFAR</td>
<td>a</td>
<td>a</td>
<td>a</td>
<td>a</td>
<td>b</td>
<td>b</td>
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<tr>
<td>Total bilateral and multilateral disbursements</td>
<td>6 791 728</td>
<td>4 454 982</td>
<td>4 550 199</td>
<td>2 380 094</td>
<td>2 183 508</td>
<td>b</td>
</tr>
</tbody>
</table>

Domestic public and international expenditure reported by countries to UNAIDS (2010–2015)

The table contains the annual AIDS response expenditure (in US dollars) of domestic public resources and total international resources provided by bilateral and multilateral donors, private foundations and other international partners, as reported by countries through the Global AIDS Response Progress Reporting system.

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<thead>
<tr>
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<td><strong>Asia and the Pacific</strong></td>
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<tr>
<td>International</td>
<td>4 237 825</td>
<td>8 002 074</td>
<td>9 028 297</td>
<td>5 067 479</td>
<td>4 077 138</td>
<td>b</td>
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<tr>
<td>Domestic public</td>
<td>200 000</td>
<td>a</td>
<td>24 250</td>
<td>245 000</td>
<td>104 000</td>
<td>b</td>
</tr>
<tr>
<td>Resource tracking method</td>
<td>Other</td>
<td>Other</td>
<td>NASA</td>
<td>Other</td>
<td>NASA</td>
<td>b</td>
</tr>
</tbody>
</table>

a Country either did not report expenditure or reported that the data was not available.
b Expenditure reported in 2016 but not yet validated. These data are expected to be available on AIDSinfo by September 2016.
Resources needed to fast-track response to Reach the “End of AIDS” as a global public health threat
Resource needs 2016-2030 to Reach the “End of AIDS” as a global public health threat

Source:
2015 Resource availability and estimated resource needs 2016-2030 for Fast-Track approach to “End AIDS” as a global public health threat

Resource Needs to End AIDS as a global public health threat?

- **“What is needed”** approach
  - Non-linear effect of frontloading and increasing resources

- **Epidemic control by 2020** (to reduce incidence and mortality by 90% in 2030 --compared to 2010)
  - Infections averted earlier
  - “End of AIDS” as a global public health threat

- **Embedded savings**
  - Increased efficiency (allocative, technical)
  - Increased programme effectiveness
  - Affordable prices
  - Streamlined ART treatment modalities
  - Community based service delivery

- **Focused and increased prevention**

- **ROI**: $7.3-11.6 per additional dollar spent (higher for UMICs)
What Is Required to End the AIDS Epidemic as a Public Health Threat by 2030? The Cost and Impact of the Fast-Track Approach

John Stover¹*, Lori Bollinger¹, Jose Antonio Izazola², Luiz Loures², Paul DeLay³, Peter D. Ghys², Fast Track modeling working group⁴

Financing the fast-track response
Fiscal Space Analysis

Fast Track countries
Fiscal Space Analysis

- Fiscal Space analysis to be performed by MoF in each country
  - Fiscal Space: WHO, WB, IMF (who should do it?)
  - Desk review is for indicative purposes and conservative regarding the share for HIV (OPM)

- “Fast Track Countries”
  - 35 Countries contributing to 90% of new HIV infections
    - 33 are Low and Middle Income as of 2014/early 2015

- Scenarios analysed
  - Business as usual
  - Ambitious new resources
  - Balanced approach
“Fast Track” Countries by Income Level

<table>
<thead>
<tr>
<th>Country</th>
<th>LIC/WCA Region</th>
<th>HIV Prevalence</th>
</tr>
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<tbody>
<tr>
<td>CAR</td>
<td>LIC, WCA</td>
<td>Generalized</td>
</tr>
<tr>
<td>Chad</td>
<td>LIC, WCA</td>
<td>Generalized</td>
</tr>
<tr>
<td>Congo DRC</td>
<td>LIC, WCA</td>
<td>Generalized</td>
</tr>
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<td>Ethiopia</td>
<td>LIC, ESA</td>
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<tr>
<td>Mali</td>
<td>LIC, WCA</td>
<td>Concentrated</td>
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<td>South Sudan</td>
<td>LIC, ESA</td>
<td>Generalized</td>
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<tr>
<td>Tanzania</td>
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<td>Generalized</td>
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<td>Generalized</td>
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<td>Malawi</td>
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<td>Mozambique</td>
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<td>Hyperendemic</td>
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<tr>
<td>Zimbabwe</td>
<td>LIC, ESA</td>
<td>Hyperendemic</td>
</tr>
<tr>
<td>Pakistan</td>
<td>LMIC, AP</td>
<td>Low Level</td>
</tr>
<tr>
<td>Cameroon</td>
<td>LMIC, WCA</td>
<td>Concentrated</td>
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<td>India</td>
<td>LMIC, AP</td>
<td>Concentrated</td>
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<td>Indonesia</td>
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<td>Ghana</td>
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<td>Kenya</td>
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<td>Swaziland</td>
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<td>Zambia</td>
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<tr>
<td>China</td>
<td>UMIC, AP</td>
<td>Low Level</td>
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<tr>
<td>Brazil</td>
<td>UMIC, LAC</td>
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<td>Namibia</td>
<td>UMIC, ESA</td>
<td>Hyperendemic</td>
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<tr>
<td>South Africa</td>
<td>UMIC, ESA</td>
<td>Hyperendemic</td>
</tr>
</tbody>
</table>

