

Proposing a funding plan for universal access to HIV prevention, treatment and care by 2010.

Executive Summary

Two years on from the commitment by world leaders to achieve universal access to HIV prevention, treatment and care by 2010, the global response to HIV and AIDS remains woefully under funded. In 2007 for example, a comprehensive response to HIV and AIDS in low- and middle-income countries requires an estimated US\$18.1 billion, increasing to US\$23 billion in 2010. UNAIDS estimate the funding gap to be US\$8.1 billion in 2007 and at least US\$10 billion per annum between 2008 and 2010.

This briefing looks at how this funding need can be met in full from all available sources and in particular at the substantial role donor governments and the G8 in particular, must play. It calls for leaders of the G8 countries to:

- Agree a long-term funding plan at the G8 Summit in Heilegendamm, Germany, to fill the existing AIDS funding gap. This long-term funding plan should map out how the G8 plans to urgently increase revenue and channel much-needed additional money to fund universal access.
- Finance in full every nationally agreed HIV and AIDS plan with predictable, untied and sustainable funding, strictly aligned to national priorities and free from conditions beyond those necessary to ensure the aid is spent for its stated purpose.
- Commit to funding 70% of global HIV and AIDS resource need per annum, the G7's fair share



Introduction

'We will work to... develop and implement a package for HIV prevention, treatment and care, with the aim of as close as possible to universal access to treatment for all those who need it by 2010...'

The Gleneagles Communiqué, 2005

'(We) commit ourselves to setting, in 2006, through inclusive, transparent processes, ambitious national targets, including interim targets for 2008 ... that reflect...the urgent need to scale up significantly towards the goal of universal access to comprehensive prevention programmes, treatment, care and support by 2010...'

2006 UN General Assembly Political Declaration on HIV and AIDS

If the commitment to achieve universal access to HIV prevention, treatment and care by 2010 is to have a real, lasting impact, sufficient funding must now be urgently made available.

Two years on from the political rhetoric of 2005, the global response to HIV and AIDS remains significantly under funded. As a result, millions of people are still not receiving the information, services or treatment they need to curb the impact of HIV and AIDS. For example, just one in five people at risk of HIV are thought to have access to basic HIV-prevention services worldwide whilst three out of four people in need of treatment in low- and middle-income countries are not receiving it. Women and young people remain particularly affected largely as a result of insufficient funding aimed specifically at addressing their needs and particular vulnerabilities. 89% of HIV-positive

pregnant women in need of antiretroviral treatment to prevent mother-to-child transmission of HIV (PMTCT) in low- and middle-income countries are not receiving it. Furthermore, in parts of Africa and the Caribbean young women aged 15-24 are up to six times more likely to be HIV-infected than young men², fuelled in part by gender inequity and violence against women.

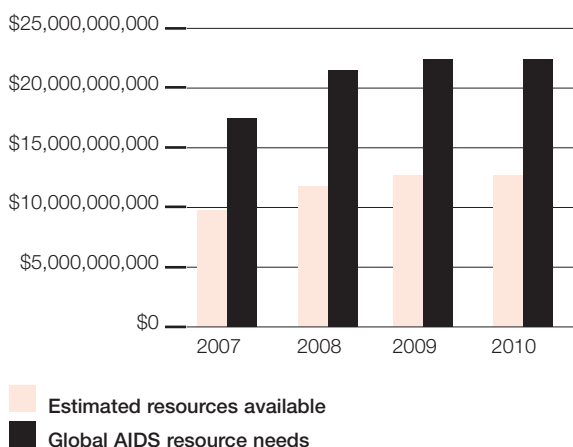
In 2007, ActionAid, with civil society partners around the world, is calling upon the G8 to agree a funding plan for universal access. A funding plan is crucial to the delivery of a comprehensive response to HIV and AIDS. **It would show genuine intent on the part of donors to ensure each nationally agreed plan is funded in full, enable developing countries to commit to long-term investment in the social sector to build capacity and provide greater incentive for more countries to develop national plans.**

This briefing addresses some of the key points a funding plan must consider including, how much is needed globally for a comprehensive response to HIV and AIDS, how much the G7 and other donor governments need contribute.

