

Financing the Response to AIDS in Low- and Middle-Income Countries: International Assistance from the G8, European Commission and Other Donor Governments in 2009

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Introduction

Financing a sufficient and sustained response to the HIV 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 funding sources 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 gap between UNAIDS' estimate of resources needed to combat the HIV epidemic and resources available was approximately \$7.7 billion in 2009, up from a \$6.5 billion gap in 2008. Moreover, after years of funding increases for AIDS from donor governments, this report finds that funding was essentially flat between 2008 and 2009. While this finding generally mirrors the larger trend in overall official development assistance over the same period, and is in part due to exchange rate fluctuations, it also reflects real decreases among some donors, and raises concerns about the ability to fill the AIDS funding gap going forward. Tracking donor funding to combat the epidemic, 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 2009, the most recent year available. As such, it represents funding levels reflecting budgeting decisions that occurred during the current global economic crisis. The analysis is based on data provided by governments -- including the Group of Eight (G8), Australia, Denmark, Ireland, The Netherlands, Norway, Spain, 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 and contributions to the Global Fund and UNITAID. 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

After years of significant increases for international AIDS assistance provided by the G8, EC, and other donor governments, funding remained essentially flat over the 2008-2009 period:

- Disbursements (actual resources available in a given year) were US\$7.6 billion in 2009, compared to \$7.7 billion in 2008 (see Chart 4). The observed decrease in disbursements between 2008 and 2009 is difficult to interpret due to currency fluctuations and reporting cycles.
- Identified new commitments (enacted amounts by governments, not all of which are necessarily disbursed in a given year) totalled US\$8.7 billion, the same as in 2008 (see Chart 4).
- Level funding for the AIDS response between 2008 and 2009, follows years of significant increases: disbursements to combat the epidemic rose more than six-fold between 2002 and 2008 (see Chart 4).
- In 2009, funding provided to the Global Fund totalled US\$2.7 billion in 2009, of which US\$1.6 billion represents an adjusted “AIDS share” (see Chart 7). Funding for UNITAID totalled \$250 million, of which \$123 million represents an adjusted “AIDS share”.

A subset of G8 Members and, notably, a few non-G8 Members, account for the majority of international AIDS assistance from donor governments:

- In 2009, the United States was the largest donor in the world, accounting for more than half (58.0%) of disbursements by governments. In fact, without U.S. funding, international AIDS assistance from donor governments would have significantly declined between 2008 and 2009.
- The United Kingdom accounted for the second largest share of disbursements in 2009 (10.2%), followed by Germany (5.2%), the Netherlands (5.0%), and France (4.4%). Denmark accounted for 2.5% (see Chart 5).
- After adjusting for exchange rate fluctuations, real changes in international AIDS assistance were observed among some donors between 2008 and 2009. Funding provided by the U.S., Sweden, and the European Commission increased in real terms, while funding from Canada, France, Germany, Ireland, Italy, and the Netherlands decreased; funding provided by Australia, Japan, and Norway was essentially flat. Further analysis is required to assess the extent to which changes in funding provided by the UK were the result of currency exchange rates or other factors.

Key Highlights continued...

Most international assistance to combat the epidemic is provided bilaterally, although funding channels vary by donor:

- Bilateral assistance as identified for purposes of this analysis (which includes funding earmarked for AIDS through multilateral instruments, such as UNAIDS), accounted for 77% of disbursements in 2009; the remainder was provided multilaterally 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.

UNAIDS estimates that US\$23.6 billion was needed to address the epidemic in low- and middle- income countries in 2009:

