

# Resources Needed to Address HIV/AIDS

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*“Turning the tide of the AIDS epidemic in low- and middle-income countries means mobilizing adequate funds to mount a comprehensive response to HIV within a broad development agenda.”<sup>i</sup>*

## Introduction

The number of people living with HIV/AIDS continues to rise. At the end of 2004, there were an estimated 39.4 million people living with the virus, of which 4.9 million became infected in 2004 alone. AIDS has claimed the lives of more than 33 million people.

Over the past several few years the world has begun to take notice of the impact HIV/AIDS is having on the lives of millions of people and how gains in standard of living have been eroded in many countries, particularly in sub-Saharan Africa.

This fact sheet provides information on the resources that are needed to fight HIV/AIDS, and on the growing gap between the needs and the resources that are being made available. The fact sheet also describes Canada’s recent contributions to international efforts to fight HIV/AIDS. Finally, the fact sheet discusses the link between HIV/AIDS and other programs funded through Official Development Assistance (ODA).

## Funding for HIV/AIDS: How much is needed?

It is estimated that in 2004 spending on HIV/AIDS interventions in 135 low and middle income countries reached \$6.1 billion<sup>ii</sup>. This includes contributions from domestic governments, foreign donors and out-of-pocket expenditures. This is a significant improvement over 2001 spending levels of \$2.1 billion, but still far below what is needed.

Over the years, there have been several exercises undertaken to estimate what the actual needs are. Estimates of funding required for the year 2007 have ranged from \$10.0 billion to \$20.0 billion.

In February 2005, the UNAIDS Reference Group on Economics (URGE) prepared a projection of the needs for 2007 using three different scenarios. URGE said that its “middle-of-the-road” scenario would require an investment of \$14.1 billion in 2007, and would result in 71 percent of prevention coverage targets and 54 percent of antiretroviral targets being achieved. The \$14.1 billion projection was criticized by many people as being too conservative.

The projections covered anticipated needs in the areas of prevention, treatment, care and support, policy development, advocacy, operational research, administration, and monitoring and evaluation. They did not cover most HIV/AIDS-related basic and clinical research or work on new prevention technologies such as vaccines or microbicides. As well, the projections did not include the costs of strengthening in-country infrastructure in order to improve the capacity of countries to implement programs funded through these increased resources.

In June 2005, UNAIDS produced new projections for HIV/AIDS resource needs. UNAIDS estimated that \$18.1 billion would be required for 2007, and \$22.1 billion for 2008.<sup>iii</sup> For the first time, these latest projections included some costs for strengthening in-country infrastructures.

If one accepts the \$18.1 billion estimate for 2007, funding for HIV/AIDS would almost have to triple between 2004 and 2007. Even if one were to use the \$14.1 billion projection for 2007, funding would have to more than double between 2004 and 2007.

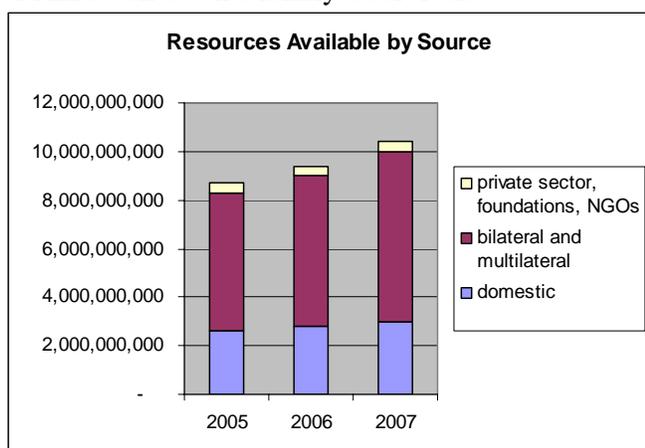
Beyond 2007, it is clear that costs will continue to increase before the spread of the epidemic can be halted and reversed.