Global resource needs

Until all national targets are agreed and budgeted, it is difficult to authoritatively say what the global cost of universal access to prevention, treatment and care will total. However, UNAIDS estimates of total funding required for a comprehensive response to HIV and AIDS in low- and middle-income countries give a minimum indication of the cost of universal access. They estimate that US\$18.1 billion³ is needed in 2007 increasing to US\$23 billion⁴ in 2009 and 2010 (see figure 1).

FIGURE 1: Global resource needs



Costed national plans

In June 2006, world leaders committed to setting ambitious national targets by the end of that year that reflect the goal of universal access to prevention, treatment, care and support by 2010, including interim targets for 2008. By April 2007, little more than 30 countries had developed national plans that were considered by UNAIDS to be credible and fully costed. These include Cambodia, Nepal, Kenya, Zambia, Ghana, Nigeria and Peru.

Other plans do exist but they include overambitious targets (e.g. 100% coverage) or a lack of ambition, inaccurate estimates that do not consider the price of second line antiretroviral drugs, for example, and targets subsequently scaled back due in part to lack of confidence in donors.

The total cost of these 31 plans is approximately US\$4 billion. 16 of them have identified an external funding gap totalling US\$1.5 billion, although this is likely to be a significant underestimate.

To reach this estimate, UNAIDS defined universal access to treatment narrowly as 80% coverage of people who would die within a year without treatment, for example. In comparison, the World Health Organisation's '3x5 initiative', which sought to scale up access to AIDS treatment to 3 million people by 2005, gave AIDS treatment to all those who had begun to develop AIDS-related symptoms. If the UNAIDS estimate were consistent with the 3x5 initiative - that treatment would be available when people first developed symptoms and not withheld until people have a year to live - it would be enough for just 68% of people in need of treatment to receive it by 2010.

Whilst conservative, this UNAIDS estimate highlights the need for HIV and AIDS funding to dramatically increase if universal access to prevention, treatment, care and support is to be achieved. In 2005, an estimated US\$8.3 billion was spent on HIV and AIDS in low- and middle-income countries⁵. This is expected to rise to US\$10 billion in 2007, US\$8.1 billion short of UNAIDS' estimated global resource need.

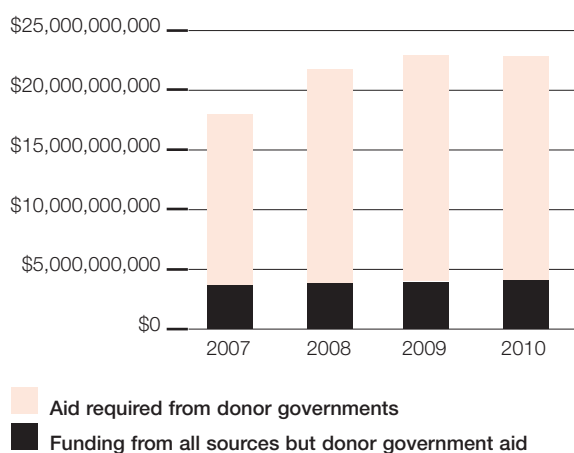
Meeting this resource need

Of the US\$10 billion expected to be spent on the HIV and AIDS response in 2007, funding from all sources except donor government aid is expected to total US\$3.7 billion. Of this, domestic spending on HIV and AIDS, which includes public sector spending by country governments and private out-of-pocket expenditure, is estimated to account for US\$3 billion⁶. Foundations, the private sector and international organisations are projected to provide approximately US\$400 million⁷ and UNITAID's income – an international drug purchase facility - is expected to raise US\$380 million in 2007.

It is difficult to project how precisely these sources of funding for HIV and AIDS will grow in the future. In 2006, the Gates Foundation received a contribution from Warren Buffet that effectively doubles its total annual giving. UNITAID could also realistically increase its revenue if, as expected, more countries join. However, it is uncertain how HIV and AIDS funding from these sources will subsequently increase, if at all. Furthermore, out-of-pocket expenditures, often by poor people in response to a health emergency, cannot be considered a sustainable source of funding and should be discounted from domestic spending. However, it is possible to assume a modest total growth in domestic spending.