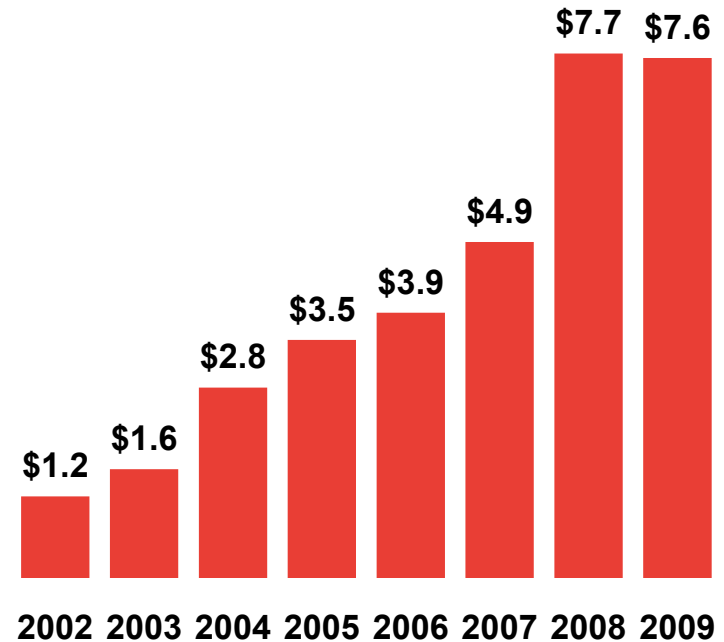
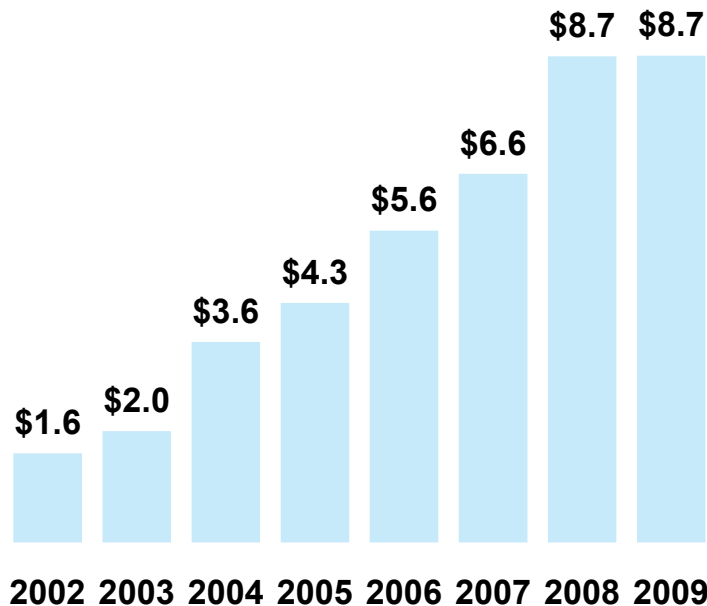
- Of this, an estimated US\$15.9 billion was available from all sources (public and private), with bilateral international assistance accounting for 37% (US\$5.9 billion in disbursements).
- The U.S., U.K., and the Netherlands accounted for the largest shares of such assistance funding.
- Still, there was a gap of US\$7.7 billion between resources available from all sources and resources needed in 2009, as estimated by UNAIDS (see Chart 9).

Assessing “fair share” in the context of international assistance is complex and there is no single, agreed upon methodology for doing so. Two different methodologies used in this analysis indicate that, in 2009:

- The U.S. provided 27% 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 (25% in 2009). The U.K. and the Netherlands 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, Denmark provided the highest amount of resources for AIDS in 2009, followed by the Netherlands, Sweden, the United Kingdom, and Ireland (see Chart 11).

International AIDS Assistance: Trends in G8/EC & Other Donor Government Assistance, 2002-2009