## Sources of Funding

Sources of funding for HIV/AIDS are both domestic and international. Domestic spending comes primarily from governments, insurance companies and private citizens (out-of-pocket expenditures.)

International sources include multilateral institutions, bilateral donor agencies (such as the Canadian International Development Agency (CIDA) and private foundations. Commercial businesses play a small role, both domestically and internationally.

About one third of the cost of care, treatment and support for HIV/AIDS comes from domestic and private sources. This includes out-of-pocket-expenses of patients and their families, and allocations by governments in low- and middle-income countries. Some studies have estimated that out-of-pocket expenditures account for as much as 45 percent of total AIDS expenditures in Kenya, 40 percent in Chile and 30 percent in Zambia.<sup>iv</sup> With such a high level of funding coming from domestic and personal resources, it is easy to see how devastating the impact of AIDS can be on a family's survival.



Support from bilateral donor agencies constitutes another one-third (approximately) of the money spent on HIV/AIDS programming. Almost all of these funds flow from governments in donor countries to recipient governments although some programming is managed by domestic or international NGOs.

Most of the remaining funding comes from multilateral mechanisms such as the Global Fund to Fight AIDS, TB and Malaria and the World Bank.

The Global Fund is a public private partnership which provides financing to country-led responses to the three diseases. About 60 percent of the Global Fund monies go to HIV/AIDS-related programming. The Global Fund estimates that it provides about 20 percent of all international funding for HIV/AIDS. The Fund estimates that it will require \$2.9 billion in financing in 2006, and \$4.2 billion in 2007 to fund new proposals and to maintain funding for grants already underway. Countries contribute to the Fund on a volunteer basis. Steps are being taken to encourage the donor community to make longer term pledges to the Fund in the same way they do for other international funding mechanisms.

During the period 1988 to 2004, the World Bank committed about \$2.5 billion (through grants, loans and credits) for programs to fight HIV/AIDS. For the poorest countries, World Bank-supported HIV/AIDS projects can be up to 100 percent grant financing.<sup>v</sup>

Regional development banks, such as the African Development Bank, also provide some funding. So do UN agencies such as UNICEF and UNESCO.

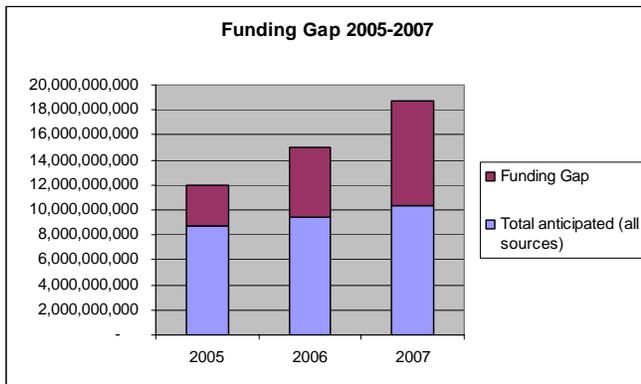
## Other Important Players

Even though they do not contribute significant funding, international organizations such as UNAIDS and the World Health Organization (WHO) play a very important role in coordinating the response to HIV/AIDS and in addressing policy issues. The WHO set the target of having three million people on treatment for HIV/AIDS by 2005. The “3 by 5 Initiative” develops international standards and provides training and technical assistance to countries wishing to expand treatment.

NGOs, community-based organizations and people living with HIV/AIDS organizations are at the forefront in providing HIV/AIDS care and support services. Their work ranges from direct support to orphans and vulnerable children and home based care to advocacy for vulnerable communities. The NGO sector does not provide significant funding directly, though some NGOs in donor countries do provide limited funds to NGOs in the developing world. What makes the NGO contribution so valuable are the many hours of work put in by countless volunteers. The voluntary sector response to HIV/AIDS is what distinguishes the AIDS issue from many other health and development issues.