According to UNAIDS, domestic spending has grown from US\$2.6 billion in 2005, to US\$2.8 billion in 2006 and now US\$3 billion in 2007 – an increase of approximately 7% per year. The 2001 Abuja Declaration commits African Union member states to spending 15% of their public budgets on health. By 2007, only two countries had reached this target and many still gave less than 10% of their public budgets to health. Although not all of this money will be spent directly on HIV and AIDS, some of it will. As a result, as countries move toward this spending target HIV and AIDS will benefit from more funding and the broader investment in health systems.

FIGURE 2 Proportion of global resource needs provided by donor governments and all other sources



If we therefore assume that HIV and AIDS funding from domestic spending will continue to increase by 7% per annum whilst funding from other sources will remain stable, almost US\$4.5 billion will be available from domestic spending, foundations and innovative finance mechanisms by 2010.

This leaves US\$14.3 billion in 2007 and more than US\$18 billion per year (see figure 2) thereafter until 2010 - approximately 80% global resource need - which donor governments and the G7 especially need provide.

The fair share of donor government's

Many developing countries cannot fully fund a comprehensive national response to HIV and AIDS without external support. As a result, donor governments have a crucial role to play in achieving universal access to HIV prevention, treatment, care and support. The G8, in particular, which accounts for more than two-thirds of the world's economic output, must play a leading role.

Apportioning 'fair share' of the US\$14.3 billion to US\$18 billion resource gap between donor governments hinges upon the methodology used. The equitable contributions framework used to calculate fair share contributions to the Global Fund provides one model, widely accepted among civil society, by which the resource gap can be apportioned between donor governments according to Gross National Income (GNI).

Under this framework:

- Donors are defined as member states of the OECD's Development Assistance Committee (DAC) or high income countries.
- The 'fair share' of resource need is calculated according to a country's adjusted GNI.
- Total GNI is that just of donors. It is not the world GNI.
- Fair share is based upon 2005 GNI (World Bank Atlas method) and therefore assumes that each country's share of combined donors' GNI will remain constant between 2007 and 2010

Using this model (see Annex for full details), **the G7 need provide the majority of the US\$14.3 billion to US\$18 billion resource gap (see figure 3) – approximately 70% of global resource need.** In doing so, it is crucial that the funding is long-term, sustainable and predictable to enable developing countries to commit to long-term investment in the social sector to build capacity and provide greater incentive for more countries to develop national plans.

FIGURE 3 G7 fair share of global resource needs

	2007	2008	2009	2010	Total 2007-2010
G7 subtotal	\$11,956,179,639	\$15,120,559,585	\$15,684,386,967	\$15,483,645,883	\$58,244,772,074
Canada	\$370,248,065	\$468,239,697	\$490,870,851	\$484,654,485	\$1,814,013,098
France	\$818,479,830	\$1,035,102,634	\$1,085,131,642	\$1,071,389,583	\$4,010,103,690
Germany	\$1,064,970,835	\$1,346,831,133	\$1,411,926,731	\$1,394,046,154	\$5,217,774,853
Italy	\$558,907,963	\$706,831,229	\$740,994,088	\$731,610,172	\$2,738,343,452
Japan	\$2,099,415,341	\$2,655,056,692	\$2,783,381,988	\$2,748,133,362	\$10,285,987,382
Russia	-	-	-	-	-
UK	\$919,019,133	\$1,162,251,152	\$1,218,425,355	\$1,202,995,468	\$4,502,691,308
US	\$6,125,138,472	\$7,746,247,048	\$8,120,641,860	\$8,017,802,410	\$30,009,829,790
G7 subtotal	\$11,956,179,639	\$15,120,559,585	\$15,851,372,716	\$15,650,631,633	\$58,578,743,572
All other DAC member states and high income countries	\$2,363,820,126	\$2,989,440,415	\$3,100,913,033	\$3,061,225,116	\$11,515,398,926
Total	\$14,320,000,000	\$18,110,000,000	\$18,785,300,000	\$18,544,870,999	\$69,760,171,000

G7 fair share and current spending

The G7 has increased its spending on HIV and AIDS in developing countries. In 2005, G7 member states committed more than US\$3.5 billion to tackling HIV and AIDS in the developing world (see figure 4) - 20% more than they committed in 2004.