USD billions



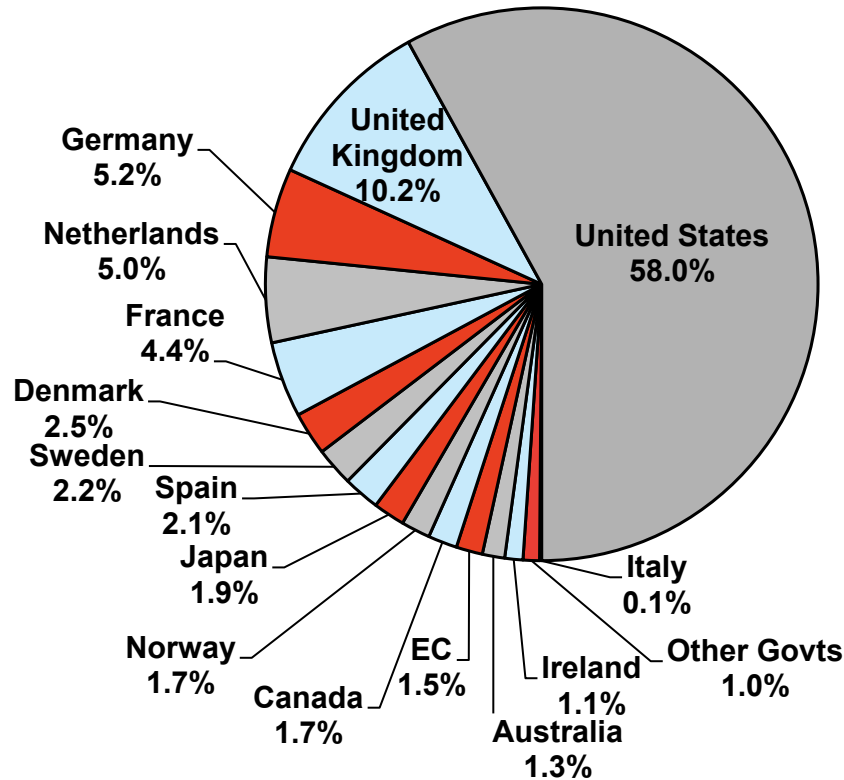
**Commitments
(Enacted Amounts)**

Disbursements

Sources: UNAIDS and Kaiser Family Foundation analyses; Global Fund to Fight AIDS, Tuberculosis and Malaria online data queries; UNITAID Annual Report, 2009; 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 (49.1% 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, 2009

USD billions

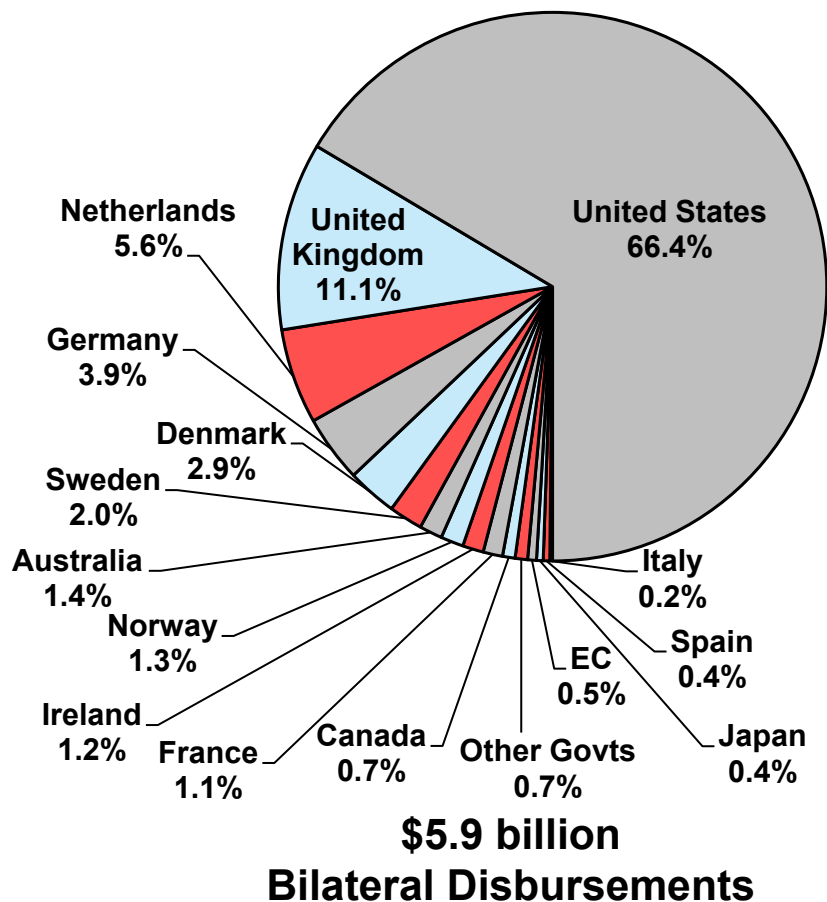


\$7.6 billion
Total Disbursements

Sources: UNAIDS and Kaiser Family Foundation analysis, July 2010; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, June 2010; UNITAID Annual Report, 2009; 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 (49.1% 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, 2009

