

**Economic and Social Commission for Asia and the Pacific**

Asia-Pacific Intergovernmental Meeting on HIV and AIDS

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**Review of the financing of national HIV and AIDS responses****Review of the financing of national HIV and AIDS responses in the Asia-Pacific region****Note by the secretariat***Summary*

Governments in Asia and the Pacific have acted decisively to implement the concept of shared responsibility by increasing domestic spending as a proportion of total expenditure on HIV-related activities. Since 2005 there have been steady increases in domestic public spending for such purposes: from US\$ 400 million in 2005 to US\$ 1.3 billion in 2012, representing 59 per cent of total spending on AIDS matters. However, resource needs continue to outstrip the resources available. It is imperative, therefore, to ensure that the AIDS response is funded in a sustainable manner, through increased and effective allocations to areas that would yield the maximum impact. However, in general, the region is failing to focus spending where the epidemic is concentrated, that is, on HIV prevention among key populations and in specific geographical areas where the scale of the epidemic is greater. Additionally, many countries have programme administration costs that are higher than average. These challenges compromise the effectiveness of spending on HIV-related activities.

Some of the key challenges faced in ensuring sustainable funding for the AIDS response are: the need to enhance political will to effectively address key populations appropriately; finding fiscal space available in national budgets for HIV and AIDS programmes; addressing inefficient funding allocation choices with the aim of maximizing impact; ensuring access and availability of existing and new antiretroviral drugs; and the need to enhance the contributions of the private sector.

The document contains highlights of a number of key actions and policy responses to be taken at the national and regional levels, including undertaking evidence-based HIV investment cases and sustainability plans, as well as steps to ensure affordable access to essential drugs.

Delegations may wish to share information on their efforts to ensure adequate and sustainable financing for AIDS responses in their countries, and provide the secretariat with guidance on the role of regional cooperation to ensure a sustainable financing strategy for an effective AIDS response in the Asia-Pacific region.

\* E/ESCAP/HIV/IGM.2/L.1.

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### I. Introduction

1. Some of the principal successes in the response to AIDS have been seen in the Asian and Pacific region. The rates of HIV infection have fallen significantly in many countries across the region, and more and more people have access to life-saving HIV treatments. Many countries in the region are showing leadership and commitment towards addressing stigma and discrimination faced by key populations at higher risk of HIV exposure by involving the community in implementing programmes addressing the needs of key populations.<sup>1</sup>

2. This commitment has been matched by significant increases in domestic financing for the AIDS response, reflecting the specific commitment ESCAP countries have made to enhancing the financial sustainability of the AIDS response and allocating a greater proportion of national resources in line with national priorities to responses to HIV and AIDS with the adoption in 2011 of Commission resolution 67/9. This commitment to increased domestic financing for national AIDS responses was echoed later that year at the global level with the adoption of the Political

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<sup>1</sup> Refers to key populations at higher risk (both key to the epidemic's dynamics and key to the response).

Declaration on HIV and AIDS: Intensifying Our Efforts to Eliminate HIV and AIDS.<sup>2</sup>

3. However, there are many areas of concern; in some countries new HIV epidemics have sprung up in certain geographical areas and among key populations. Less than half the people eligible for treatment have access to care and treatment, and stigma and discrimination as well as legal and policy barriers continue to hamper the AIDS response across the region. Resource needs continue to outstrip the resources available. It is imperative, therefore, to ensure that the AIDS response is funded in a sustainable manner through increased and effective allocations to areas that would yield the maximum impact.

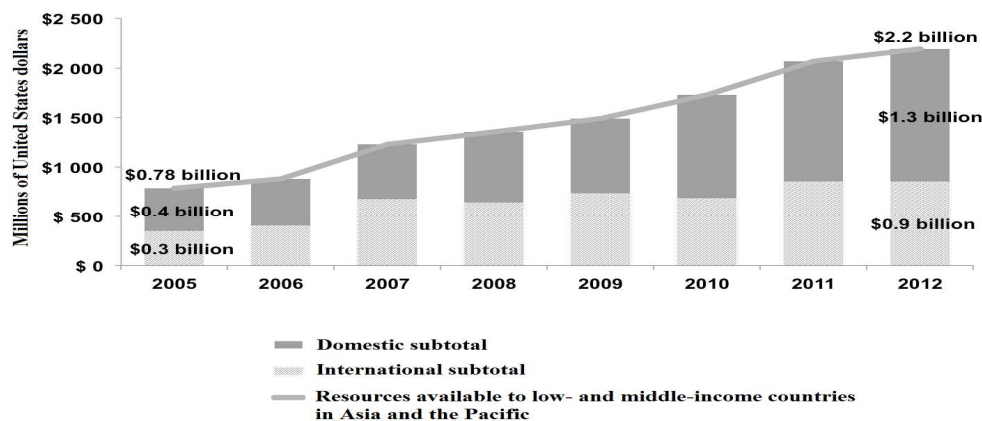
4. This document contains a review of the current situation and trends regarding the funding of the AIDS response in the region, taking into account the projections of the HIV epidemic in estimating the resource requirements for achieving the targets contained in the 2011 Political Declaration on HIV and AIDS. It also identifies the key challenges to sustainable funding for the AIDS response and highlights some of the actions and policy responses to ensure sustainable financing of the AIDS response in the period beyond 2015.

