

REPORT

Financing the Response to HIV in Low- and Middle-Income Countries:

INTERNATIONAL ASSISTANCE FROM DONOR
GOVERNMENTS IN 2012

September 2013



UNAIDS

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PREPARED BY

Jennifer Kates, Kaiser Family Foundation

Adam Wexler, Kaiser Family Foundation

Eric Lief, Consultant

UNAIDS

EXECUTIVE SUMMARY

As the United Nations General Assembly prepares to meet in New York in September 2013, with progress towards the Millennium Development Goals (MDGs) on the agenda, it is important for the global HIV community to take stock of international efforts to finance the response to the epidemic. The world has marshaled significant resources to address HIV over the past decade, helping to achieve incredible results – since the MDGs were first launched in 2001, according to UNAIDS estimates, the number of people newly infected with HIV has dropped by 33% and access to antiretrovirals has increased more than 20-fold, reaching 9.7 million by the end of 2012.^{1,2}

While funding from all sources - multilateral institutions, the private sector, charities, foundations, religious organizations, low- and middle-income country governments, and households and individuals—is integral to financing the response to HIV, international assistance from a subset of government donors has been critical to this effort. The Joint United Nations Programme on HIV/AIDS (UNAIDS) and the Kaiser Family Foundation have been tracking bilateral donor government assistance for HIV in low- and middle-income countries as well as contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria, and to UNITAID by the 24 donor government members of the Organization for Economic Co-operation and Development’s Assistance Committee (DAC) since 2002 and this report presents the most recent data available. As it shows, after a decade of significant growth, international funding from donors that report to the DAC began to flatten with the onset of the global economic crisis in 2008 and, despite a slight increase this year, future funding levels are uncertain. In addition, there still remains a gap between available resources and estimated need.

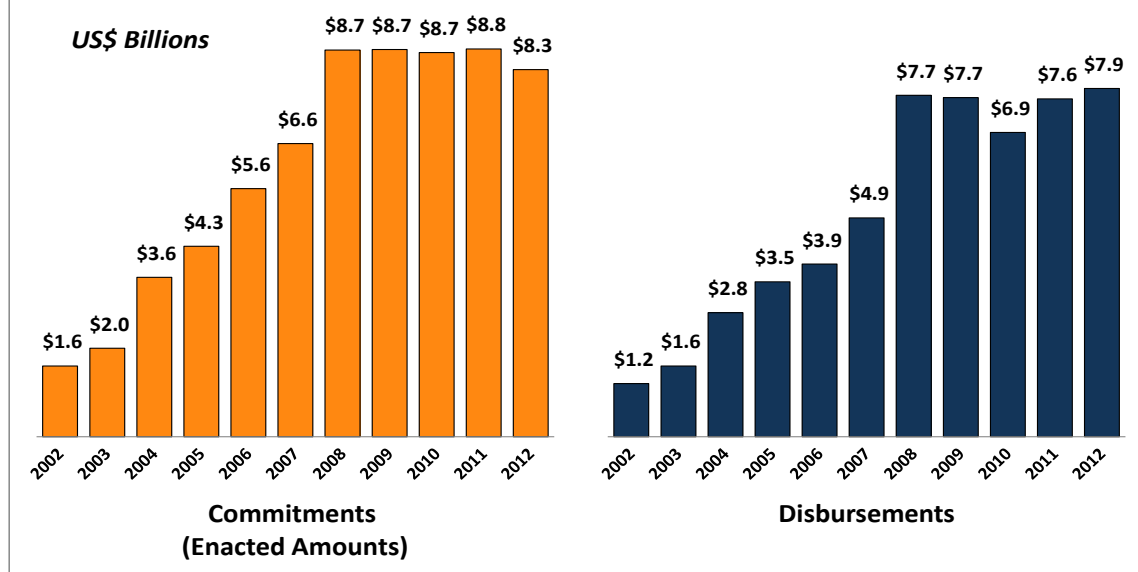
KEY FINDINGS INCLUDE:

- » In 2012, the most recent year for which there are data, donor government assistance for HIV totaled US\$7.86 billionⁱ and, in real terms, remained essentially flat compared to 2011 (US\$7.63 billion) continuing a trend of flat funding that began in 2008 (see Figure 1). This flatlining mirrors a similar trend in development assistance more generally, reflecting the economic and fiscal constraints of the post-financial-crisis period.³
- » A slight rise in total nominal spending between 2011 and 2012 (3%) was driven largely by an increase in bilateral disbursements from the U.S. (10%) as well as increased contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) in fulfillment of replenishment commitments. These increases, however, are temporary and not expected to continue; in fact, commitments (enactments) fell in 2012. Thus, the future could show further flattening or even declines.
- » Five of the 14 governments assessed (Australia, Canada, Japan, Sweden, and the U.S.) increased total assistance for HIV in 2012, while six others decreased funding (Denmark, France, Ireland, the Netherlands, the European Commission, and the U.K.), and three (Germany, Italy, and Norway) remained constant (after exchange rate fluctuations are taken into account).ⁱⁱ
- » The U.S. was the largest donor in 2012 (US\$5 billion) accounting for nearly two-thirds of total donor government assistance for HIV. The U.K. was the second largest donor (10.2%) followed by France (4.8%), Germany (3.7%), and Japan (2.7%). The top five donors have generally accounted for most (approximately 80%) of total donor assistance for HIV over the last several years.

ⁱ UNAIDS estimates that international assistance for HIV from all sources – donor governments reporting to the DAC, other donor governments, multilateral organizations, and private philanthropies – totaled US\$8.9 billion in 2012.