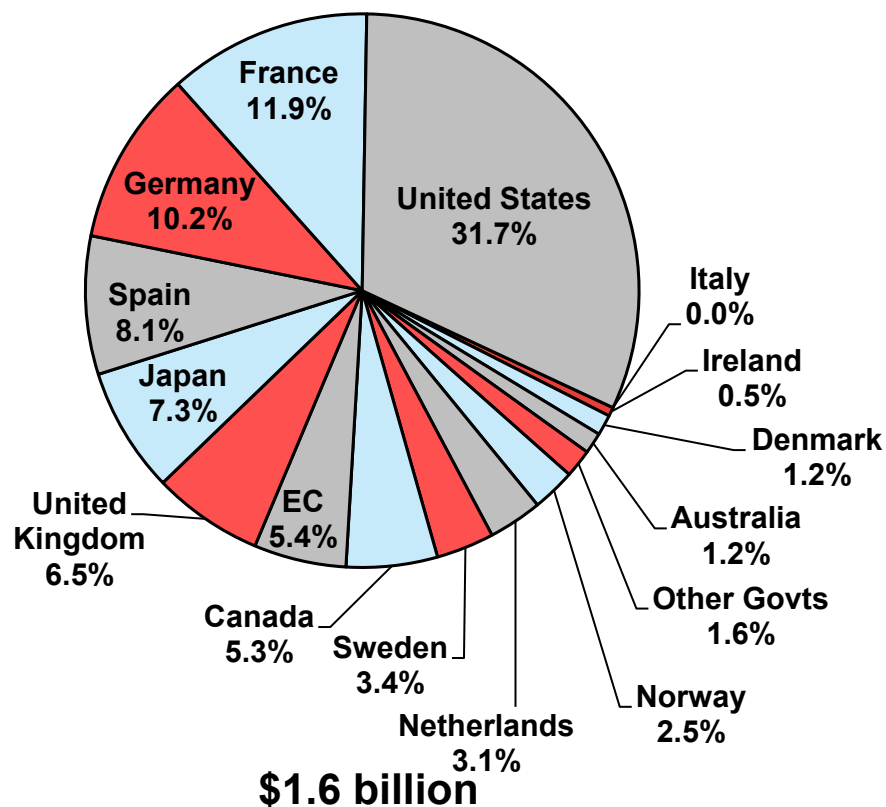
USD billions



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2010; OECD CRS online data query, June 2010.
Notes: Bilateral funding includes HIV-earmarked multilateral funding, but does not include the Global Fund or UNITAID. See Methodology for additional detail.

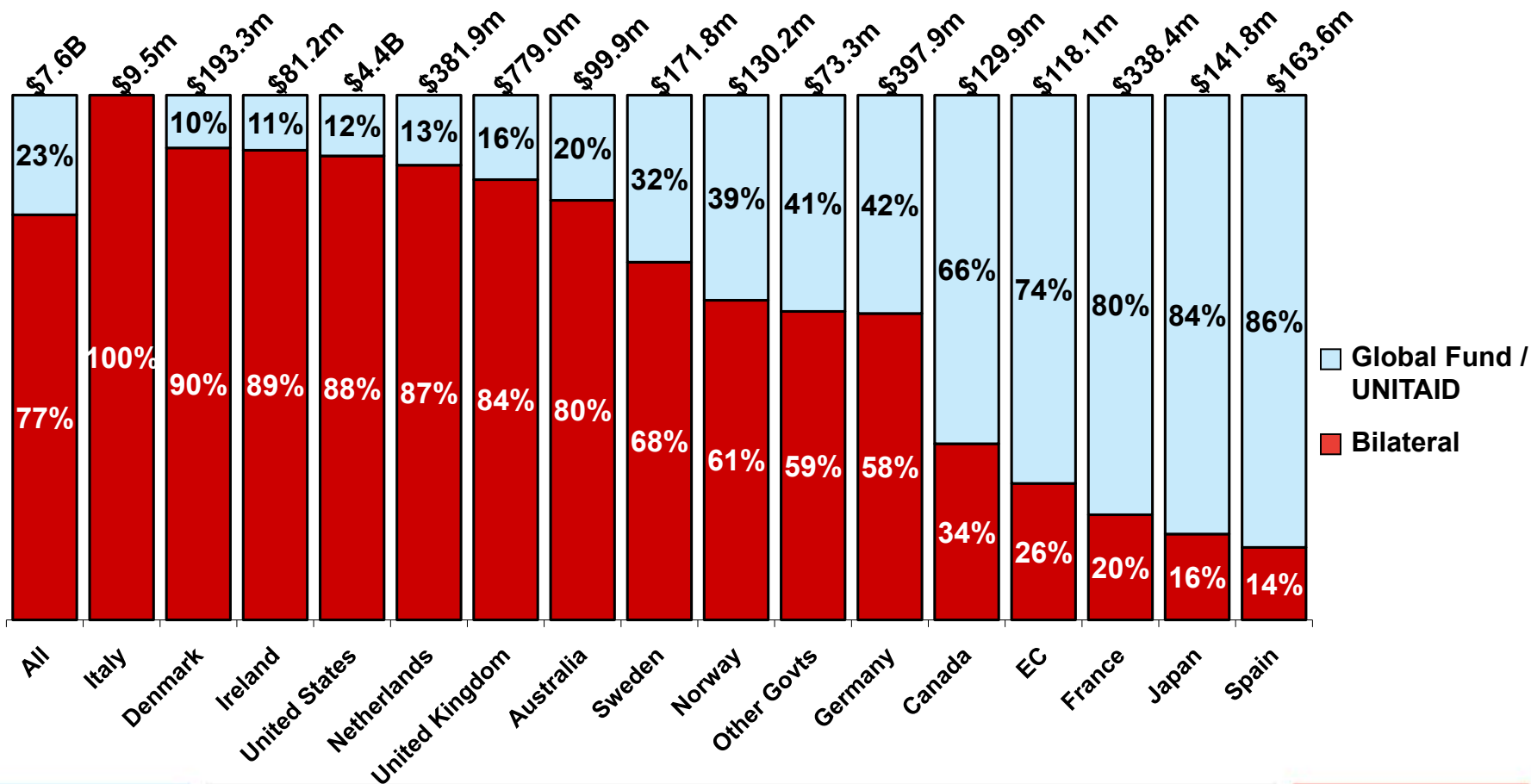
International AIDS Assistance: G8/EC & Other Donor Governments as Share of Global Fund Contributions for AIDS from DAC* Donor Governments, 2009