Whilst this increase is welcome, the existing level of funding falls significantly short of the G7's fair share required from 2007 onwards. For example,

although the UK is the second largest bilateral AIDS donor it's spending on HIV and AIDS must increase by a third to commit its fair share in 2007. Germany must increase its 2005 commitment 5-fold and commit more than US\$800 million to HIV and AIDS whilst Italy need increase its AIDS spending significantly. **In total, the G7 must triple its financial commitments to HIV and AIDS if they are to satisfy their fair share of global HIV and AIDS resource needs in 2007.**

FIGURE 4: G7 fair share of global resource needs compared to spending commitments

	Total HIV & AIDS commitment 2004 ⁹	Total HIV & AIDS commitment 2005 ¹⁰	Additional sum needed to meet 2007 fair share contribution ¹¹
G7 subtotal	\$2,838,800,000	\$3,568,700,000	\$8,387,479,939
Canada	\$189,200,000	\$236,600,000	\$133,648,065
France	\$138,700,000	\$136,700,000	\$681,779,830
Germany	\$124,400,000	\$169,900,000	\$895,070,835
Italy	\$13,600,000	\$68,800,000	\$490,107,963
Japan	\$146,700,000	\$152,000,000	\$1,947,415,341
Russia ⁹	-	-	-
UK	\$596,100,000	\$688,100,000	\$230,919,133
US	\$1,630,100,000	\$2,116,600,000	\$4,008,538,472
G8 subtotal	\$2,838,800,000	\$3,568,700,000	\$8,387,479,639
All other donor governments	\$750,100,000	\$763,100,000	\$1,600,720,426
Total	\$3,588,900,000	\$4,331,800,000	\$9,988,200,065

Donor governments are increasingly looking toward innovative finance mechanisms to front load or increase aid budgets, yet the G7 and other donors could fill this funding gap by simply meeting existing aid commitments.

In 2005, the US\$3.5 billion the G7 spent on HIV & AIDS amounted to 6%¹² of approximately US\$60 billion in total official development assistance (ODA). Whilst the total amount of donor funding for HIV and AIDS must increase, given competing priorities, it is crucial that increased funding for HIV

and AIDS results from an absolute increase in aid budgets and does not come at the expense of other social sector spending.

Today, none of the G7 has fulfilled their promise made in 1970 to give 0.7% of GNI in aid. The US, Japan and Canada have still not set a timetable to reach this target. France and the UK have committed to reach this target by 2012 and 2013 respectively, while Germany and Italy have committed to reach the target by 2015. This planned increase in aid is too little too late – if the 6% proportion to HIV and AIDS is maintained - to help significantly bridge the HIV and AIDS financing gap in the next two to three years.

If however all G7 countries met their long-standing commitment to give 0.7% of GNI in aid now, the funding gap would be all but met.

Conclusion

In 2005, the G8 took a leading role in setting what is now a global commitment to achieve universal access to prevention, treatment and care by 2010. Millions of people, for whom AIDS remains a potential death sentence, have subsequently been given renewed hope. Yet the global AIDS response remains grossly under funded leaving three out of

four people in need of treatment in low- and middle-income countries not receiving it, for example.

In 2007, the funding gap for a comprehensive response to HIV and AIDS is at least \$8.1 billion. The funding gap rises to an estimated \$10 billion per year thereafter until 2010.

The G8 must now act to bridge this funding gulf. It must match its rhetoric with enough resources to meet the needs of all those affected and infected by HIV and AIDS. In particular, the G8 must:

- Agree a long-term funding plan at the G8 Summit in Heilegendamm, Germany, to fill the existing AIDS funding gap. This long-term funding plan should map out how the G8 plans to urgently increase revenue and channel much-needed **additional** money to fund universal access.
- Finance in full every nationally agreed HIV and AIDS plan with **predictable**, untied and **sustainable** funding, strictly aligned to national priorities and free from conditions beyond those necessary to ensure the aid is spent for its stated purpose.
- Commit to funding 70% of global HIV and AIDS resource need per annum, the G7's fair share.