## II. Current situation and trends in funding the AIDS response in the region

### A. Domestic and international funding trends

5. The AIDS response has achieved significant success in the leveraging of finances. In just over a decade, global financing for AIDS activities increased exponentially, reaching the highest levels ever in 2012 at US\$ 19 billion. The Asian and Pacific region has mirrored this global trend, with estimated regional HIV spending rising from US\$ 700 million in 2005 to US\$ 2.2 billion in 2012, which is a threefold increase (see figure 1).

Figure 1  
Financial resources available for the AIDS response in Asia and the Pacific, low- and middle-income countries, 2005-2012



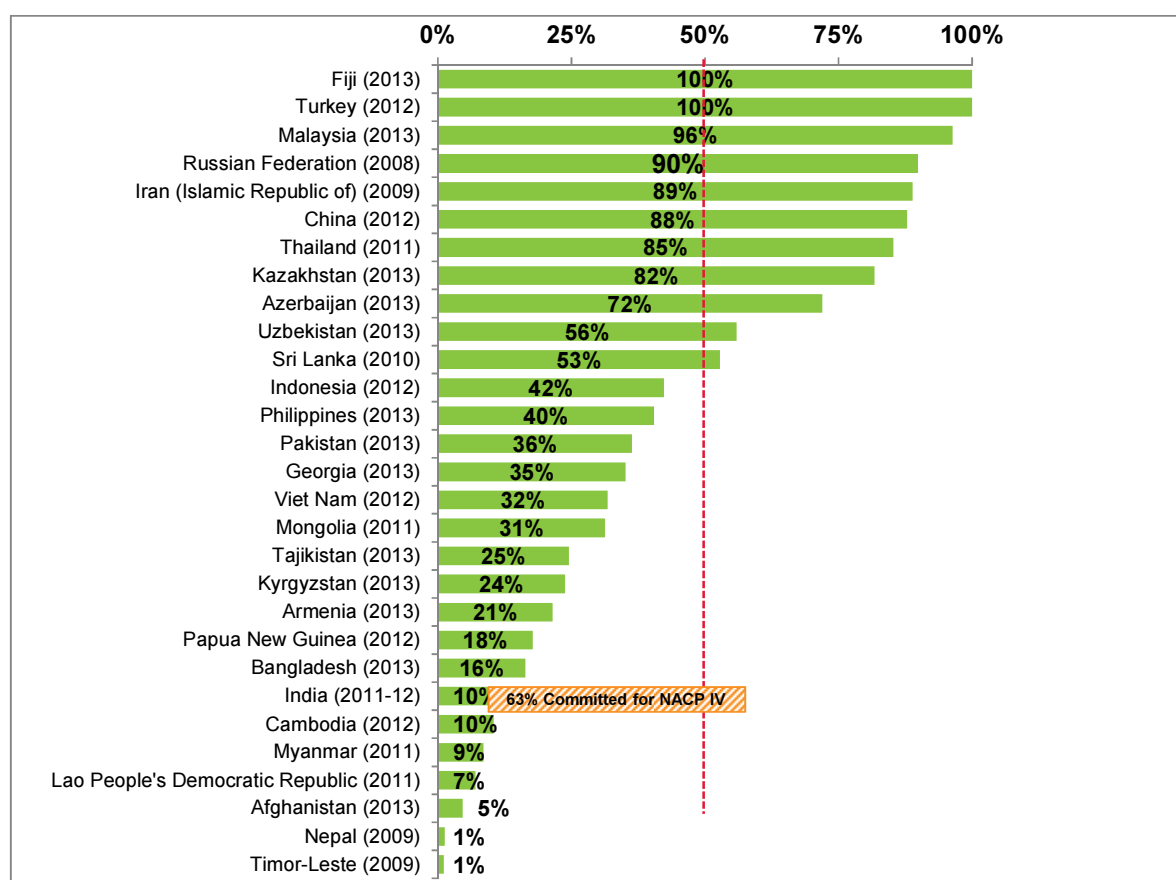
Source: UNAIDS estimates 2012, *Global Report: UNAIDS Report on the Global AIDS Epidemic 2013* (Geneva, Joint United Nations Programme on HIV/AIDS, 2013).

<sup>2</sup> General Assembly resolution 65/277.