USD billions



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2010; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, June 2010. 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.

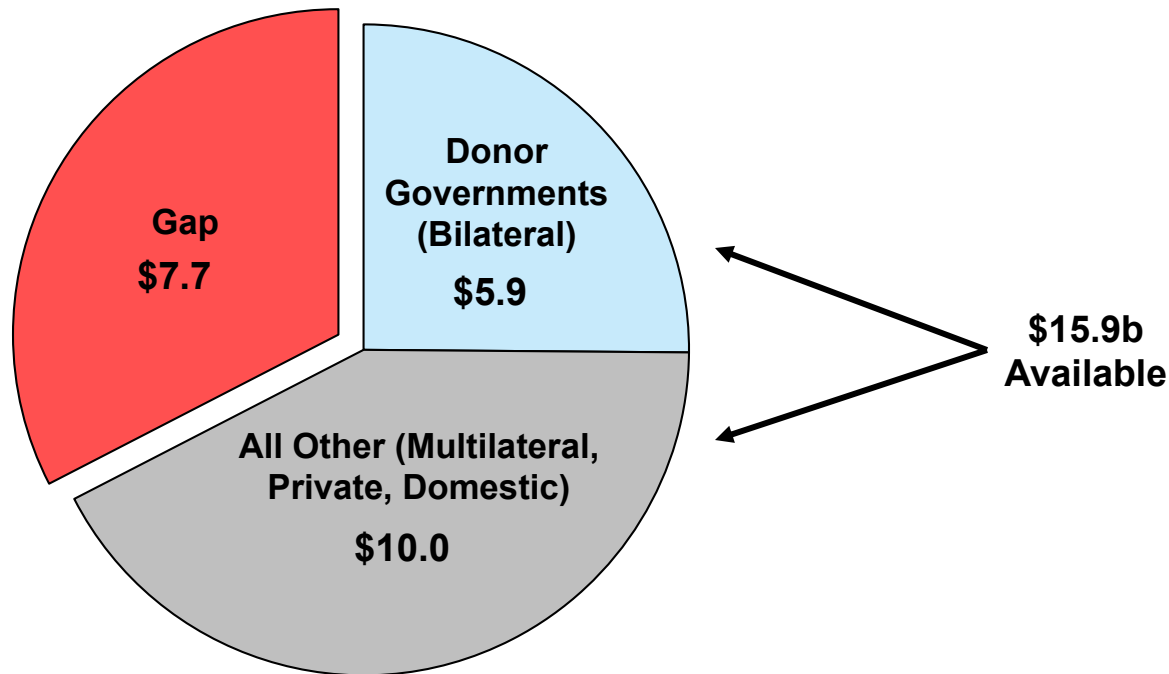
International AIDS Assistance: G8/EC Funding Channels for Disbursements, 2009



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2010; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, June 2010; UNITAID Annual Report, 2009; OECD CRS online data query, June 2010; 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 (49.1% for HIV). See Methodology for additional detail.