1 Global HIV Prevention Working Group, Access to Prevention, Closing the Gap, 2003.

2 UN Secretary General, Declaration of Commitment on HIV/AIDS: five years later, A/60/736, March 2006.

3 UNAIDS, Resource needs for an expanded response to AIDS in low- and middle-income countries, August 2005.

4 The Global Fund, Resource needs for the Global Fund 2008-2010, Geneva 2007

5 UN Secretary General, Declaration of Commitment on HIV/AIDS: five years later, A/60/736, March 2006.

6 UNAIDS, *Report on the global AIDS epidemic*, Geneva (2006)

7 UNAIDS, *Report on the global AIDS epidemic*, Geneva (2006)

8 Under this model Russia does not contribute anything because it is neither a high-income country nor a DAC member.

9 Taken from Kaiser Family Foundation, *Financing the response to HIV/AIDS in low and middle income countries: Funding for HIV/AIDS from the G7 and the European Commission*, July 2005. Alternative spending figures for 2004 were presented by the Development Assistance Committee (DAC) of the OECD in its report 2006 briefing *Measuring Aid in support of HIV/AIDS control*. Whilst useful, the DAC figures do not include all aspects of HIV donor spending e.g. social mitigation and so provide a limited assessment of donor spending.

10- Taken from Kaiser Family Foundation, *International assistance for HIV/AIDS in the developing world: Taking stock of the G8, other*

donor governments and the European Commission, July 2006

11 What donors committed in 2005 may differ from what they actually spent. As a result this provides only a rough calculation of additional money each donor must spend on HIV and AIDS in 2007.

12 Kaiser Family Foundation, *International assistance for HIV/AIDS in the developing world: Taking stock of the G8, other donor governments and the European Commission*, July 2006. According to this report AIDS spending by G8 countries was: Canada (\$236.6m), France (\$136.7m), Germany (\$169.9m), Italy (\$68.8m), Japan (\$152m), UK (\$688.1m), US (\$2,116.7m)

Annex

	2007	2008	2009	2010
Global Resource need	\$18,100,000,000	\$22,100,000,000	\$23,000,000,000	\$23,000,000,000
Domestic spending ¹	\$3,000,000,000	\$3,210,000,000	\$3,434,700,000	\$3,675,129,000
Foundations ²	\$400,000,000	\$400,000,000	\$400,000,000	\$400,000,000
IDPF ²	\$380,000,000	\$380,000,000	\$380,000,000	\$380,000,000
Total funding available from other sources ³	\$3,780,000,000	\$3,990,000,000	\$4,214,700,000	\$4,455,129,000
Remaining resource need	\$14,320,000,000	\$18,110,000,000	\$18,785,300,000	\$18,544,871,000