## The Funding Gap

The UNAIDS Global Resource Tracking Consortium has projected the amount of resources that may be available for 2005, 2006 and 2007 to fight HIV/AIDS.<sup>vi</sup> These estimates are based on trends in past disbursements, adjusted for known pledges and commitments for the three years in question.



For 2007 alone, the Consortium estimated that \$10 billion would be available. The resource needs for 2007, based on the June 2005 UNAIDS projections, are \$18.1 billion. This leaves a gap of \$8.1 billion. For 2005, 2006 and 2007 combined, the gap is approximately \$18 billion.

The Global Fund, which is one of the major international donors for HIV/AIDS, tuberculosis and malaria, is projecting significant shortfalls in the financing it needs, unless pledges increase significantly. At the September 2005 Global Fund Replenishment Meeting, donors pledged \$3.7 billion for 2006-2007 against an estimated need for the period of \$7.1 billion

## Canada's Contribution

Canadian funding for international HIV/AIDS efforts reached \$189 million in 2004, about 3.1% of the global resources currently available for HIV/AIDS. This includes bilateral funding as well as contributions to multilateral initiatives such as the 3 by 5 Initiative, the Global Fund, the International AIDS Vaccine Initiative and the International Partnership for Microbicides.

NGOs are calling on Canada to contribute about 4-5% of the resource requirements of the Fund which would be in line with the level of funding Canada

gives to other multilateral funding mechanisms such as International Fund for Agriculture Development and the Global Environment Facility.

Given the cost of conducting clinical trials, it is expected that funding for both vaccines and microbicides will need to be scaled up substantially in the years to come. In June 2005, the International AIDS Vaccine Initiative (IAVI) estimates that there is a funding gap for AIDS vaccine research and development of about \$345-395 million a year, over and above current and recently announced spending.<sup>vii</sup> In July 2005 the International Partnership for Microbicides, the Alliance for Microbicide Development and the Global Campaign for Microbicides called on G8 leaders to double funding for microbicide development to a minimum of \$280 million per year.

Funding for HIV/AIDS prevention, care treatment and support in Canada is provided by private sources and the federal, provincial and municipal levels of government. The overall level of support continues to be inadequate and inconsistent across the country. Some AIDS service organizations receive support from provincial grants while others depend entirely on local fundraising to meet the needs of their clients. In May 2004, the Federal government announced a long overdue doubling of the funding to AIDS programming from CDN \$42 million per year to CDN \$84million. However the increase is being rolled out over 5 years and is below the CDN \$100 million recommended by the Parliamentary Standing Committee on Health in June 2003.

## The Need to Increase ODA

The fight against HIV/AIDS needs to be seen in a much larger context, one that includes efforts to improve health, to eradicate poverty and hunger, to improve access to education, and to promote gender equality.

Therefore, in addition to funding HIV/AIDS-specific interventions through NGOs, and bilateral and multilateral mechanisms, there is a need to increase overall ODA funding to address urgent social sector priorities including health care delivery systems. In many low income countries, health infrastructures need to be updated, new diagnostic equipment purchased and installed and delivery systems for drugs and other health supplies improved.

There is a link between the needs that are specific to HIV/AIDS and broader development priorities. For example, one obstacle preventing the scale up of access to HIV treatment and a comprehensive response to HIV/AIDS is the lack of trained health care workers, particularly in sub-Saharan African countries. As of January 2005, only 700,000 people had access to treatment in low and middle-income countries, due in large part due to the shortage of health professionals. Training for doctors and nurses and other health care providers is needed urgently as countries begin to roll out and scale up treatment programmes. At the same time, governments should stop recruiting health care professionals from countries with a high HIV/AIDS burden.

Therefore, while HIV/AIDS requires significant additional funding, this funding must not be diverted from other ODA spending.

