

Financing the response to AIDS in low- and middle-income countries: International assistance from the G8, European Commission and other donor Governments in 2008

Authors: Jennifer Kates (Kaiser Family Foundation), Eric Lief (The Stimson Center), Carlos Avila (UNAIDS).

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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 health and development 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) and other financing channels such as UNITAID, the international drug purchase facility, is a critical part of this response. Other sources of funding include multilateral institutions, the private sector, and domestic spending by many affected-country governments and the households and individuals within them. Although funding from all these sources has risen significantly over the past decade, the difference between the UNAIDS estimate of resources needed compared to resources available in 2008 was approximately \$6.5 billion. The current global economic crisis has raised concerns about the ability to fill this gap, most of which will need to be filled by the international community. Tracking funding by the international community, therefore, is critical.

Each year, UNAIDS and the Kaiser Family Foundation collect and analyze data to document international assistance for AIDS in low- and middle- income countries. This latest report provides data from 2008, the most recent year available. As such, it represents funding levels reflecting budgets largely set in place before the acceleration of the current global economic crisis. The analysis is based on data provided by governments -- including the Group of Eight (G8), Australia, Ireland, The Netherlands, Norway, 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, contributions to the Global Fund and, for the first time, contributions made to UNITAID, the international drug purchase facility, an innovative financing mechanism used to purchase drugs to fight HIV/AIDS, TB, and malaria. Data were collected and analyzed as part of a collaborative effort between UNAIDS and the Kaiser Family Foundation, with research assistance provided by the Stimson Center.

Key Highlights

In 2008, international AIDS assistance from the G8, EC, and other donor governments reached its highest level to date:

- Identified new commitments totalled US\$8.7 billion, of which US\$6.7 billion was through bilateral channels (including earmarked multilateral commitments) (see Chart 4). Funding for the Global Fund totalled US\$2.8 billion, of which US\$1.7 billion represents an adjusted “AIDS share” (see Chart 7). Funding for UNITAID, the international drug purchase facility, totalled \$349 million, of which \$265 million represents an adjusted “AIDS share.”
- Disbursements, which reflect actual resources made available in a given year and therefore provide a better measure of resource availability, totalled US\$7.7 billion in 2008 (see Chart 4).
- Disbursements have risen significantly over the past several years: Between 2002 and 2008, disbursements increased by more than six-fold, including a 56 percent increase in the last period (see Chart 4).

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 2008, the United States was the largest donor in the world, accounting for more than half (51.3%) of disbursements by governments. The United Kingdom accounted for the second largest share (12.6%), followed by the Netherlands (6.5%), France (6.4%) and Germany (6.2%). Norway and Sweden followed, at 2.0% respectively, each accounting for more than some G8 Members (see Chart 5).
- Most international assistance identified for purposes of this analysis is channelled bilaterally (or is earmarked through multilateral instruments, such as UNAIDS, and is therefore considered bilateral), accounting for 74% of disbursements in 2008; the remainder is provided through the Global Fund and UNITAID. Funding channel patterns vary significantly by donor (see Chart 8).

Other international financing sources -- not documented in this report -- include multilateral institutions such as U.N. agencies, multilateral development banks such as the World Bank, and the private sector.

Key Highlights continued...

UNAIDS estimates that US\$22.1 billion was needed to address the epidemic in low- and middle- income countries in 2008:

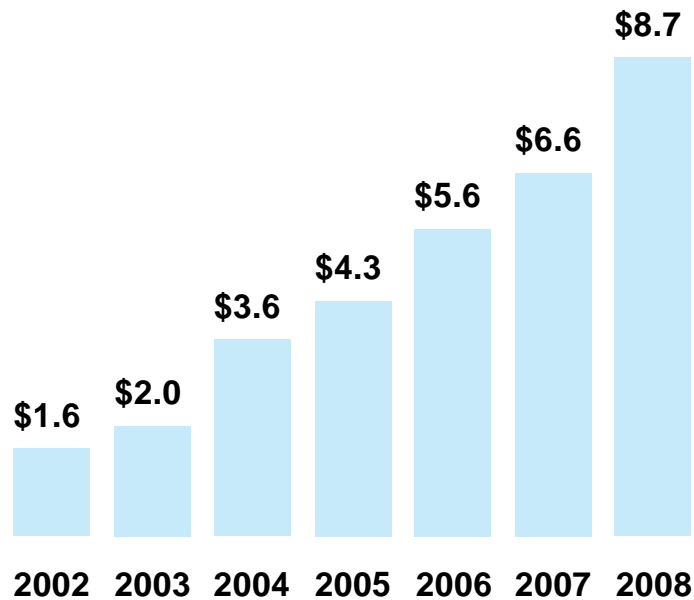
- Of this, an estimated US\$15.6 billion was available from all sources (public and private), with bilateral international assistance accounting for 37% (US\$5.7 billion in disbursements).
- The U.S., U.K., and the Netherlands accounted for the largest shares of such assistance funding.
- Still, there was a gap of US\$6.5 billion between resources available from all sources and resources needed in 2008, as estimated by UNAIDS (see Chart 9).