Resources Available for AIDS from All Sources Compared to UNAIDS Estimate of Resources Needed, 2009

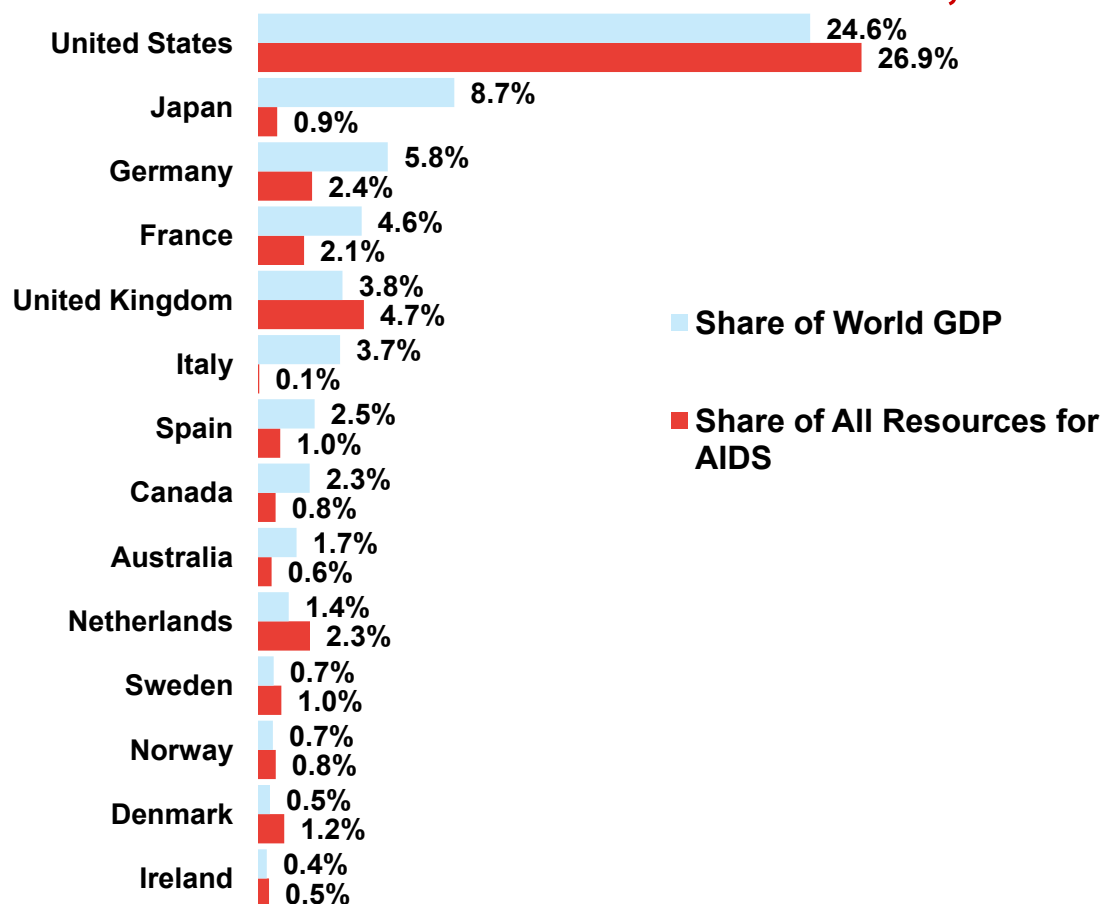
USD billions



\$23.6b Needed
Total Estimated Global Resource Needs
in Low & Middle Income Countries