6. International funding for HIV-related activities has been and continues to be critical to creating the initial momentum for funding HIV programmes. In the early years, the provision of catalytic funding from key development partners provided the foundation for advancing the AIDS response. As the response has continued, the importance of increasing domestic financing for HIV has been stressed as fundamental to programme sustainability and country ownership of the response. Over time, the global community has positioned the tackling of AIDS as a “shared responsibility”, one that relies on the engagement of all countries and all sectors, according to their differentiated capacity to do so. This entails, in part, increasing domestic spending to better complement external resources. Movement in this direction will increase the sustainability and efficiency of funding and spending on HIV and AIDS. Through intense and focused advocacy over the last decade — including calling for shared responsibility as a mechanism to achieve AIDS targets and commitments contained in the 2011 Political Declaration on HIV and AIDS — the international community is now negotiating new partnership compacts based on shared responsibility, including as part of the ongoing discussion on the development agenda beyond 2015.

Figure 2

**Expenditure on HIV-related activities from domestic sources, selected countries in Asia and the Pacific**



*Source:* Database of Global AIDS Response Progress Reporting prepared by the Data Team at the HIV and AIDS Data Hub for Asia and the Pacific ([www.aidsdatahub.org](http://www.aidsdatahub.org)).

*Notes:* Percentages are for the most recent year available.  
NACP IV, National AIDS Control Programme IV.

7. Governments of countries in Asia and the Pacific have acted decisively to implement the concept of shared responsibility by increasing domestic spending as a proportion of total expenditure on HIV-related activities. Since 2005 there have been steady increases in domestic public spending: from US\$ 400 million in 2005 to US\$ 1.3 billion in 2012, representing 59 per cent of the total spending on AIDS compared with the global average of 53 per cent. Of the 10 countries with the highest HIV burden, China, Malaysia and Thailand fund most of their AIDS response domestically. India has committed to finance more than 60 per cent of its response from domestic sources from 2014, according to its National AIDS Control Programme IV (see figure 2 above).

8. While many countries have shifted towards domestic funding, some countries, including least developed countries, will continue to need international support. For example, least developed countries, such as Afghanistan, Cambodia, the Lao People's Democratic Republic, Myanmar, Nepal and Timor-Leste, are unlikely to shift towards primarily funding the AIDS response through domestic sources without seriously compromising their other health spending priorities.

## **B. Spending across programme types: prevention, treatment and enabling environment**

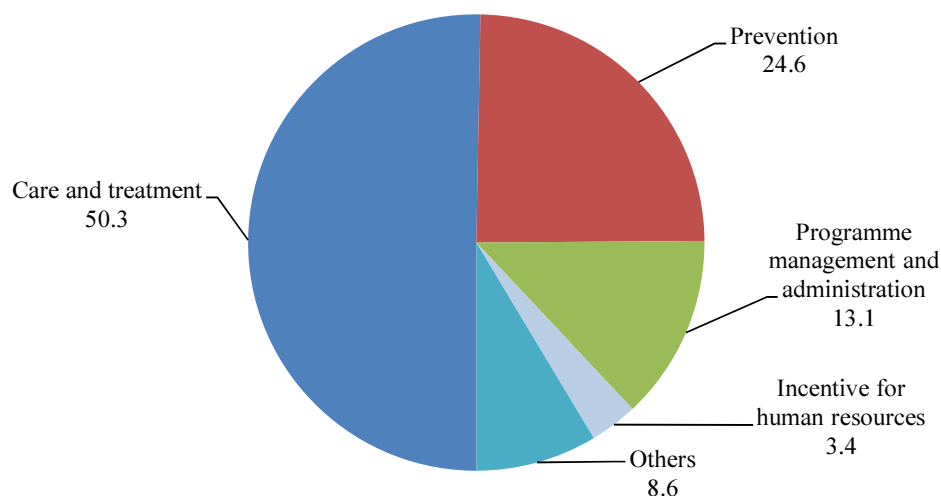
9. Member States have submitted information on AIDS-related expenditures for publication in the *Global AIDS Response Progress Reporting 2014*,<sup>3</sup> which is used for monitoring the 2011 Political Declaration on HIV and AIDS under the following headings: (a) prevention, including prevention among key populations; (b) care and treatment; (c) programme management and administration; (d) incentives for human resources, which include training; and (e) others, which include expenditures directed towards orphans and vulnerable children, social protection and social services, enabling environments and research.

10. Overall, based on analysis of 2013 data from 34 countries in the region,<sup>4</sup> of their total expenditure on AIDS-related activities, those countries spend on average: 50.3 per cent on care and treatment; 24.6 per cent on prevention; 3.4 per cent on incentives for human resources; 13.1 per cent on programme management and administration; and 8.6 per cent on others (see figure 3).

<sup>3</sup> Available from [www.unaids.org/sites/default/files/media\\_asset/GARPR\\_2014\\_guidelines\\_en\\_0.pdf](http://www.unaids.org/sites/default/files/media_asset/GARPR_2014_guidelines_en_0.pdf).

