Aidspan

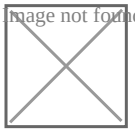
Independent observer of the Global Fund

THE “FAIR SHARE” OF SHARED RESPONSIBILITY: DOMESTIC FINANCING AND THE SUSTAINABILITY OF GLOBAL FUND-SUPPORTED PROGRAMS

Since 2008, donor funding for AIDS, TB and malaria has reached a plateau. This is in part due to the global financial crisis, but it also reflects the growing recognition that domestic funding is needed for a sustainable health response. Many affected countries have stepped in to fill the gap, growing domestic investment globally by more than 100% in the last ten years for the response to the three diseases.

Among Global Fund-supported programs, there has been a $3.5 billion (56%) increase in government contributions since 2012 (Figure 1). The surge is most apparent among lower-middle income countries, which have increased their contribution by 81 %.

Figure 1: Increases in domestic investment in Global Fund-supported programs from 2012-2014 to 2015-2017



Yet despite this surge, many programs continue to depend heavily on external donors. Also of concern is how — and if — gains in domestic investment will be sustained. What is not in question is the consensus that a system of shared responsibility is needed, where some money comes from domestic sources and some money comes from donors, in order to sustain investments from both.

But what is the “fair share” of shared responsibility?

The Global Fund has made significant efforts to promote shared responsibility using a system called “Counterpart Financing”. This arrangement means that countries must commit a minimum level of domestic resources towards the disease program in order to receive their entire allocation of Global Fund money. The amount that Ministries of Health and Finance must pledge ranges from 5% for poorer countries to 60% for richer ones. Above these minimum levels, countries can demonstrate additional “Willingness-to-Pay” in order to qualify for further Global Fund support.

There are challenges associated with Counterpart Financing, especially in how to monitor it. It is very difficult to track whether or not countries actually fulfil their side of deal. As one Global Fund staff member put it: “The problem is that budgets are very rarely matched by disbursements – what is budgeted for at the beginning of the year seems to have very little bearing on the amount of funding actually received by a ministry or disease program”.

George Korah, a senior specialist in health financing at the Global Fund, says that one way to address this challenge is to make sure commitments for counterpart financing are specific and measurable. For example, in Nigeria there is $49 million from the Global Fund that will be released in matching funds once the government spends the same amount on the purchase of bed nets for malaria prevention.

Korah also says that if countries do not follow through, this can be an opportunity for the Global Fund to engage more closely at country level. In the case of Cameroon, government agreed to pay for two thirds of the ARV program, with the Global Fund paying the rest. When it became clear that Cameroon would be unable to meet this commitment, the Fund opened discussion at the provincial level with an array of stakeholders, which Korah said ultimately resulted in improvements to the program overall.

The Global Fund’s Counterpart Financing and Willingness-to-Pay policies are not the only ways to think about how to “split” shared responsibility. Others have asked important questions like “Is there a need to increase domestic financing and why?” and “How can this be done?”

Friends of the Global Fight recently published a report on innovative strategies to raise domestic funds in Africa. Case studies from Kenya, Rwanda, Tanzania and Zimbabwe highlight new efforts to mobilize resources through health insurance premiums, trust funds and income tax levies. Whiteside and colleagues estimate that as much as $15.5 billion in additional domestic resources could be raised each year through mechanisms like these.

Even with domestic investment on the rise, and innovative strategies being employed, there are questions about sustainability. In the most recent report from the Technical Review Panel (TRP), the body which reviews requests for funding sent to the Global Fund, sustainability was flagged as a key issue. The TRP is concerned that countries are proposing aggressive scale-up of programs without due consideration of the financial feasibility. As a recommendation, the report encourages countries to make realistic projections of future domestic investments.

A recent article published The Lancet has done this, estimating future domestic AIDS spending in 12 African countries. The model predicts that in a maximum effort scenario, Botswana, Namibia and South Africa will be able to cover their full AIDS program by 2018. However, even with maximum effort Ethiopia will only be able to pay for 23 percent of its program needs; Mozambique, just 19 percent.

It is important to recognize that efforts toward a sustainable AIDS, TB and malaria response does not just mean handing over programs to domestic bill-payers. There remain substantial gaps in many low-income countries which far exceed their ability to fund locally. Further, there are many critical program needs which governments are reluctant to support at all. These include TB screening in prisons, malaria control among refugees, harm reduction for injecting drug users and HIV interventions targeting men who have sex with men and sex workers. It is vital that any system of shared responsibility includes these vulnerable and marginalized populations, without which no program will be sustainable.

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