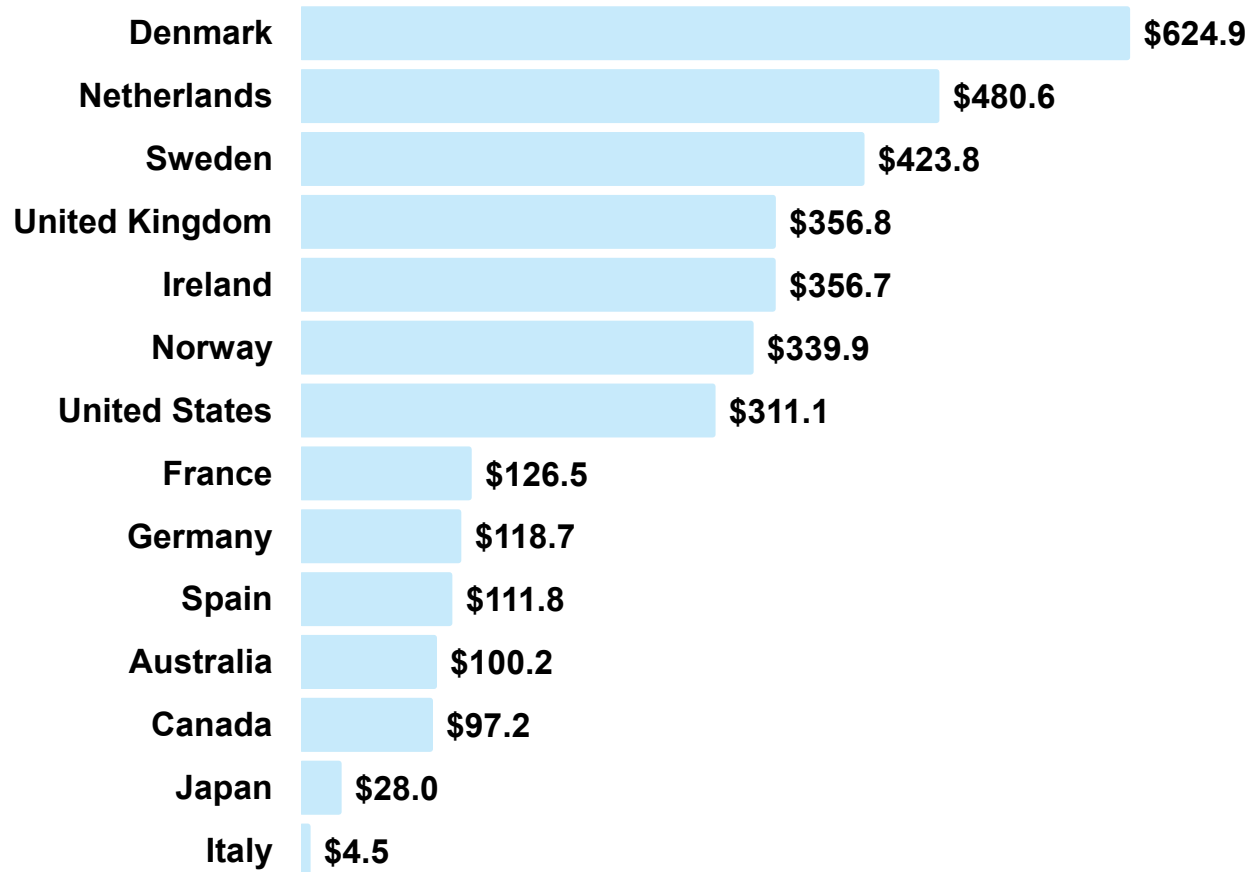
Sources: UNAIDS and Kaiser Family Foundation analysis, July 2010; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, June 2010; UNITAID Annual Report, 2009; OECD CRS online data query, June 2010; *UNAIDS Estimates*, 2010. Notes: Bilateral funding includes HIV-earmarked multilateral 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 (49.1% 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, 2009



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2010; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, June 2010; UNITAID Annual Report, 2009; International Monetary Fund, World Economic Outlook Database, June 2010. Notes: *GDP = gross domestic product. 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 (49.1% 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*, 2009



Sources: UNAIDS and Kaiser Family Foundation analysis, July 2010; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, June 2010; UNITAID Annual Report, 2009; International Monetary Fund, World Economic Outlook Database, June 2010. Notes: *GDP = gross domestic product. 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 (49.1% for HIV). See Methodology for additional detail.

International AIDS Assistance: G8/EC & Other Donor Governments, Summary Data Table, 2009