<sup>4</sup> The 34 member States of ESCAP which submitted information for the *Global AIDS Response Progress Reporting 2013* are as follows: Armenia; Azerbaijan; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; Fiji; Georgia; India; Japan; Kazakhstan; Kiribati; Malaysia; Marshall Islands; Micronesia (Federated States of); Myanmar; Nauru; Nepal; New Zealand; Pakistan; Palau; Papua New Guinea; Philippines; Singapore; Solomon Islands; Sri Lanka; Tajikistan; Thailand; Tonga; Turkey; Tuvalu; Uzbekistan; Vanuatu; and Viet Nam.

Figure 3  
**Distribution of AIDS expenditure by category of expenditure, Asia and the Pacific**



*Source:* Database of Global AIDS Response Progress Reporting prepared by the Data Team at the HIV and AIDS Data Hub for Asia and the Pacific ([www.aidsdatahub.org](http://www.aidsdatahub.org)).

*Note:* Percentages are for the latest year available.

11. However, spending patterns across categories vary widely in different countries (see table 1). For example, some countries focus the bulk of their expenditures on care and treatment, such as Malaysia and Thailand, which spend 70 per cent and 75 per cent, respectively, for those purposes. Other countries devote a larger proportion of expenditure towards prevention, such as Sri Lanka at 76 per cent and Bangladesh at 58 per cent. However, in some countries where spending on treatment has grown significantly, spending on prevention often has not kept pace and has occasionally decreased.

12. Some countries in the North and Central Asian subregion and the Pacific subregion incur a higher proportion of expenditure on programme management and administration, with eight countries spending more than 40 per cent of their total budgets under this heading. Across the Asia-Pacific region, this category of expenditure presents an opportunity for reducing such expenditure through increased economy and efficiency.

13. It is also possible that differences in spending patterns across categories of expenditure represent attempts to move towards optimum spending mixes that reflect the nature of the national epidemic. For example, high prevalence countries could be spending more on treatment than low prevalence countries, while low prevalence countries should be spending more on prevention. However, the distribution of expenditure indicates that the funds are not being targeted to address the needs of key populations.

Table 1  
**Distribution of expenditure on the AIDS response by category of expenditure, selected countries in Asia and the Pacific**

Country	Year	Prevention (percentage)	Care and treatment (percentage)	Programme management and administration (percentage)	Incentives for human resources (percentage)	Others (percentage)
Afghanistan	2012	51	2	40	4	3
Armenia	2012	46	25	22	2	4
Azerbaijan	2011	43	33	18	4	2
Bangladesh	2012	58	6	22	8	6
Cambodia	2012	25	29	32	2	12
Democratic People's Republic of Korea	2011	9	-	21	68	3
Fiji	2012	26	17	43	7	7
Georgia	2012	40	40	8	2	10
Indonesia	2010	30	35	19	5	12
Kazakhstan	2012	25	20	53	1	0
Kyrgyzstan	2012	52	4	24	13	7
Lao People's Democratic Republic	2011	52	18	11	16	3
Malaysia	2012	12	70	15	1	2
Micronesia (Federated States of)	2012	36	6	52	6	0
Mongolia	2011	36	10	24	24	6
Myanmar	2011	44	45	7	1	3
Nepal	2009	53	6	27	1	12
Pakistan	2010	44	6	38	4	9
Papua New Guinea	2010	21	11	57	6	4
Philippines	2011	44	12	35	1	7
Russian Federation	2008	23	58	6	2	11
Samoa	2011	10	4	82	5	0
Solomon Islands	2011	56	-	33	0	12
Sri Lanka	2010	76	6	3	10	5
Tajikistan	2011	36	9	27	26	2
Thailand	2011	11	75	3	2	8
Timor-Leste	2009	20	3	65	-	12
Tonga	2009	7	37	11	33	11
Tuvalu	2011	9	5	60	25	0
Uzbekistan	2012	38	28	16	13	6
Vanuatu	2012	3	2	29	60	6
Viet Nam	2010	34	24	30	8	5

*Source:* Database of Global AIDS Response Progress Reporting prepared by the Data Team at the HIV and AIDS Data Hub for Asia and the Pacific ([www.aidsdatahub.org](http://www.aidsdatahub.org)).

*Note:* Percentages are for the latest year available.

Table 2  
**HIV prevalence and spending on prevention among people who inject drugs, selected countries in Asia**

Country	HIV prevalence among people who inject drugs (percentage)	Spending on prevention among people who inject drugs as proportion of total spending on prevention (percentage)
Indonesia	36	10
Cambodia	24	5
Nepal	21	16

*Source:* Database of Global AIDS Response Progress Reporting prepared by the Data Team at the HIV and AIDS Data Hub for Asia and the Pacific ([www.aidsdatahub.org](http://www.aidsdatahub.org)).