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 2008:

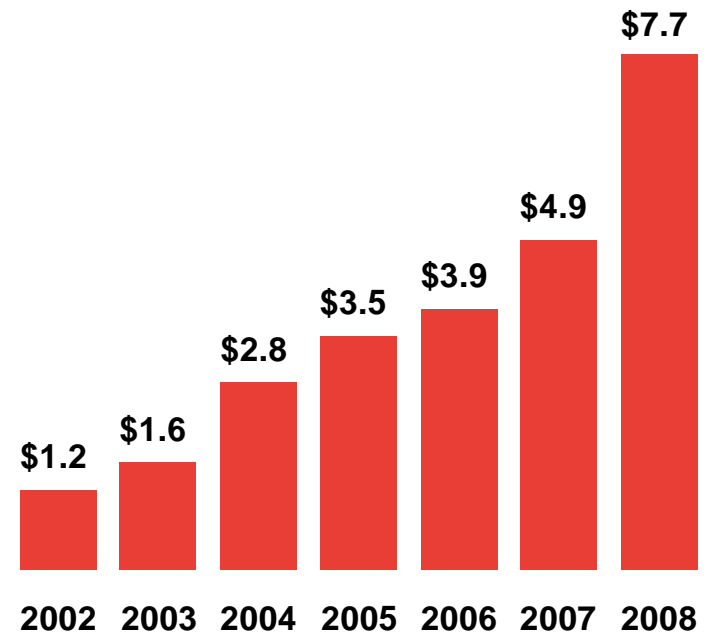
- The U.S. provided 22% of the funding available for AIDS from all sources (donor governments, multilaterals, the private sector, and domestic sources), the largest share of any donor and just below its share of the world’s economy as measured by gross domestic product or GDP (24% in 2008). The U.K., the Netherlands, and Ireland each provided greater shares of total AIDS resources than their shares of GDP (see Chart 10).
- 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 2008, followed by the United Kingdom, Ireland, and the U.S., ranking fourth (see Chart 11).

International AIDS Assistance: Trends in G8/EC & Other Donor Government Assistance, 2002-2008

USD billions



Commitments

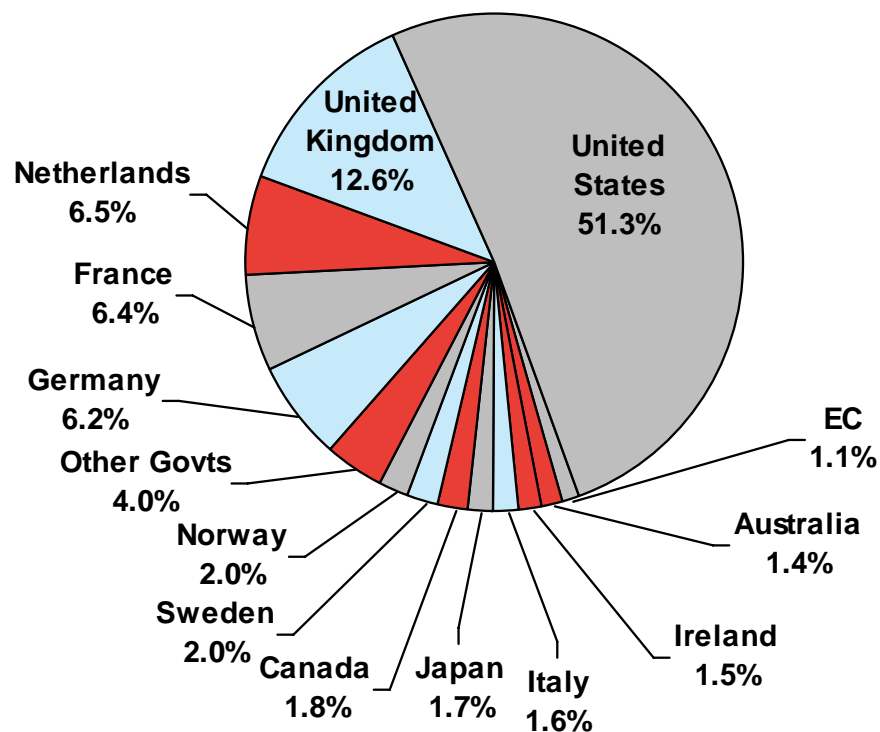


Disbursements

Sources: UNAIDS and Kaiser Family Foundation analyses; Global Fund to Fight AIDS, Tuberculosis and Malaria online data queries; UNAIDS Annual Report, 2008; 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 UNAIDS. Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (61% for HIV). UNAIDS contributions adjusted to represent estimated HIV share based on distributions by disease to date (76% 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, 2008