ⁱⁱ The U.K. decrease is largely attributable to a 2011 pre-payment of its 2012 Global Fund contribution. Otherwise, U.K. assistance for HIV remained essentially flat between 2011 and 2012. Similarly, the Japan increase in 2012 reflects a pre-payment of its 2013 Global Fund contribution and would have also remained essentially flat had the pre-payment not occurred.

Figure 1. International HIV Assistance from Donor Governments: Commitments & Disbursements, 2002-2012



- » In 2012, several donor governments provided a greater share of funding to HIV than their share of the world’s GDP: the U.S., the U.K., Sweden, and Denmark. However, when standardized by the size of their economies (GDP per US\$1 million), Denmark ranks first followed by the U.K., Sweden, the U.S., and Ireland.
- » Most (nearly \$6 billion or 76%) international assistance is provided bilaterally, although channels of assistance vary by donor, with some providing most of their funding through multilateral mechanisms. In 2012, for example, four donor governments provided a majority of funding through the Global Fund and UNITAID: Canada (65%), the European Commission (70%), France (85%), and Japan (90%).
- » UNAIDS estimated that global HIV funding available from all sources – domestic public and private spending, donor government bilateral assistance, multilateral organizations and private philanthropic aid disbursements – totaled US\$18.9 billion in 2012, of which 53% was provided by domestic resources. Despite this increase, total resources available in 2012 were well below the UNAIDS estimated US\$22 to US\$24 billion in annual funding that will be needed by 2015 to address the impacts of HIV.

INTRODUCTION

As the United Nations General Assembly prepares to meet in New York in September 2013, with progress towards the MDGs and the 2011 Political Declaration on HIV/AIDS on the agenda, it is important for the global HIV community to take stock of international efforts to finance the response to the epidemic (see Box 1). Over the past decade, significant resources have been marshaled to address HIV, with international assistance from donor governments being critical to this effort. The collective global investment has contributed to incredible progress, and now, as the world shifts to ever-greater “shared responsibility,” new science combined with proven HIV interventions demonstrate that achieving an “AIDS Free Generation” may be within reach.⁴

BOX 1: MILLENNIUM DEVELOPMENT GOALS (MDGS) & THE 2011 POLITICAL DECLARATION ON HIV/AIDS

Millennium Development Goals, Key HIV/AIDS Targets:

- Have halted by 2015 and begun to reverse the spread of HIV/AIDS;
- Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it.

2011 Political Declaration on HIV/AIDS, Key HIV/AIDS Targets: By 2015,

- Increase HIV-related spending to reach between US\$ 22 billion and US\$ 24 billion in low- and middle-income countries;
- Reach 15 million people living with HIV with lifesaving antiretroviral treatment;
- Reduce sexual transmission and transmission among people who inject drugs by 50%;
- Eliminate new HIV infections among children and substantially reduce AIDS-related maternal deaths;
- Reduce tuberculosis deaths in people living with HIV by 50%.

While resources from all sectors - multilateral institutions, the private sector, foundations, religious organizations, low- and middle-income country governments, and households and individuals—are integral to financing the response to HIV (See Box 2), international assistance from a subset of government donors has been critical to this effort, accounting for much of the HIV funding in many hard hit countries. In fact, seventy-nine countries receive more than half their HIV funding from international assistance, and 51 rely on international sources for at least 75%.¹ Therefore, understanding and tracking how donors have responded to this crisis is critical to assessing efforts to address the HIV epidemic around the world and to meet global targets.

This report, the product of a partnership between UNAIDS and the Kaiser Family Foundation continues to track this trend by providing the latest available data on international assistance for HIV in low- and middle-income countries provided by donor governments, including their bilateral aid and multilateral contributions to the Global Fund and to UNITAID. UNAIDS and the Kaiser Family Foundation have been tracking assistance provided to address HIV in low- and middle- income countries since 2002. This latest report provides data from donor governments for 2012, including funding from the 23 donor government members of the Organisation for Economic Co-operation and Development (OECD)’s Development Assistance Committee (DAC) and the European Union (EU).ⁱⁱⁱ

ⁱⁱⁱThe Slovak Republic, Iceland, and the Czech Republic became members of the DAC in 2013 and therefore, were not included in the analysis of 2012 funding.

BOX 2: OTHER SOURCES OF FUNDING FOR HIV IN LOW & MIDDLE INCOME COUNTRIES:

While this report focuses on donor governments, there are three other major funding streams for HIV assistance: multilateral organizations, the private sector, and domestic resources.

Multilateral Organizations: Provide assistance for HIV using pooled funds from member contributions and other means. Contributions are usually made by governments, but can be provided by private organizations and individuals, as in the case of the Global Fund. Some multilateral organizations are specifically designed to address HIV (such as the Global Fund, which also finances TB and malaria efforts, and UNITAID); donor government contributions to the Global Fund and UNITAID are counted as part of the donor government's financing effort in this analysis. Donor government contributions to multilateral organizations that are not specifically designed to address HIV, but may include HIV activities within their broader portfolio (such as the World Bank), are not included in this analysis.

Private Sector: Including foundations (charitable and corporate philanthropic organizations), corporations, faith-based organizations, international NGOs, and individuals. It is estimated that U.S.-based philanthropies provided \$491 million in 2011 to HIV activities internationally.⁶ Among foundations, the Bill and Melinda Gates Foundation is the leading philanthropic funder of international HIV efforts.⁶ A survey of European foundations estimated spending on HIV in the developing world at \$170 million in 2011.⁶ Corporations and businesses also support HIV programs in low- and middle- income countries through non-cash mechanisms such as price reductions for HIV medicines; in-kind support; commodity donations; employee and community prevention, care, and treatment programs; and co-investment strategies with government and other sectors.