“Fast Track” countries account for 90% of annual HIV infections. 33 are L&MICs.
Resource Needs for all Fast Track Countries (M USD) and by Income Group as proportion of GDP

- Total resource needs: LICs= 2.1% of GDP; LMICs=0.8% ; UMICs=0.5%
Resource Gap of all Fast Track countries (M USD) as percentage of GDP and of Government Budget

- Total resource needs = 0.06% of the total GDP for all Fast Track countries,
  - Declines from 0.10% to 0.03% of GDP
Business as usual:

• Total available resources for HIV/AIDS in the 33 Fast-Track countries could rise from US$4.9 Bn in 2015 to US$16.4 Bn in 2030

• Donor dependency falls as incomes rises:
  – 70% of funding in low income countries externally sourced;
  – 59% in lower-middle income countries; and
  – 15% in upper-middle.

• Donor dependency rises with HIV prevalence (type of epidemic)
  – 34% of funding in low level epidemics are externally sourced; and
  – 39% in concentrated epidemics.
  – Both generalised and hyper epidemics receive more than low and concentrated endemics
    • Generalised (67%) attract more donor funding than hyper endemic (51%)
Change in budgeting, innovative financing and efficiency gains

Countries could substantially increase their HIV domestic public investments through a mix of policies:

- **Increased allocations** to health in line with economic growth and within it increased investment to HIV in line with disease burden
- **Innovative financing** through modest earmarked taxes and levies
- **Increased efficiency** in public financial management, resource allocation and service delivery
- **Highly concessional borrowing**
  - A final option when all others are exhausted is for a country to borrow to cover the remaining resource gap
Front loading Investments: Two possible strategies

• Establishing Trust Funds
  – Earmarked for HIV and possibly other health priorities

• Borrowing funds
  – From either external or domestic sources to increase short term resources.
Front loading Investments: Trust funds

• Offer a way to separate HIV response from the annual budget process

• Provide managers of national AIDS response with a fairly predictable domestic revenue stream.

• Fairly unchartered territory:
  – Trust funds have accounted for small proportion of overall costs of HIV response (11% in Zimbabwe and < 1% in Uganda)
**Front loading Investments: Borrowing**

- Key circumstances when borrowing could be a good solution:
  - To manage a spike in costs of HIV response
  - When a high rate of return covers the initial costs of intervention
  - When there is justification for securing contributions from the next generation

A balance between passing on some of the costs of HIV finance to future generations and sound fiscal and policy reasons why governments would be reluctant must be considered.
Alternative scenario:
Projections for potentially reducing the Domestic Financing Gap in Fast-Track Countries (M USD): targeted budgets, earmarked taxes and levies and efficiency savings.
Conclusions

• Domestic Public resources have steadily risen; International plateauing or decreasing

• Resource needs: significant and require frontloading. 5-year window of opportunity

• Competing needs and opportunities

• Global Solidarity and Shared responsibility Principles
  – financing targets by source?
  – Countries which can pay should do so to the extent of their capacity
  – Countries which can not pay, should receive international support
Conclusions (2)

• Traditional domestic financing schemes are insufficient to meet the needs

• Need of sustained (and increasing) funding from international sources in addition to domestic
  – Increased health allocations
  – Focused HIV spending
  – Earmarked levies and taxes?
  – Borrowing?

• New financing mechanisms need:
  – to be politically palatable,
  – To take into account budgeting cycles (medium & long term)
  – competing needs
  – transition of countries
Can we finance the End of AIDS?

- We could if we really want to ...

- J. Sachs (HLM, 2016): this is a matter of money, and not that much for that matter