USD billions

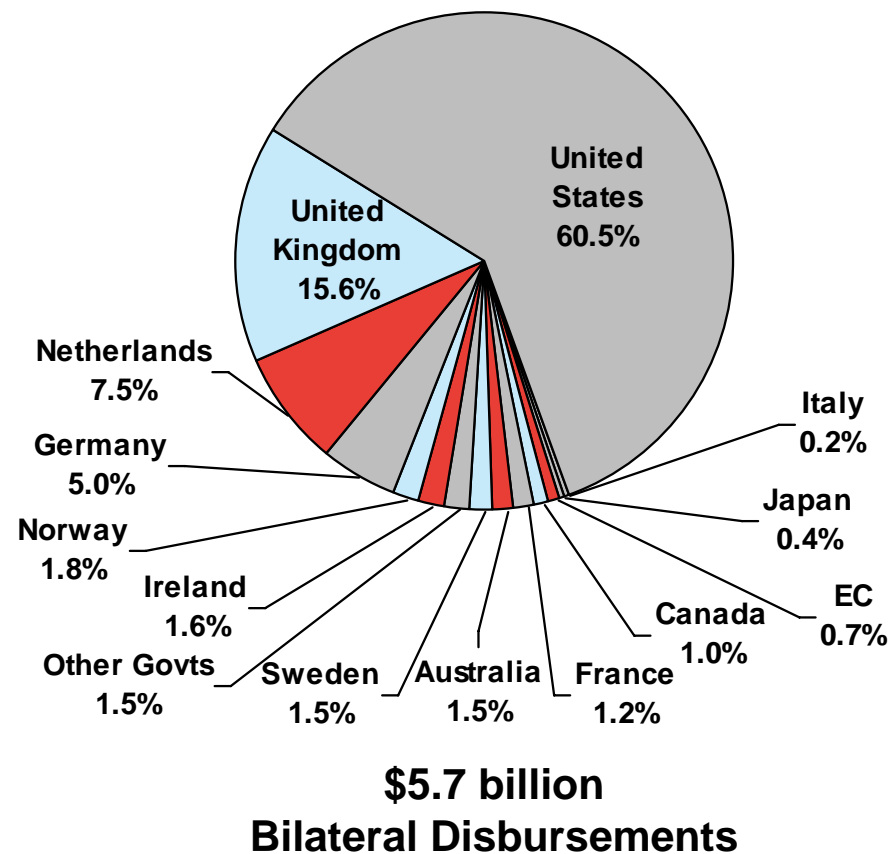


\$7.7 billion
Total Disbursements

Sources: UNAIDS and Kaiser Family Foundation analysis June 2009; Global Fund to Fight AIDS, Tuberculosis and Malaria online data queries; UNITAID Annual Report, 2008; 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 (61% for HIV). UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (76% 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 Bilateral Disbursements, 2008