Domestic Resources: Including both spending by country governments that also receive international assistance for HIV and by households/individuals within these countries, represent a significant and critical part of the response. UNAIDS estimates that domestic spending surpassed that provided by donors for the first time in 2011, and increased to \$9.9 billion in 2012.^{1,7}

FINDINGS

OVERVIEW

In 2012, donor government disbursements for HIV totaled US\$7.86 billion, including both bilateral disbursements and contributions to multilateral organizations (see Table 1). Despite a slight nominal increase above 2011 disbursements (US\$7.63 billion), international assistance for HIV essentially remained flat in real terms. In fact, among the 14 donors assessed, six decreased assistance for HIV in 2012 and three donors maintain funding at 2011 levels. Moreover, the nominal increase can largely be attributed to two factors – increased U.S. government disbursements due to an accelerated disbursement rate in 2012 and some significant Global Fund contributions due to Global Fund replenishment. If U.S. funding is excluded, total assistance for HIV declined by nearly US\$300 million.

TABLE 1: INTERNATIONAL HIV ASSISTANCE FROM DONOR GOVERNMENTS, 2012

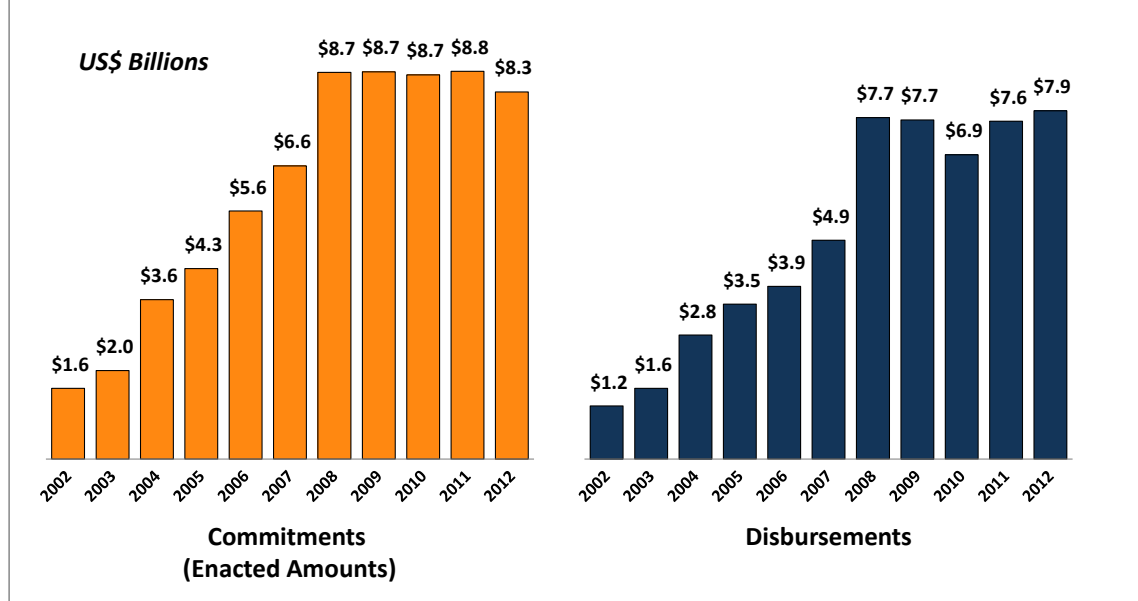
GOVERNMENT	BILATERAL DISBURSEMENT	GLOBAL FUND		UNITAID		TOTAL DISBURSEMENT
		TOTAL (100%)	ADJUSTED (55%)	TOTAL (100%)	ADJUSTED (51%)	
Australia	\$90.4	\$62.3	\$34.3	–	–	\$124.7
Canada	\$54.1	\$182.4	\$100.3	–	–	\$154.5
Denmark	\$157.2	\$25.1	\$13.8	–	–	\$171.0
France	\$55.9	\$447.6	\$246.2	\$143.4	\$74.9	\$376.9
Germany	\$145.8	\$259.4	\$142.7	–	–	\$288.5
Ireland	\$52.4	\$14.7	\$8.1	–	–	\$60.5
Italy	\$13.9	–	–	–	–	\$13.9
Japan	\$20.5	\$342.9	\$188.6	–	–	\$209.1
Netherlands	\$166.2	\$49.6	\$27.3	–	–	\$193.5
Norway	\$62.8	\$75.5	\$41.5	\$21.5	\$11.2	\$115.6
Sweden	\$113.2	\$104.6	\$57.5	–	–	\$170.8
United Kingdom	\$643.4	\$203.9	\$112.2	\$87.2	\$45.5	\$801.1
United States	\$4,359.2	\$1,205.7	\$663.1	–	–	\$5,022.3
European Commission	\$30.3	\$127.9	\$70.4	–	–	\$100.7
Other Governments	\$32.1	\$46.3	\$25.5	\$7.0	\$3.7	\$61.3
TOTAL	\$5,997.6	\$3,147.9	\$1,731.4	\$259.1	\$135.3	\$7,864.2

Looking more broadly, donor government assistance for HIV has been flat since 2008, ending a long, prior period of acceleration.^{iv} This flatlining mirrors a similar trend in development assistance more generally, reflecting the economic and fiscal constraints of the post-financial-crisis period. Additionally, commitments (enactments), which had been flat at approximately \$8.7-\$8.8 billion between 2008 and 2011, declined to \$8.3 billion in 2012 potentially indicating a continued flattening or even decline in future international assistance for HIV (See Figure 1).^v

^{iv} The decline between 2009 and 2010 was largely attributed to the largest donor, the United States who had reported delays in disbursements during that period. See discussion in text.