USD millions

Government	Bilateral		Global Fund		UNITAID		Total	
	Commitments (Enacted)	Disbursements	Total (100%)	Adjusted (61%)	Total (100%)	Adjusted (49.1%)	Commitments (Enacted)	Disbursements
Australia	\$ 79.9	\$ 79.9	\$ 32.8	\$ 20.0			\$ 99.9	\$ 99.9
Canada	\$ 43.6	\$ 43.6	\$ 141.5	\$ 86.3			\$ 129.9	\$ 129.9
Denmark	\$ 173.8	\$ 173.8	\$ 31.9	\$ 19.5			\$ 193.3	\$ 193.3
France	\$ 67.8	\$ 67.8	\$ 314.8	\$ 192.0	\$ 160.0	\$ 78.6	\$ 338.4	\$ 338.4
Germany	\$ 232.3	\$ 232.3	\$ 271.4	\$ 165.6			\$ 397.9	\$ 397.9
Ireland	\$ 72.7	\$ 72.7	\$ 14.0	\$ 8.5			\$ 81.2	\$ 81.2
Italy	\$ 6.0	\$ 9.5	\$ 0.0	\$ 0.0			\$ 6.0	\$ 9.5
Japan	\$ 23.2	\$ 23.2	\$ 194.4	\$ 118.6			\$ 141.8	\$ 141.8
Netherlands	\$ 331.0	\$ 331.0	\$ 83.5	\$ 50.9			\$ 381.9	\$ 381.9
Norway	\$ 79.3	\$ 79.3	\$ 67.2	\$ 41.0	\$ 20.1	\$ 9.9	\$ 130.2	\$ 130.2
Spain	\$ 22.6	\$ 22.6	\$ 214.4	\$ 130.8	\$ 20.9	\$ 10.3	\$ 163.6	\$ 163.6
Sweden	\$ 117.1	\$ 117.1	\$ 89.7	\$ 54.7			\$ 171.8	\$ 171.8
United Kingdom	\$ 653.7	\$ 653.7	\$ 171.6	\$ 104.7	\$ 42.1	\$ 20.7	\$ 779.0	\$ 779.0
United States	\$ 5,035.0	\$ 3,921.6	\$ 841.4	\$ 513.3			\$ 5,548.3	\$ 4,434.9
European Commission	\$ 9.8	\$ 30.7	\$ 143.3	\$ 87.4			\$ 97.2	\$ 118.1
Other DAC Governments	\$ 50.0	\$ 43.1	\$ 43.8	\$ 26.7	\$ 7.1	\$ 3.5	\$ 80.2	\$ 73.3
TOTAL	\$ 6,997.8	\$ 5,901.9	\$ 2,655.7	\$ 1,620.0	\$ 250.2	\$ 122.8	\$ 8,740.6	\$ 7,644.7

G8 Members in **Bold**. G8 share is 84% of total commitments and 82% of total disbursements.

Sources: UNAIDS and Kaiser Family Foundation analysis, July 2010; Global Fund to Fight AIDS, Tuberculosis and Malaria online data query, June 2010; UNITAID Annual Report, 2009; OECD CRS online data query, June 2010. 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 (49.1% for HIV). U.S. bilateral commitment data correspond to amounts appropriated by Congress. U.S. Global Fund contributions correspond to amounts received by the Fund during the 2009 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. French UNITAID 2009-identified contributions total €141.5 million. Of this, €31.5 million disbursed in 2010 is not reflected above. "Other DAC government" totals represent 2008 data reported to the OECD and by the Global Fund and UNITAID. Japan data represents final 2009 disbursements. See Methodology for additional detail.

Annex: Methodology

This project represents a collaboration between the Joint United Nations Programme on HIV/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, Denmark, France, Germany, Ireland, Japan, The Netherlands, Norway, Spain, Sweden, The United Kingdom, The United States, and The European Commission during the first half of 2010, representing the fiscal year 2009 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 2008 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 HIV components of 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 2009, it was a net recipient of AIDS assistance, and therefore is not included in the donor analysis.

Methodology continued...

Data for all other governments – Austria, Belgium, Finland, Greece, Luxembourg, New Zealand, Portugal, Switzerland – were obtained from the OECD CRS and are from calendar year 2008; these data, therefore, do not necessarily reflect 2009 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-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. This was done by the European Commission, the Netherlands, Denmark, and the UK. U.S. bilateral commitment data correspond to amounts appropriated for the 2009 fiscal year. Global Fund contributions from the U.S. correspond to amounts received by the Fund during the 2009 calendar year, regardless of which contributor's fiscal year such disbursements pertain to. Data from the U.K., Canada, the European Commission, and Japan should be considered preliminary estimates. With the exceptions of the U.S., Italy, Spain, 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 49% of the donor's total contribution, reflecting UNITAID's reported funding by disease through the 2009 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 as a proxy for commitments. In the U.S. case, both enacted and disbursement 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, Denmark, France, Germany, Italy, Ireland, the Netherlands, Norway, Spain, 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.

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 2009, 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 2009 (see: <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/index.aspx>).

UNAIDS, the Joint United Nations Programme on HIV/AIDS, is an innovative United Nations partnership that leads and inspires the world in achieving universal access to HIV prevention, treatment, care and support. Learn more at unaids.org.

The Kaiser Family Foundation is a non-profit private operating foundation, based in Menlo Park, California, dedicated to producing and communicating the best possible analysis and information on health issues at www.kff.org

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