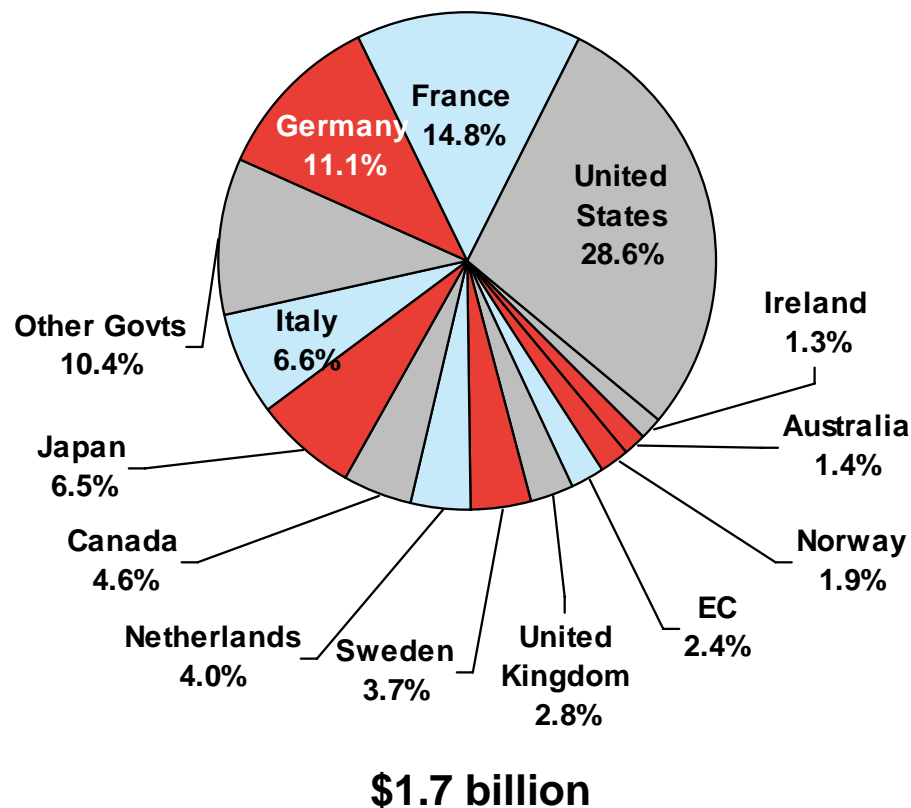
USD billions



Sources: UNAIDS and Kaiser Family Foundation analysis June 2009; OECD CRS online data query June 2009.
Notes: Bilateral funding includes HIV-earmarked multilateral funding, but does not include the Global Fund or UNITAID. See Methodology for additional detail.

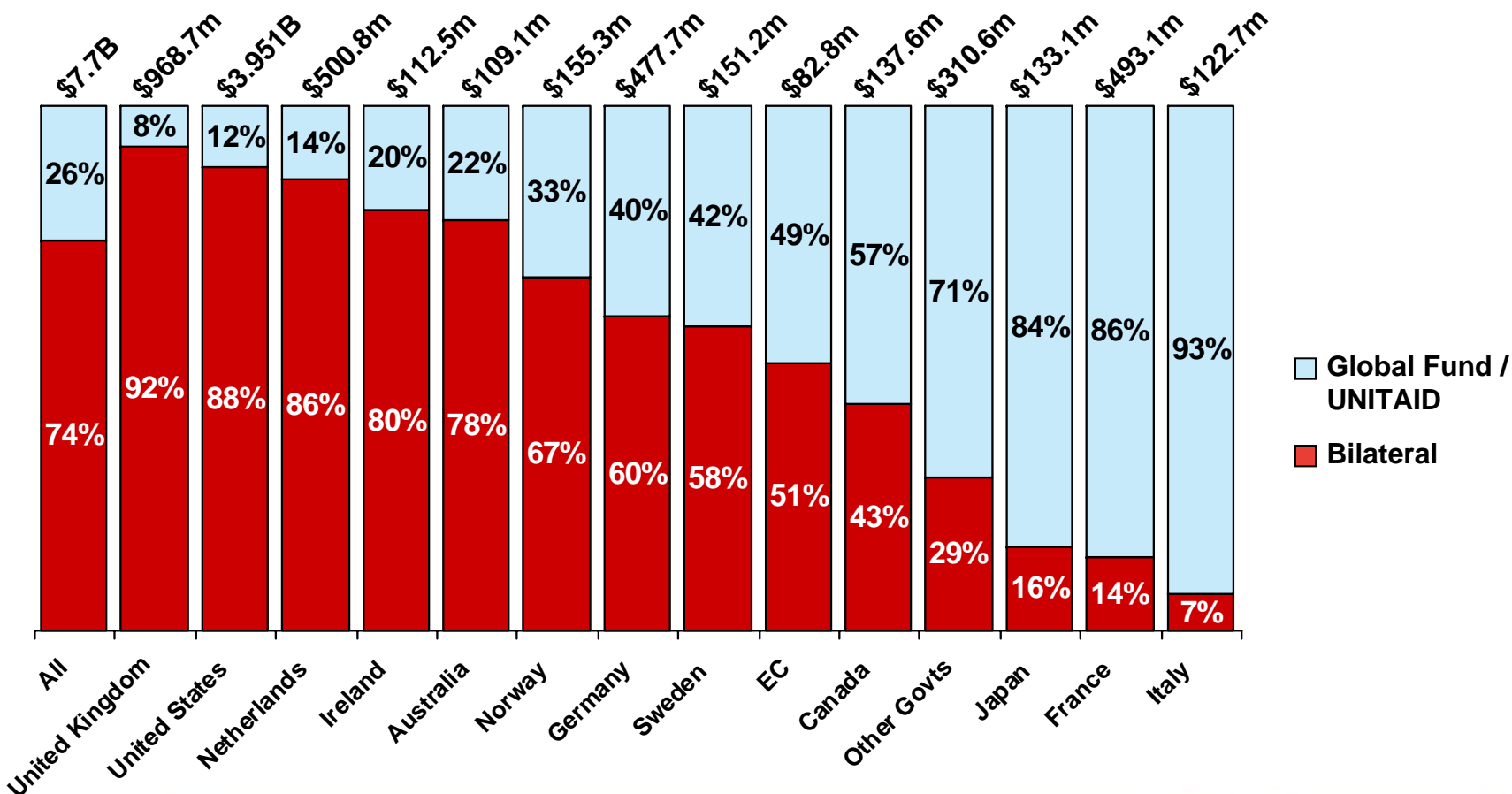
International AIDS Assistance: G8/EC & Other Donor Governments as Share of Global Fund Contributions for AIDS from DAC* Donor Governments, 2008