^v Enactments are firm budgetary decisions that funding will be provided, regardless of the year in which it is disbursed. While most governments examined disburse enacted amounts significantly within the same year, the U.S. government, the largest donor, does not. Yet, because U.S. enactments are firm budgetary decisions, they provide an important point of comparison to other governments' disbursement amounts.

Figure 1. International HIV Assistance from Donor Governments: Commitments & Disbursements, 2002-2012



DONORS

International assistance for HIV includes both actual funding provided (e.g., cash transfers) as well as other types of transactions and activities (e.g., technical assistance) and products (e.g., commodities) (see Box 3). In 2012, the United States was the largest donor in the world, accounting for almost two-thirds (63.9%) of disbursements by donor governments (See Table 1 and Figure 2). The U.K. was the second largest donor (10.2%), followed by France (4.8%), Germany (3.7%), and Japan (2.7%).

BOX 3: TYPES OF DONOR GOVERNMENT ASSISTANCE FOR HIV

Donor governments provide multiple types of financial and other assistance to address HIV in low- and middle-income countries, including:

Grants: Transfers made in cash, goods or services for which no repayment is required and no legal debt is incurred by the recipient. Grants may be made from a grantor to a grantee, or to an intermediary organization on a grantee’s behalf. Grants can be unconditional or conditional.

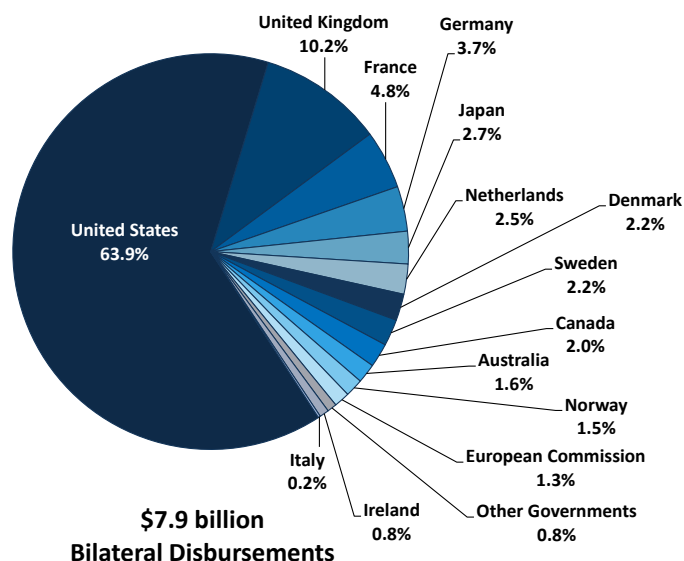
Loans: Transfers for which the recipient incurs a legal debt and repayment is required in convertible currencies or in-kind.

Concessional loans: Loans that are made at or below market interest rates (including at zero interest), and typically are given a much longer grace period and maturity than other forms of financing. To be considered part of official development assistance (ODA) as defined by the OECD, a loan must have a grant element (a grant “equivalent”) of at least 25%.

Commodities: Materials, supplies, and equipment, such as medicines and diagnostics.

Technical assistance/co-operation: Transfer of knowledge through training, staff, and other services.

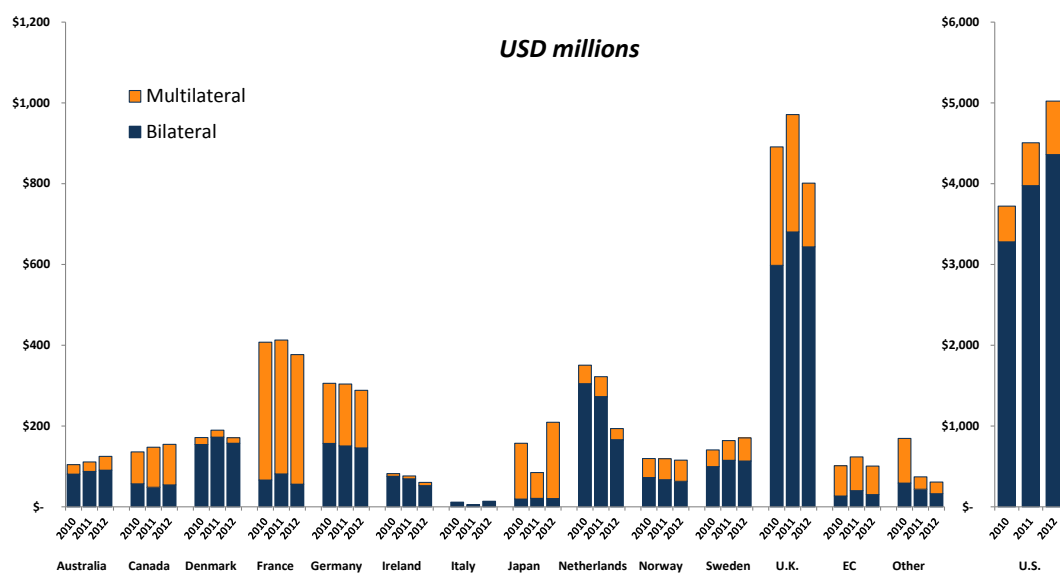
Figure 2. International HIV Assistance: Donor Governments as a Share of Total Donor Government Disbursements, 2012



Five donor governments (Australia, Canada, Japan, Sweden, and the U.S.) increased total assistance for HIV in 2012 while six others (Denmark, France, Ireland, the Netherlands, the European Commission, and the U.K.) decreased funding and three (Germany, Italy, and Norway) essentially remained flat (see Figure 3).

Looking at specific governments provides insights into recent trends and potential scenarios moving forward. For instance, not only was the U.S. the single largest donor, but increases in U.S. disbursements between 2011 and 2012 drove the overall increase in nominal funding; without the U.S., funding would have decreased over the most recent period. The U.S.