The Make Poverty History campaign is calling for all developed countries to set a timetable as to when they will increase ODA to the level of 0.7 percent of GNI, a level agreed to by most countries in 1971. Several countries have set firm deadlines for reaching the target of 0.7% of GNI. Belgium and Finland have committed to reaching this target by 2010, France and Spain by 2012 and Britain by 2013. However, so far Canada has not established a firm timetable.

## Conclusion

Significant new resources are needed to ensure a comprehensive and effective response to HIV/AIDS. Direct programming costs for HIV/AIDS prevention, care, treatment and support will reach at least \$18.1 billion by 2007 and even more in the years beyond. The shortfall in funding from all sources in 2006 is projected to be \$5.6 billion. Unless new commitments are made by the global community the gap in funding will be over \$8 billion in 2007. In addition, funds to address HIV/AIDS in Canada is inadequate to address the growing epidemic of vulnerable communities.

In addition to providing new sustained funding for HIV/AIDS programming, donor countries must provide as soon as possible a timetable for how they are going to meet the ODA target of 0.7 percent of GNI. HIV/AIDS cannot be addressed in isolation of other urgent development priorities.

## Further Information

Canadian International Development Agency CIDA  
[www.acdi-cida.gc.ca/](http://www.acdi-cida.gc.ca/)

UNAIDS [www.unaids.org](http://www.unaids.org)

World Health Organization 3 by 5 Initiative  
[www.who.int/3by5/en/](http://www.who.int/3by5/en/)

Global Fund to Fight AIDS, Tuberculosis and Malaria  
[www.theglobalfund.org/en/](http://www.theglobalfund.org/en/)

Make Poverty History [www.makepovertyhistory.org](http://www.makepovertyhistory.org)  
or [www.makepovertyhistory.ca](http://www.makepovertyhistory.ca)

Aidspan – an independent watchdog of the Global Fund and publisher of Global Fund Observer  
[www.aidspan.org](http://www.aidspan.org)

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<sup>i</sup> UNAIDS, *Resource needs for an expanded response to AIDS in low- and middle-income countries*, Draft of 7 February 2005, p21.

<sup>ii</sup> Amounts are reflected in US dollars unless otherwise indicated.

<sup>iii</sup> UNAIDS, *Resource needs for an expanded response to AIDS in low and middle income countries*. Available at: [www.unaids.org/html/pub/publications/irc-pub06/resourceneedsreport\\_24jun05\\_en\\_pdf.pdf](http://www.unaids.org/html/pub/publications/irc-pub06/resourceneedsreport_24jun05_en_pdf.pdf).

<sup>iv</sup> 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. Available at [www.kff.org/hivaids/7344.cfm](http://www.kff.org/hivaids/7344.cfm).

<sup>v</sup> World Bank, *The World Bank's Global Program of Action*, August 2005. Available at: <http://siteresources.worldbank.org/INTHIVAIDS/Resources/375798-1127498796401/GHAPAFinal.pdf>

<sup>vi</sup> UNAIDS, *Financing the expanded response to AIDS*, Bangkok, July 2004. Available at: <http://www.unaids.org/NetTools/Misc/DocInfo.aspx?href=http%3A%2F%2Fgva%2Ddoc%2Dowl%2FWEBcontent%2FDocuments%2Fpub%2FPublications%2FIRC%2Dpub06%2FIC1022%2DFinancingResponse2004%5Fen%2Epdf>

<sup>vii</sup> International AIDS Vaccine Initiative (IAVI), *Investing in AIDS Vaccines: Estimated Resources Required to Accelerate R&D*, June 2005. Available at: <http://www.iavi.org/file.cfm?fid=30895>

*ICAD's mission is to lessen the spread and impact of HIV/AIDS in resource-poor communities and countries by providing leadership and actively contributing to the Canadian and international response. Funding for this publication was provided by the Public Health Agency of Canada. The opinions expressed in this publication are those of the authors/researchers and do not necessarily reflect the official views of the Public Health Agency of Canada. Ce feuillet est également disponible en français*