USD billions



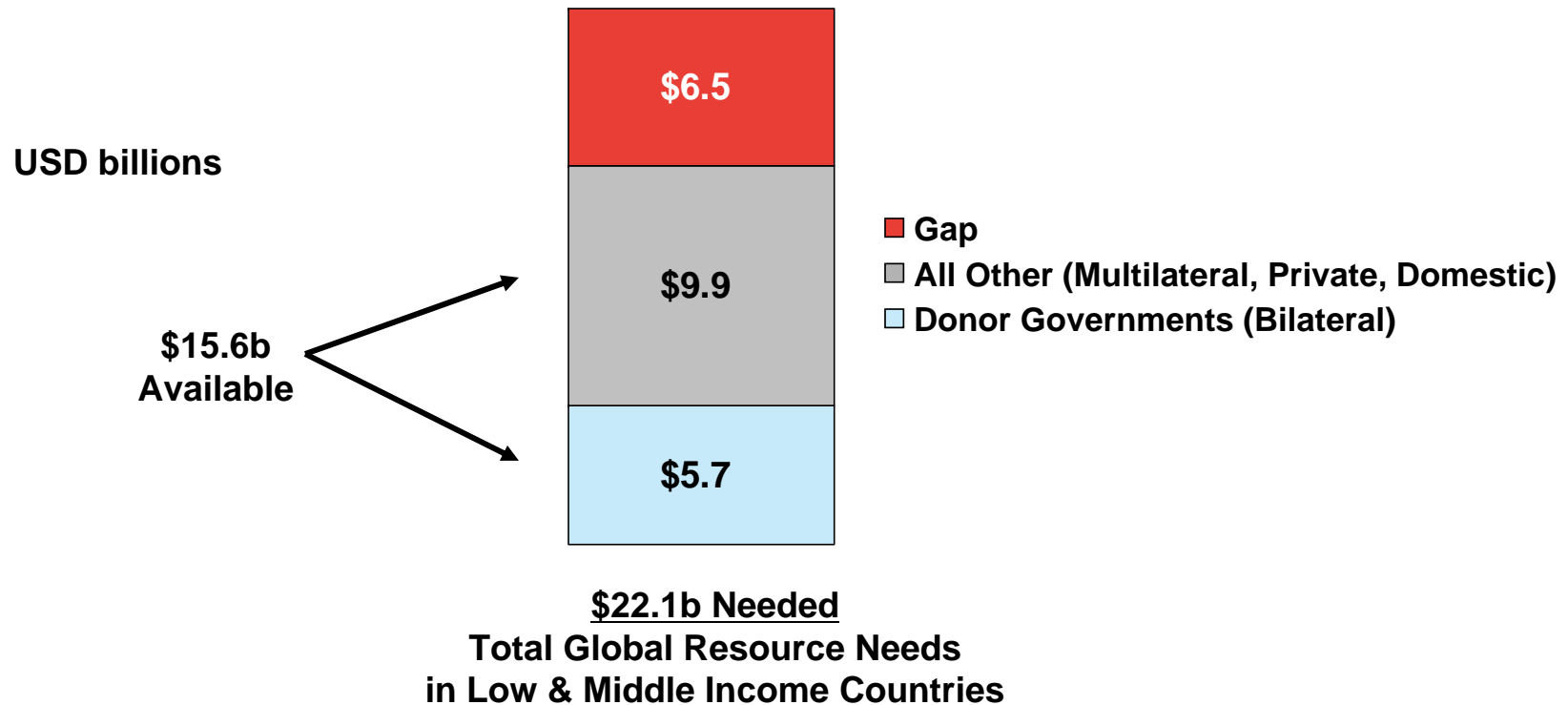
Sources: UNAIDS and Kaiser Family Foundation analysis, June 2009; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2009. Notes: Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (61% for HIV). *Members of the OECD's Development Assistance Committee (DAC): www.oecd.org/dac. See Methodology for additional detail.