Figure 3. Trends in International HIV Assistance from Donor Governments: Multilateral & Bilateral Funding, 2010-2012



increase, however, was largely due to an acceleration of bilateral disbursements and, to some extent by increased Global Fund contributions (see Box 4). The U.K., which was the second largest donor, had decreased funding in 2012, but this decrease was largely attributable to a 2011 pre-payment of its 2012 Global Fund contribution. Similarly, the 2012 increase in assistance from Japan reflects a pre-payment of its 2013 Global Fund contribution. Funding from both the U.K. and Japan would have essentially remained stable between 2011 and 2012 had pre-payment of their Global Fund contributions not occurred. Finally, some donor government decreases occurred in the context of overall budgetary constraint and consequent reductions in development assistance as a whole, for example in the cases of Ireland and the Netherlands.

The majority of international assistance for HIV has historically been provided by a subset of donors (France, Germany, the Netherlands, the U.K., and the U.S.), with the U.S. consistently being the single largest (in both bilateral disbursements and contributions to the Global Fund). Since 2006, these five donors have accounted for approximately 80% or more of total assistance for HIV.

BILATERAL/MULTILATERAL DISTRIBUTION

Assistance is provided by donor governments through both bilateral and multilateral channels, and some mix of the two (see Box 5). Decisions about how much assistance to provide through these different channels (what “mix” to use) are dependent on several factors, such as: the desired level of control over the use of funds by donors; varying

BOX 4: U.S. SNAPSHOT

The U.S. was the largest donor to HIV efforts in low and middle income countries in 2012, accounting for nearly two-thirds of total international assistance for HIV/AIDS. In addition, the slight nominal increase in total donor assistance in 2012 was largely driven by U.S. increases in bilateral disbursements and increased Global Fund contributions.

The U.S. is the only donor government for which enacted amounts are disbursed over as many as five years, and there has historically been a gap between enactments and disbursements (with the latter being below the former). In 2010, U.S. disbursements temporarily slowed, and declined, due to additional requirements put in place by Congress in the 2008 reauthorization of the President’s Emergency Plan for AIDS Relief (PEPFAR). The 2008 authorizing legislation called on PEPFAR to develop partnership agreements with recipient countries and required the U.S. to certify that certain conditions were in place at the Global Fund before full payments are made. Since then, the disbursement rate has increased and the increase in 2012 was largely due to an acceleration of disbursement rate.

However, USG enactments for bilateral funding have been on the decline while at the same time the rate of bilateral disbursements has been increasing. While final funding levels are not yet know, the FY 2013 enacted funding level for HIV bilateral programs was approximately 4% below 2012 levels, before accounting for additional potential cuts due to sequestration.* Additionally, the proposed FY 2014 budget includes a funding level that is 5% below FY 2012. As the single largest donor, not only does a change in the fiscal environment affect the overall funding envelope, so does a change in the rate of disbursements.

The increase in the U.S. contribution to the Global Fund was towards fulfillment of a three-year (FY 2011-FY 2013), \$4 billion pledge made at the Global Fund replenishment meeting in 2010. The U.S. contribution to the Global Fund has increased in each year since 2010 and is expected to continue this trend in 2013, the final year of the three-year pledge. However, both the President and Congress have indicated that the 2014 contribution will be at the 2013 level. Whether future U.S. contributions to the Global Fund increase further or remain at existing levels remains uncertain and will potentially become clearer at the next replenishment meeting in late 2013.

* In an effort to address ongoing budget deficits President Obama and Congress agreed to automatic, across-the-board budget reductions, known as “sequestration.” Post-sequestration funding levels for FY 2013 were not yet know at the time of publication.

BOX 5: DEFINING BILATERAL AND MULTILATERAL CHANNELS FOR ASSISTANCE

The different channels for delivery of international assistance can be described as follows:

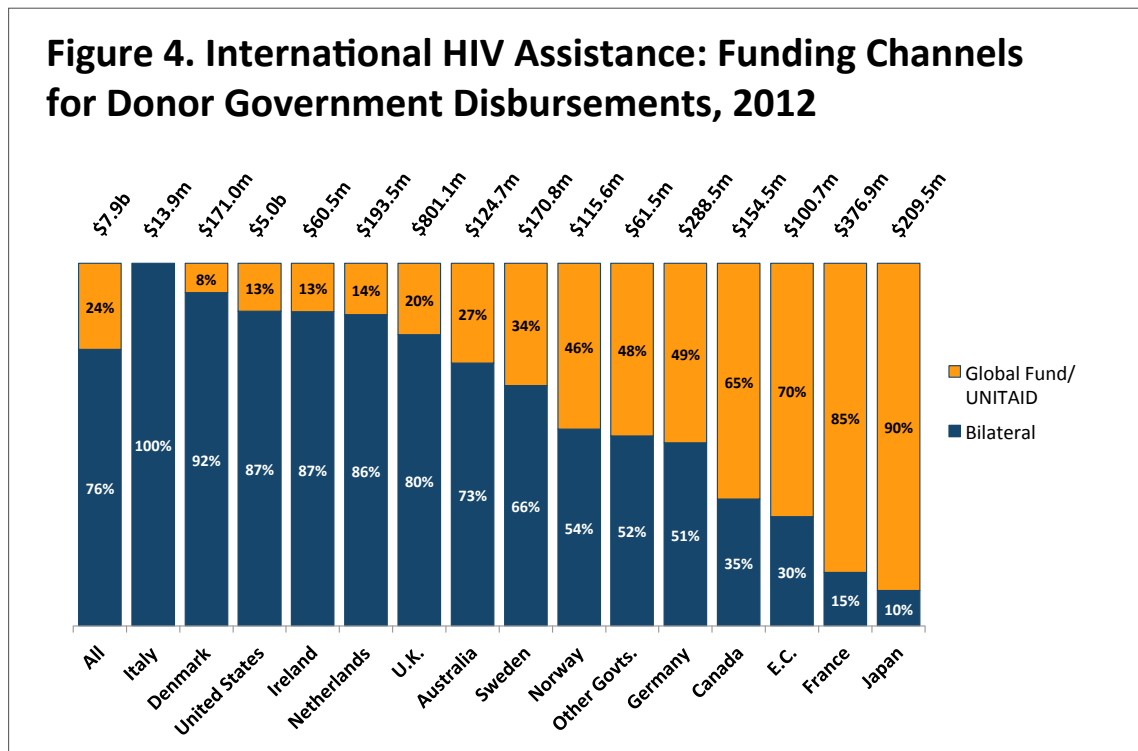
Bilateral assistance: Direct assistance from one government to, or for the benefit of, one or more other countries. Bilateral assistance generally consists of projects and programs, the content and direction of which is decided by the donor, providing more direct control over decisions about how and where funding is targeted (e.g., donors can stipulate countries, conditions, etc.).