*Note:* Percentages are for the latest year available.

14. As shown in table 2, in Indonesia the prevalence of HIV among people who inject drugs is 36 per cent, whereas only 10 per cent of the total spending on prevention is targeted towards this group. In the case of Cambodia and Nepal, the prevalence rate among people who inject drugs is 24 and 21 per cent, respectively; however, the proportion of expenditure on prevention targeted towards this group is low, at 5 and 16 per cent, respectively. A similar situation can be observed with regard to expenditures made for prevention among men who have sex with men, as seen in table 3 below.

Table 3  
**HIV prevalence and spending on prevention among men who have sex with men**

Country	HIV prevalence among men who have sex with men (percentage)	Spending on prevention among men who have sex with men as a proportion of total spending on prevention (percentage)
Philippines	80	9
Malaysia	19	0.2
Sri Lanka	15	6

*Source:* Database of Global AIDS Response Progress Reporting prepared by the Data Team at the HIV and AIDS Data Hub for Asia and the Pacific ([www.aidsdatahub.org](http://www.aidsdatahub.org)).

*Note:* Percentages are for the latest year available.

15. Among men who have sex with men in the Philippines, the HIV prevalence rate is 80 per cent, with 9 per cent of the total prevention expenditure targeted towards this key population. Similarly, Malaysia has a HIV prevalence rate of 19 per cent among men who have sex with men, but devotes only 0.2 per cent of the total spending on prevention among this group.

16. As seen in figure 4, throughout the region expenditures on prevention among key populations are very low when the much higher rates of prevalence among these groups is taken into consideration. In addition, stigma and discrimination make the situation created by insufficient funding allocations even worse by reducing the effectiveness of what little funding



does exist for key populations. The result on the ground is that the region as a whole spends only 8 per cent of its total AIDS budget to fund prevention programmes among key populations.<sup>5</sup>

Figure 4  
**Expenditure on prevention by key populations at higher risk of exposure to HIV, Asia and the Pacific**



*Source:* Database of Global AIDS Response Progress Reporting prepared by the Data Team at the HIV and AIDS Data Hub for Asia and the Pacific ([www.aidsdatahub.org](http://www.aidsdatahub.org)).

*Note:* Percentages are for the latest year available.

17. Funds can be allocated efficiently provided there is structured understanding and analysis of the nature of a country's epidemic, matched to a response that targets key populations and balances treatment and prevention, according to the country's HIV prevalence rate. A number of countries in the region are increasingly using a needs-based assessment of financial needs for their AIDS responses, including through the development of strategic HIV funding cases and sustainability plans. This good practice, which is later discussed in detail, could be used in a more widespread manner throughout the region.

18. Some of the key findings emerging from the above analysis are as follows:

(a) There is a trend towards increased funding for HIV and AIDS in most countries in the region;

(b) The share of domestic funding has also shown a significant increase, indicating the willingness of some countries to "share responsibility" for financing their AIDS response;

(c) In general, the Asia-Pacific region is failing to focus spending where the epidemic exists, based on evidence concerning HIV prevention among key populations and in specific geographical areas where the scale of the epidemic is greater. Additionally, many countries have programme administration costs that are higher than average. These challenges compromise the effectiveness of spending on HIV-related activities.

<sup>5</sup> Joint United Nations Programme on HIV/AIDS, *HIV in Asia and the Pacific* (Bangkok, 2013), p. 30.

### III. Epidemic projections and estimated resource requirements for achieving targets

19. As explained in the section above, countries in the Asia-Pacific region have been increasing the proportion of domestic resources spent to accelerate their AIDS response. Based upon selected countries in the region, UNAIDS estimates indicate that, in 2012, 59 per cent of the spending on HIV in the region was derived from domestic sources.<sup>6</sup>

20. The region accounts for 12 per cent of the global spending on AIDS while bearing 14 per cent of the global burden of the epidemic. Resource needs in the region are still greater than the resources available. UNAIDS has estimated that, in order to achieve 10 targets<sup>7</sup> in Asia and the Pacific by 2015, the region must mobilize US\$ 5.4 billion in funding. Taking into account the current level of funding of US\$ 2.2 billion, the shortfall is US\$ 3.2 billion. Additionally, some donors are reducing and withdrawing funding in the region.<sup>8</sup> Most (92 per cent) of international funding comes from only six sources: two multilateral donors, namely the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the World Bank; and four bilateral donors, namely Australia, Germany, the United Kingdom of Great Britain and Northern Ireland and the United States of America. Given the unpredictability of international assistance, the only options for countries in the region will be to further increase the amount of domestic resources committed to the AIDS response, strive for allocative efficiencies, develop innovative financing strategies and explore opportunities to integrate HIV/AIDS services into existing national health programmes. These measures are especially urgent for those countries in the region that are primarily dependent on external funding.