International AIDS Assistance: G8/EC Funding Channels for Disbursements, 2008



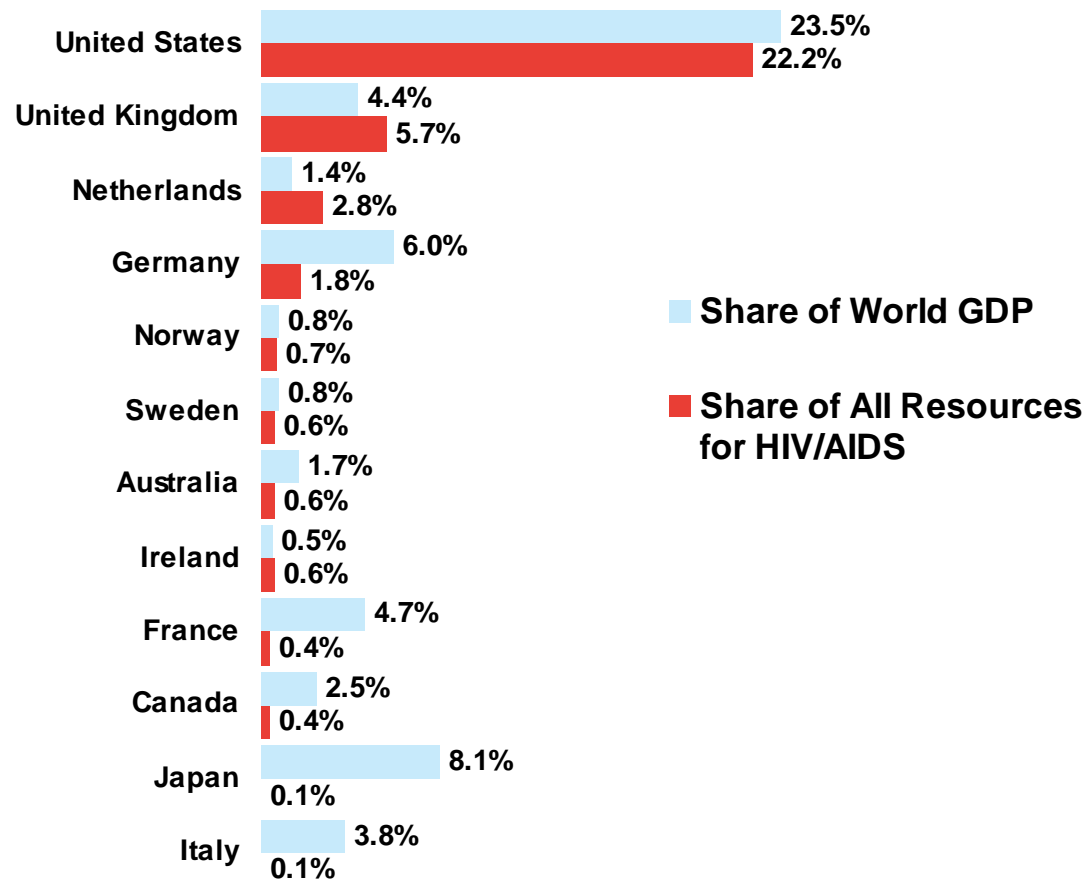
Sources: UNAIDS and Kaiser Family Foundation analysis June 2009; Global Fund to Fight AIDS, Tuberculosis and Malaria online data queries; UNITAID Annual Report, 2008; OECD CRS online data queries; UNAIDS, PCB(13)/02.5, 28 November 2002; UNAIDS, PCB(14)/03 Conference Paper 2a, 25 June 2003. Notes: Bilateral funding includes HIV-earmarked multilateral funding; Multilateral funding includes Global Fund contributions adjusted to represent estimated HIV share based on Global Fund grant distribution by disease to date (61% for HIV) and UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (76% for HIV). See Methodology for additional detail.

Resources Available for AIDS from All Sources Compared to UNAIDS Estimate of Resources Needed, 2008