Multilateral assistance: Indirect assistance, in that it is provided by donor governments (usually unconditionally) to multilateral organizations that also receive funding from many other donors and in turn provide assistance to, or on behalf of, one or more countries. Multilateral assistance generally consists of projects and programs, the content and direction of which is decided by the multilateral organization, using pooled funding from multiple donors. Multilateral aid may enable donors to satisfy other goals, such as leveraging support from other donors, financing the response through alternative vehicles, reaching more or different countries and regions, and/or accessing different capacities. For example, a donor without a large field presence may choose to provide more of its aid through a multilateral mechanism.

Multi-bi assistance (multilateral-bilateral): Assistance provided by a donor to a multilateral organization for specific activities, as defined by the donor, and for which the multilateral organization acts as an implementing agent.

approaches to cooperation and coordination; a donor’s own internal capabilities and field staff capacity for carrying out programs; and recipient country governance and capacity.

The majority of donor government assistance for HIV is provided bilaterally (see Figure 4). In 2012, bilateral assistance accounted for 76% (US\$6.0 billion) of total donor government assistance. Multilateral assistance, which accounted for 24% (US\$1.9 billion), includes funding provided to the Global Fund and UNITAID. Contributions to the Global Fund totaled US\$3.1 billion, of which US\$1.7 billion (or 55%) represents an adjusted “AIDS share” based



on the share of Global Fund approved grant funding for HIV.⁸ Funding for UNITAID totaled US\$259 million, of which US\$135 million (51%) represents an adjusted “AIDS share” based on UNITAID commitments for HIV through 2012.⁹

Ten of the governments reviewed provided the majority (more than 50%) of their total HIV assistance through bilateral channels while four governments (Canada, the EC, France, Germany, and Japan) channeled half or more through the Global Fund and UNITAID.

Not all governments provided contributions to the Global Fund or UNITAID. In 2012, for example, nine members of the DAC did not contribute to the Global Fund, including Italy and Spain, which have contributed in the past. In addition, only four DAC members contributed to UNITAID.^v The U.S. was the largest donor to the Global Fund followed by France, Japan, and Germany. France was the largest donor to UNITAID^{vi} followed by the U.K. and Norway.

ASSESSING FAIR SHARE

One question that often arises is what constitutes each government’s “fair share” of international HIV assistance efforts. Yet, such assessments are complex and there is no single, agreed-upon methodology for making them, and several questions must be considered, including:

- » What is the “total” against which individual contributions are assessed? Estimated total funding by donor governments? Should that total include just direct HIV-related costs or be broadened to include critical infrastructure and capacity deficits?
- » Which funders should be included in a fair share calculation? DAC governments only, or private sector, recipient government and out-of-pocket spending by individuals?
- » To what extent should the efficiency of donor assistance be taken into account (e.g., how much is “tied” aid)?