### IV. Challenges to sustainable funding for the AIDS response in the ESCAP region<sup>9</sup>

21. There are several challenges that need to be addressed for the region to move towards sustainable funding for the AIDS response beyond 2015. Of 23 countries which responded to an intergovernmental survey on achieving progress in universal access to HIV prevention, treatment, care and support administered by the ESCAP secretariat in 2014, eight countries identified as a critical challenge insufficient or limited domestic funding. Four respondents identified as a key challenge high reliance on international funding and its decreasing quantum, while other countries highlighted high costs and treatment as key challenges to sustainable funding needed to address HIV and AIDS. Three countries identified as critical challenges poor mobilization, and inefficient and ineffective resource allocation. Based upon the analysis in the document and the responses received from countries, a few challenges to sustainable funding of the AIDS response are highlighted below.

<sup>6</sup> Joint United Nations Programme on HIV/AIDS, *HIV in Asia and the Pacific* (Bangkok, 2013).

<sup>7</sup> UNAIDS extrapolated 10 targets and elimination commitments from General Assembly resolution 65/277 on the Political Declaration on HIV and AIDS: Intensifying Our Efforts to Eliminate HIV and AIDS. These may be accessed from [www.unaids.org/sites/default/files/media\\_asset/JC2262\\_UNAIDS-ten-targets\\_en\\_1.pdf](http://www.unaids.org/sites/default/files/media_asset/JC2262_UNAIDS-ten-targets_en_1.pdf).

<sup>8</sup> Joint United Nations Programme on HIV/AIDS, *HIV in Asia and the Pacific* (Bangkok, 2013), p. 29.

<sup>9</sup> This section is drawn from the following publications: (a) Results for Development Institute, *Costs and Choices: Financing the Long-Term Fight against AIDS* (Washington, D.C., 2010); and (b) Joint United Nations Programme on HIV/AIDS, *HIV in Asia and the Pacific* (Bangkok, 2013).

**A. Political will**

22. Political will is required if any sort of sustainable funding is to be achieved. However, political will in the context of HIV is more nuanced than a simple willingness to spend. First, if a sustainable funding model is to be achieved, key political players must be willing to allocate funds to where the main focus of the epidemic is concentrated and where the needs are highest. This means that political will must exist to acknowledge and address the epidemic among key populations, such as men who have sex with men, sex workers, transgender people and people who inject drugs. Second, the political will to achieve sustainable funding must exist in spite of an unfounded impression that the epidemic is stabilizing or declining. In other words, a continued sense of urgency is required if funding is to become sustainable into the future. Studies indicate a number of possible drivers of inefficient allocation choices: lack of access to key data and its analysis; contradictory messages, which tend to confuse policymakers; misinterpretation of “multisectoral response” to mean that States should spread resources across all intervention types; lack of political will to deal with sensitive issues, especially those surrounding key populations; and poor planning methods which result in inappropriate programme targeting.

**B. Limited fiscal space**

23. Even if political will exists, action is limited without resources. There are four key elements to expanding fiscal space: (a) maintaining and increasing external funding; (b) increasing domestic expenditure; (c) making expenditure on HIV-related activities more efficient; and (d) innovative funding. These elements are discussed in greater detail later, but it is worth noting that many countries in the region, especially least developed countries, do not have the immediate capacity to mobilize domestic resources of the required scale. External funding should continue at enhanced levels for such countries, as they are not yet in a position to increase domestic resources for the AIDS response without compromising other health priorities.

**C. Continuation of “silo approaches”**

24. The so-called silo approach refers to the delivery of HIV services through a structure that is separate from the rest of the health sector. While this approach has yielded focused attention and quick results in some cases, it causes redundancies throughout the health sector and additional infrastructure and administrative costs. Greater spending efficiency can be achieved if the delivery of HIV services is integrated into the broader health system. In addition, an integrated health system enables more health professionals to be exposed to HIV treatment regimes, thus enabling knowledge-sharing. At the same time, however, care and support programmes must be taken to sensitize health service providers to ensure that stigma and discrimination within the health sector do not affect the access to prevention, treatment, care and support of people living with HIV and key populations.

**D. Skewed allocations**

25. Funds are skewed in two dominant ways. First, countries often allocate funds inappropriately among the different elements of the AIDS response. This means that countries with lower HIV prevalence rates, which should be spending more on prevention programmes than on other measures, in fact spend disproportionately more on treatment and vice-versa. Second, countries often fail to target key populations with their funding. This ensures that the impact of the funding is much less significant than it potentially

could be and fails to address the root causes of many countries' epidemics. This is especially true in the Asia-Pacific region, where only 8 per cent of funds are targeted towards key populations.<sup>10</sup>

#### **E. Other inefficiencies in spending**

26. There is a need for making more professional the administration of service delivery and reducing programme delivery costs. Spending on programme management and administration in certain subregions, such as the Pacific and Central Asia, exceeds 40 per cent and in some cases is well above 60 per cent. There is considerable potential for rationalizing programme management and administrative costs and allocating the savings to critical areas, such as prevention, among key populations.