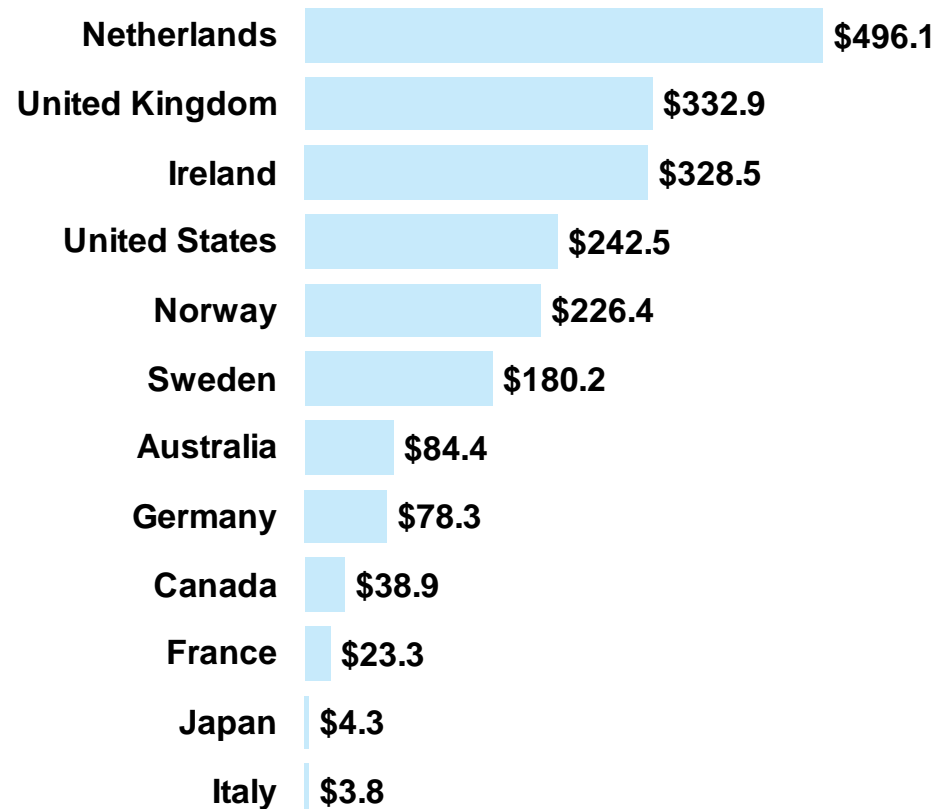
Sources: UNAIDS and Kaiser Family Foundation analysis June 2009; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2009; UNITAID Annual Report, 2008; OECD CRS online data query June 2009; UNAIDS, *Resource Needs for an Expanded Response to AIDS in Low- and Middle Income Countries*, 2006; UNAIDS, *What Countries Need: Investments Needed for 2010 Targets*, 2009; UNAIDS, *Unified Budget and Workplan 2008-2009*. 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 (61% for HIV). UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (76% 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, 2008



Sources: UNAIDS and Kaiser Family Foundation analysis June 2009; International Monetary Fund, World Economic Outlook Database, April 2009. Notes: Calculations based on bilateral disbursements only, and include HIV-earmarked multilateral funding, but do not include the Global Fund or UNITAID. 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*, 2008



Sources: UNAIDS and Kaiser Family Foundation analysis June 2009; International Monetary Fund, World Economic Outlook Database, April 2009. Notes: Calculations based on bilateral disbursements only, and include HIV-earmarked multilateral funding, but do not include the Global Fund or UNITAID. GDP = gross domestic product. See Methodology for additional detail.

International AIDS Assistance: G8/EC & Other Donor Governments, Summary Data Table, 2008

USD millions

Government	Bilateral		Global Fund	Global Fund	UNITAID	UNITAID	Total	
	Commitment	Disbursement	Total (100%)	Adjusted (61%)	Total (100%)	Adjusted (76%)	Commitment	Disbursement
Australia	\$ 85.3	\$ 85.3	\$ 38.9	\$ 23.7			\$ 109.1	\$ 109.1
Canada	\$ 58.8	\$ 58.8	\$ 129.1	\$ 78.8			\$ 137.6	\$ 137.6
France	\$ 66.8	\$ 66.8	\$ 416.8	\$ 254.2	\$ 226.5	\$ 172.1	\$ 493.1	\$ 493.1
Germany	\$ 287.2	\$ 287.2	\$ 312.2	\$ 190.4			\$ 477.7	\$ 477.7
Ireland	\$ 89.8	\$ 89.8	\$ 37.2	\$ 22.7			\$ 112.5	\$ 112.5
Italy	\$ 20.3	\$ 8.7	\$ 186.9	\$ 114.0			\$ 134.3	\$ 122.7
Japan	\$ 21.0	\$ 21.0	\$ 183.8	\$ 112.1			\$ 133.1	\$ 133.1
Netherlands	\$ 431.1	\$ 431.1	\$ 114.2	\$ 69.7			\$ 500.8	\$ 500.8
Norway	\$ 103.3	\$ 103.3	\$ 52.6	\$ 32.1	\$ 26.2	\$ 19.9	\$ 155.3	\$ 155.3
Sweden	\$ 87.3	\$ 87.3	\$ 104.8	\$ 63.9			\$ 151.2	\$ 151.2
United Kingdom	\$ 890.1	\$ 890.1	\$ 79.5	\$ 48.5	\$ 39.6	\$ 30.1	\$ 968.7	\$ 968.7
United States	\$ 4,411.1	\$ 3,458.5	\$ 808.1	\$ 492.9			\$ 4,904.0	\$ 3,951.4
European Commission	\$ 54.8	\$ 42.1	\$ 66.7	\$ 40.7			\$ 95.5	\$ 82.8
Other Governments	\$ 131.6	\$ 88.6	\$ 293.2	\$ 178.9	\$ 56.8	\$ 43.2	\$ 353.6	\$ 310.6
TOTAL	\$ 6,738.5	\$ 5,718.6	\$ 2,824.0	\$ 1,722.6	\$ 349.1	\$ 265.3	\$ 8,726.5	\$ 7,706.6