TABLE 2: ASSESSING FAIR SHARE ACROSS DONORS

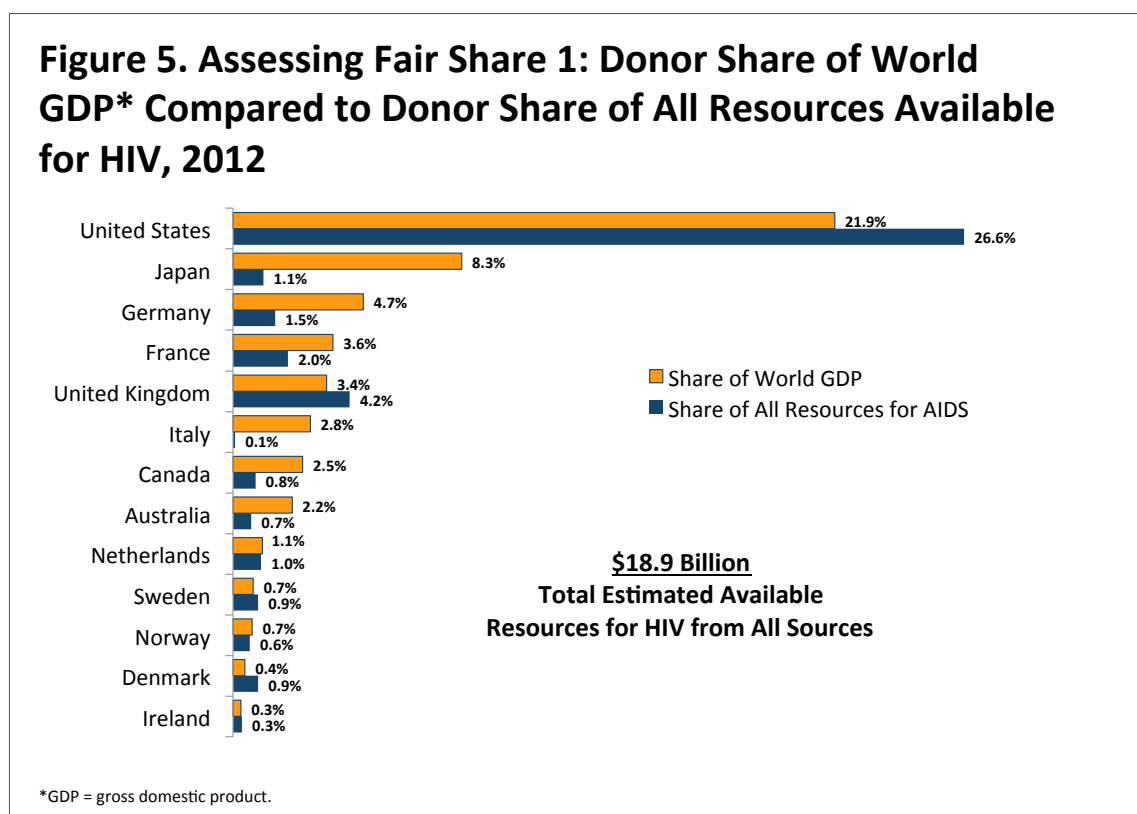
GOVERNMENT	SHARE OF TOTAL DONOR GOVERNMENT FUNDING FOR HIV	TOTAL HIV FUNDING PER \$1 MILLION GDP	SHARE OF WORLD GDP	SHARE OF GLOBAL RESOURCES AVAILABLE FOR HIV
Australia	2%	\$80.88	2.2%	0.7%
Canada	2%	\$84.91	2.5%	0.8%
Denmark	2%	\$545.27	0.4%	0.9%
France	5%	\$144.49	3.6%	2.0%
Germany	4%	\$84.84	4.7%	1.5%
Ireland	1%	\$287.38	0.3%	0.3%
Italy	0%	\$6.88	2.8%	0.1%
Japan	3%	\$35.06	8.3%	1.1%
Netherlands	2%	\$250.23	1.1%	1.0%
Norway	1%	\$230.64	0.7%	0.6%
Sweden	2%	\$324.53	0.7%	0.9%
United Kingdom	10%	\$328.26	3.4%	4.2%
United States	64%	\$320.20	21.9%	26.6%
European Commission	1%	-	-	0.5%
Other Governments	1%	-	-	0.3%

^{vi} Based on analysis of the Global Fund’s Pledges and Contributions database and UNITAID’s 2012 Annual Report.

- » How should differences in relative wealth between donors be taken into account?
- » Should factors other than funding (e.g. differences in country tax subsidy policies for charitable giving for HIV by individuals, foundations, and corporations; patent policies) be taken into account?

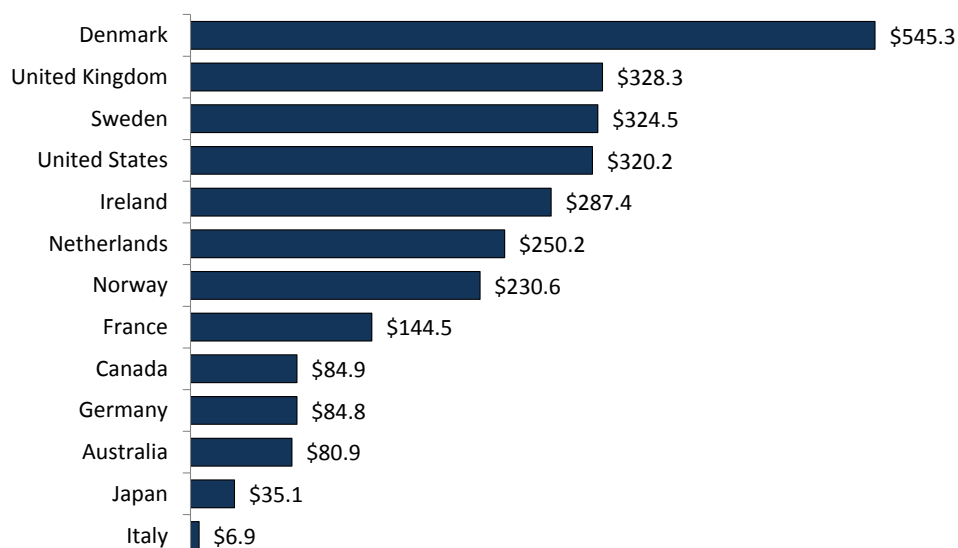
These questions have implications for the methodology chosen to assess fair share and there are inherent limits in using any one methodology for doing so. For example, a rank by total funding does not capture the relative wealth of a nation. Yet a standardized measure including wealth does not take into account certain other donor policies that may inhibit or facilitate the amount of assistance such as tax subsidies for charitable giving. Table 2 provides a comparison of rank by total funding amount with two other methodologies for comparing across donors. As it shows:

- » Rank by share of total resources available (donor government assistance, domestic spending, contributions from charitable organizations, etc.) compared to share of the global economy (as measured by GDP). In 2012, UNAIDS estimates that US\$18.9 billion was made available for HIV from all sources (donor governments, multilaterals, the private sector, and domestic sources) for HIV. Of this the U.S. provided 27%, the largest share of any donor and above its share of the world’s economy as measured by gross domestic product or GDP (22% in 2012). Denmark, Sweden, and the U.K. also provided greater shares of total HIV resources than their shares of GDP (see Table 2 and Figure 5).