#### **F. Affordability and availability of antiretroviral drugs**

27. In its AIDS response, the region spends about 50 per cent of its funding on care and treatment. According to UNAIDS calculations based upon selected countries, the region's treatment coverage rate in 2012 was 51 per cent of the eligible population.<sup>11</sup> The revision of the World Health Organization (WHO) guidelines in 2013 will also make more people living with HIV eligible for treatment. Thus, as more and more persons are brought within the ambit of treatment, and testing and counselling outreach improves, expenditure under the heading of care and treatment is expected to rise even further. One of the critical challenges will be to ensure that access to and availability of existing and newer antiretroviral drugs, as they are developed, are maintained without compromising the funding of other essential components of the AIDS response.

28. Thus, some of the key challenges identified are as follows:

(a) Strengthening the political will to effectively address key populations appropriately, that is, devoting a significant portion of funding to halt the spread of HIV among key populations;

(b) Finding ways for Governments to increase the fiscal space available for HIV and AIDS within their own budgets;

(c) Addressing inefficient funding allocation choices for the purpose of maximizing impact;

(d) Ensuring access and availability of existing and new antiretroviral drugs that may be developed in the future;

(e) Enhancing the contributions of the private sector.

### **V. Key actions and policy responses to ensure sustainable financing of the AIDS response beyond 2015**

#### **A. Development of evidence-based HIV investment cases and sustainability plans to effectively guide a country's AIDS response**

29. In response to the need to invest effectively and efficiently and optimize for maximum impact, UNAIDS and its partners have developed guidance for countries to develop national HIV investment cases and

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<sup>10</sup> Joint United Nations Programme on HIV/AIDS, *HIV in Asia and the Pacific* (Bangkok, 2013), p. 30.

<sup>11</sup> *Ibid.*, p. 19.

sustainability plans. HIV investment cases provide a tool for countries to deliver strategic, rights-based, sustainable responses to HIV. It also helps to rationalize options for innovative funding and service delivery, to identify specific steps to ensure access for key populations, to use available evidence to make smart investments and to eliminate inefficiencies in HIV programmes. In addition to helping countries with resource allocation and financing decisions, evidence-based investment cases can support and inform countries in their dialogue with external development partners. A compelling investment case should address programme scale-up measures to effectively address the AIDS response, as well as allocative and technical efficiency in order to ensure sustainable financing. It should include a quantification of additional lives saved and infections averted as a result of additional and more efficient investment, which would lead to greater buy-in from government policymakers at all levels.

30. Above all, investment cases must be accompanied by sustainability plans which clearly show a path towards achieving sustainable funding for the AIDS response in the long run. In 2012, Viet Nam carried out a study on expanding long-term financing options for HIV, wherein alternative sources of financing were examined that could potentially increase the fiscal space for HIV and AIDS expenditure. This included, among other things, social health insurance, public sector mainstreaming, private sector contributions, airline levies, additional borrowing and improving efficiencies in HIV/AIDS programmes. These provided a very useful complement to the Viet Nam HIV investment case issued in October 2014.

31. Several countries, including Myanmar, Thailand and Viet Nam, have developed evidence-based HIV investment cases, with clear investment objectives. Others countries, such as Bangladesh, Cambodia, Indonesia and the Philippines, are in the process of doing so. By optimizing funding allocations, it is envisaged that considerable amounts could be saved for reinvestment. In order to achieve this, many countries may require assistance in gathering reliable epidemiological evidence on their local epidemics (data for which are often lacking) and conducting a robust analysis, unit costing analysis that incorporates information from a variety of sources, and building projections and different scenarios. Without such critical information, creating evidence-based investment cases would not be possible.

Box

**Towards a sustained response: Thailand's investment approach**

In 2013, Thailand developed an investment case aimed at ending AIDS by 2030, based on detailed epidemic analysis and modelling. It was found that 70 per cent of new HIV infections were in 33 provinces, with the majority being among men who have sex with men (41 per cent) and through spousal transmission (32 per cent). Given this context, future response strategies will need to prioritize high-impact interventions focused on key populations to give the best returns on investment, including continued behavioural change combined with promoting HIV testing and early access to treatment for all.

The investment needed to treat all HIV-positive persons regardless of their CD4 cell count and to strengthen adherence support is relatively modest (an additional US\$ 100 million over the next 10 years), but such an investment would prevent 20,000 people from acquiring HIV infections and avert 22,000 deaths. For every additional dollar spent now, the economic return would be three dollars in future savings on treatment and hospitalization costs.