G8 Members in **Bold**. G8 share is 87% of total commitments and 86% of total disbursements.

Sources: UNAIDS and Kaiser Family Foundation analysis June 2009; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query June 2009; OECD CRS online data query June 2009. 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 (61% for HIV). UNITAID contributions adjusted to represent estimated HIV share based on distributions by disease to date (76% for HIV). U.S. bilateral commitment data correspond to obligations reported for the 2008 fiscal year (and therefore may differ somewhat from amounts appropriated by Congress in that year). U.S. Global Fund contributions correspond to amounts received by the Fund during the 2008 calendar year, regardless of which U.S. fiscal year such disbursements pertain to. U.K. and Canadian data are preliminary estimates. With the exception of the U.S., Italy, and the EC, disbursements used as proxy for commitments. 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 2007 data reported to the OECD and by the Global Fund and UNITAID. Japan data represents final 2008 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 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, using uniform protocols, from the governments of Australia, Canada, France, Germany, Ireland, Japan, The Netherlands, Norway, Sweden, The United Kingdom, The United States, and The European Commission during the first half of 2009, representing the fiscal year 2008 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 2007 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 2008, it was a net recipient of HIV/AIDS assistance, and therefore is not included in the donor analysis.

Methodology continued...

Data for all other governments – Austria, Belgium, Denmark, Finland, Greece, Luxembourg, New Zealand, Portugal, Spain, Switzerland – were obtained from the OECD CRS and are from calendar year 2007; these data, therefore, do not necessarily reflect 2008 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 (which is not considered in estimates of resource needs for service delivery of HIV-related activities).

Bilateral funding is defined as any earmarked (HIV/AIDS-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/AIDS. This was done by the European Commission, the Netherlands, and the UK. U.S. bilateral commitment data correspond to amounts obligated during the 2008 fiscal year, and may therefore differ somewhat from the amounts appropriated in that same fiscal year. Global Fund contributions from the U.S. correspond to amounts received by the Fund during the 2008 calendar year, regardless of which U.S. fiscal year such disbursements pertain to. Data from the U.K., Norway, Canada, the European Commission and Japan should be considered preliminary estimates. With the exceptions of the U.S., Italy, and the European Commission, disbursements were used as a proxy for commitments. 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 to Fight AIDS, Tuberculosis and Malaria (Global Fund) (see: <http://www.theglobalfund.org/en/>), and UNITAID (see: <http://www.unitaid.eu/>). All Global Fund contributions were adjusted to represent 61% of the donor's total contribution, reflecting the Fund's reported grant approvals for HIV-related projects to date. UNITAID contributions were adjusted to represent 76% of the donor's total contribution, reflecting UNITAID's reported funding by disease during the 2008 calendar year. 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. Commitments, or obligations, represent firm decisions that funding will be provided, regardless of the time at which actual outlays, or disbursements, occur. In recent years, most governments have ceased use of commitment accounting other than for administrative purposes, have converted to cash accounting frameworks, and accordingly did not provide commitment data for purposes of this report; in such cases, disbursements were used a proxy for commitments. In the U.S. case, both disbursement and commitment data were available for analysis.

Methodology continued...

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, Norway 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 2008 contributions to the Global Fund may differ from amounts reported on the Global Fund's website, which are by 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 2008, 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. Data on gross domestic product (GDP) were obtained from the International Monetary Fund's World Economic Outlook Database and represent current price data for 2008 (see: <http://www.imf.org/external/pubs/ft/weo/2009/01/weodata/index.aspx>).

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. The Cosponsors include UNHCR, UNICEF, WFP, UNDP, UNFPA, UNODC, ILO, UNESCO, WHO and the World Bank. Contributing to achieving global commitments to universal access to comprehensive interventions for HIV prevention, treatment, care and support is the number one priority for UNAIDS. Visit the UNAIDS Web site at www.unaids.org

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