- » Rank by value of funding compared with a standardized measure of relative wealth, such as total disbursement per US\$1 million gross domestic product (GDP); Disbursements for HIV per US\$1 Million GDP: When donor government disbursements are standardized by the size of their economies (GDP per US\$1 million), donors rank quite differently than when measured by actual disbursement amounts. Whereas Denmark ranked seventh in actual disbursements provided for HIV in 2012, it ranked number one when standardized by GDP. The U.K. ranked second by this measure (the same as for disbursement amounts), followed by Sweden, the United States, and Ireland (see Table 2 and Figure 6).

Figure 6. Assessing Fair Share 2: Donor Rank by Disbursements for HIV per US\$1 Million GDP*, 2012



*GDP = gross domestic product.

RESOURCES AVAILABLE COMPARED TO NEED

Estimates of resources made available for HIV compared to need suggest that despite increases in funding, there is still a significant global financing gap in addressing HIV and a risk that the gap could be growing. In 2012, total global funding for HIV was estimated to be US\$18.9 billion from all sources (donor governments, domestic spending, multilateral organizations, and private institutions), an increase of about 10% above 2011 (US\$17.1 billion). Of the US\$18.9 billion in total funding, international aid from donor governments, multilateral organizations, and private philanthropies accounted for 47% while domestic resources accounted for 53%, the second year in which domestic resources accounted for the majority of available funding. Additionally, domestic resources demonstrated a larger increase (US\$1.0 billion) than donor government funding. Despite these increases, total available resources for HIV in 2012 were below the project need of US\$22 to US\$24 billion by 2015. With donor government funding projected to remain flat, reaching the projected 2015 projected funding needs remains uncertain.

CONCLUSION

Donor governments have been and remain a critical part of the global response to the HIV epidemic, providing a significant share of funding and other support to low and middle income countries. In the last decade, donor governments drove a dramatic increase in funding scale-up, which helped to turn the tide on the epidemic. Yet donor funding has plateaued since the onset of the global economic turndown in 2008, and does not show signs of increasing. In addition, there remains a gap between available resources and estimated need. While donors alone cannot be expected to fill this gap, their future funding trajectory will have significant implications for the global response and progress toward achieving an AIDS Free Generation.

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 HIV in low- and middle-income countries were collected from multiple sources. The research team solicited bilateral assistance data directly, from the governments of Australia, Canada, Denmark, France, Germany, Ireland, the Netherlands, Norway, Sweden, the United Kingdom, and the United States during the first half of 2013, representing the fiscal year 2012 period. Direct data collection from these donors was desirable because the latest official statistics on international HIV specific assistance – from the Organisation for Economic Co-operation and Development (OECD) Creditor Reporting System (CRS) (see: www.oecd.org/dac/stats/data) – are from 2011 and do not include all forms of international assistance (e.g., funding to countries such as Russia and the Baltic States that are no longer included in the CRS database). 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 HIV 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 State reported amounts and EC reported amounts for international HIV 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 has contributed to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), it has also been a net recipient of HIV assistance, and therefore is not included in the donor analysis.

Data for all other governments – Austria, Belgium, Finland, Greece, Luxembourg, New Zealand, Portugal, Spain, Switzerland – were obtained from the OECD CRS and are from calendar year 2011; these data, therefore, do not necessarily reflect 2012 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 conducted in donor countries (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 is done, for example, by the European Commission, the Netherlands, Norway, Denmark, and the U.K.. U.S. bilateral “enacted” data, or “commitments”, correspond to amounts appropriated for the 2012 fiscal year. Global Fund contributions from all governments correspond to amounts received by the Fund during the 2012 calendar year, regardless of which contributor’s fiscal year such disbursements pertain to. Data from the U.K., Canada, and Germany should be considered preliminary estimates. With the exception of the U.S., disbursements were used as a proxy for “enacted” amounts.

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. Enacted amounts represent budgetary decisions that funding will be provided, regardless of the time at which actual outlays, or disbursements, occur. In recent years, most governments have converted to cash accounting frameworks, and present budgets for legislative approval accordingly; in such cases, disbursements were used as a proxy for enacted amounts. In the U.S. case, both enacted and disbursement data were available for analysis.

Included in multilateral funding were contributions to the Global Fund (see: www.theglobalfund.org/en/), and UNITAID (see: www.unitaid.eu/). All Global Fund contributions were adjusted to represent 55% of the donor's total contribution, reflecting the Fund's reported grant approvals for HIV-related projects to date. The Global Fund attributes funds received to the years that they were pledged rather than the year of actual receipt. As a result, Global Fund totals presented in this report may differ from those currently available on the Global Fund website. UNITAID contributions were adjusted to represent 51% of the donor's total contribution, reflecting UNITAID's reported commitments for HIV-related projects to date. 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 HIV assistance even if the multilateral organization in turn directs some of these funds to HIV. Rather, these would be considered as HIV 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.

Data collected directly from the Australian, Canadian, Japanese, U.K., and U.S. 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, 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. 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 available from the U.S. Federal Reserve (see: www.federalreserve.gov/). Data obtained from the Global Fund were already adjusted by the Global Fund to represent a USD equivalent based on date of receipts. Data on gross domestic product (GDP) were obtained from the International Monetary Fund's World Economic Outlook Database and represent current price data for 2012 (see: www.imf.org/external/pubs/ft/weo/2013/01/weodata/index.aspx).

Endnotes

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THE HENRY J. KAISER FAMILY FOUNDATION

Headquarters

2400 Sand Hill Road
Menlo Park, CA 94025
Phone 650-854-9400 Fax 650-854-4800

Washington Offices and Barbara Jordan Conference Center

1330 G Street, NW
Washington, DC 20005
Phone 202-347-5270 Fax 202-347-5274

www.kff.org

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