Countries ⁴	Total adjusted GNI (\$)	Share of adjusted GNI (%)	Top down fair share	Top down fair share	Top down fair share
			\$0	\$0	\$0
Andorra ⁵	0	0.00%	\$0	\$0	\$0
Australia	482,228,209,877	1.59%	\$227,742,079	\$288,017,392	\$298,114,239
Austria	256,713,570,553	0.86%	\$121,238,204	\$153,325,690	\$158,700,733
Bahrain	3,379,939,643,373	0.01%	\$1,596,245	\$2,018,715	\$2,089,484
Belgium	663,2370	0.01%	\$144,069,213	\$182,199,263	\$188,586,509
Brunei ⁵	0	0.00%	\$0	\$0	\$0
Canada	783,974,846,822	2.59%	\$370,248,065	\$468,239,697	\$484,654,485
Cyprus	5,146,028,096	0.02%	\$2,430,316	\$3,073,536	\$3,181,283
Denmark	278,229,788,660	0.92%	\$131,399,676	\$166,176,546	\$172,002,093
EC (member states not already listed) ³	108,129,244,818	0.36%	\$51,066,235	\$64,581,670	\$66,845,669
Finland	168,253,037,357	0.55%	\$79,460,919	\$100,491,427	\$105,348,420
France	1,733,074,821,674	7.44%	\$818,479,830	\$1,035,102,634	\$1,071,389,583
Germany	2,255,002,593,964	5.72%	\$1,064,970,835	\$1,346,831,133	\$1,411,926,731
Greece	98,101,629,150	0.32%	\$46,330,489	\$58,592,539	\$60,646,582
Iceland	14,477,382,716	0.05%	\$6,837,238	\$8,646,815	\$8,949,941
Ireland	152,960,852,080	0.50%	\$72,238,873	\$91,357,960	\$95,773,511
Israel	54,779,322,497	0.18%	\$25,867,815	\$32,714,116	\$33,860,964
Italy	1,183,449,221,308	3.90%	\$558,907,963	\$706,831,229	\$731,610,172
Japan	4,445,367,782,808	14.66%	\$2,099,415,341	\$2,655,056,692	\$2,748,133,362
Korea, Rep.	276,747,631,184	0.91%	\$130,699,697	\$165,291,307	\$171,085,821
Kuwait	32,495,220,850	0.11%	\$15,346,529	\$19,408,215	\$20,088,597
Liechtenstein ²	0	0.00%	\$0	\$0	\$0
Luxembourg	44,977,706,447	0.15%	\$21,241,637	\$26,863,550	\$27,805,289
Monaco ²	0	0.00%	\$0	\$0	\$0
Netherlands	500,668,656,744	1.65%	\$236,450,955	\$299,031,201	\$309,514,152
New Zealand	63,325,247,645	0.21%	\$29,906,636	\$37,821,870	\$39,649,892
Norway	374,962,513,855	1.24%	\$177,083,673	\$223,951,488	\$231,802,416
Portugal	63,118,304,801	0.21%	\$29,808,903	\$37,698,271	\$39,520,319
Qatar ²	0	0.00%	\$0	\$0	\$0
San Marino ²	0	0.00%	\$0	\$0	\$0
Saudi Arabia	77,819,235,940	0.26%	\$36,751,717	\$46,478,603	\$48,107,974
Singapore	75,170,506,264	0.25%	\$35,500,800	\$44,896,613	\$46,470,525
Slovenia	13,750,759,556	0.05%	\$6,494,076	\$8,212,829	\$8,500,741
Spain	637,846,324,646	2.10%	\$301,235,899	\$380,962,439	\$394,317,602
Sweden	347,827,952,629	1.15%	\$164,268,824	\$207,745,001	\$215,027,788
Switzerland	513,260,193,416	1.69%	\$242,397,565	\$306,551,669	\$317,298,260
United Arab Emirates	55,807,329,904	0.18%	\$26,356,147	\$33,331,691	\$34,500,179
United Kingdom	1,945,959,890,261	6.42%	\$919,019,133	\$1,162,251,152	\$1,202,995,468
United States	12,969,560,000,000	42.77%	\$6,125,138,472	\$7,746,247,048	\$8,017,802,410
G7 subtotal	25,316,389,156,836	83%	\$11,956,179,639	\$15,120,559,585	\$15,650,631,633
Total	30,321,616,409,402	100%	\$14,320,000,000	\$18,985,300,000	\$18,744,871,000

1 This is based on a 7% growth rate per annum.

2 Assumed to include no growth

3 More than \$3.78 billion is available from other funding sources including domestic spending (estimated to reach \$3 billion in 2007), foundations, the private sector and international organisations (\$400 million), and innovative finance mechanisms (the International Drug Purchase Facility is expected to collect \$380 million per year).

4 Those listed are either DAC members or high income countries. Russia is not included in this list of donors because it is neither a high-income country or a member of the OECD's Development Assistance Committee.

5 GNI is not available.

6 The EC GNI is the total GNI of the 10 EC members that are neither DAC members or high income countries. These are Bulgaria (\$26,741,780,000), Czech Republic (\$109,199,000,000), Estonia (\$12,244,000,000), Hungary (\$101,185,500,000), Latvia (\$15,538,384,896), Lithuania (\$24,063,381,504), Malta (\$5,490,559,000), Poland (\$271,430,100,000), Romania (\$82,923,220,000) and the Slovak Republic (\$42,844,380,000).