*Source:* Joint United Nations Programme on HIV/AIDS, Ending AIDS in Thailand. Available from [www.aidsdatahub.org/sites/default/files/publication/Thailand\\_Ending\\_AIDS\\_2013fin.pdf](http://www.aidsdatahub.org/sites/default/files/publication/Thailand_Ending_AIDS_2013fin.pdf). Accessed 12 September 2014.

## **B. Increase domestic funding through incentives and innovative strategies**

### **1. Incentivizing programmes at the subnational level**

32. As mentioned previously, the ability of countries in the region to fund their AIDS response fully from domestic resources is variable. As a result, there is a need to look at incentives and innovative financing techniques to supplement existing resources. In countries where authority over health care is delegated to the subnational level (for example, the provincial or state levels), national commitments to resource allocation are often not translated at the subnational level. Firm commitment and understanding is required from both national and subnational governments on such issues as financing, human resources and sensitivity to the needs of key populations. Thus, incentivizing HIV programmes at the subnational level is required in order to provide a comprehensive response. These incentive programmes could include providing grants or conditional transfer payments that encourage subnational governments to invest in HIV prevention. This is especially important for States with extremely decentralized health-care systems.

### **2. Product (RED) campaign**

33. Innovative strategies to increase funding for HIV and AIDS activities have met with success, and further developments should be encouraged. The most visible success has likely been the “Product (RED)” campaign. (RED) works with brands and organizations to develop (RED)-branded products and services, which when purchased, trigger corporate contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria. These contributions are then invested in HIV and AIDS programmes in Africa, with a focus on countries with high prevalence of mother-to-child transmission of HIV. To date, (RED) has contributed more than US\$ 250 million to support Global Fund grants in Ghana, Kenya, Lesotho, Rwanda, South Africa, Swaziland, Tanzania and Zambia.<sup>12</sup> Similar strategies could also be used to supplement AIDS resources in the Asia-Pacific region.

### **3. “Debt2Health” swaps**

34. Debt-to-health swaps, a new HIV financing mechanism, are used to free up domestic resources that could be invested in approved Global Fund programmes. Existing programmes allow holders of debt to forgive portions of it in exchange for an agreement by the Government of a developing country to use a portion of the forgiven debt for HIV programmes. Indonesia and Pakistan have participated in the Global Fund’s Debt2Health swap initiative.<sup>13</sup>

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<sup>12</sup> See overview of (RED) as a private sector partner of The Global Fund. Available from [www.theglobalfund.org/en/partners/privatesector/red](http://www.theglobalfund.org/en/partners/privatesector/red).

<sup>13</sup> The Global Fund to Fight AIDS, Tuberculosis and Malaria, *Debt2Health: The Debt Conversion Initiative of the Global Fund*. Available from [http://aidsalliance.3cdn.net/9d38aa9b63a2f6ff71\\_q0m6vq0ta.pdf](http://aidsalliance.3cdn.net/9d38aa9b63a2f6ff71_q0m6vq0ta.pdf). Accessed 12 September 2014.

**C. Achieving efficiencies through greater integration and using donor funds in a strategic manner**

**1. External funding levels must be maintained, especially in least developed countries, or be used strategically as catalytic resources for innovative programmes**

35. Although external funding is generally not stable and may be tied to donor priorities that do not reflect actual needs, countries should use external funds in ways that lead to domestic HIV funding with maximum impact. For example, where political difficulties exist in funding programmes for key populations, donor funds should be directed towards these groups. This frees up domestic funds that could possibly support other programme components. Transitional funding arrangements are required to support countries which are in the process of increasing domestic funding. These arrangements would allow external funding resources to be maintained for vital elements of HIV and AIDS programmes, while the countries transition to greater domestic funding of the AIDS response.

**2. Integrate HIV services into the health system and universal health-care schemes where they exist**

36. First, anchoring HIV treatment within universal health coverage (UHC) programmes, where they exist, allows countries to secure antiretroviral treatment funding over the long term, maintaining the sustainability of treatment.<sup>14</sup> A good example of this is Thailand, where antiretroviral treatment has been integrated into the country's UHC scheme. Given the importance of sustaining the AIDS response, the increased implementation of UHC schemes in the region would present an important opportunity for integrating antiretroviral treatment regimens to ensure sustainability. Second, as mentioned above, creating separate structures to deliver HIV services and prevention programmes creates redundancies and unnecessary administrative costs. The integration of these services with other health programmes creates a more efficient response.

37. While integrating programmes with UHC schemes would create efficiencies, these must not come at the cost of targeted programming. General health service providers may not be positioned to effectively engage with certain key populations. As a result, certain prevention programmes that target difficult-to-reach key populations must be maintained.

38. States that are members of the Association of Southeast Asian Nations (ASEAN) have made the implementation of national UHC schemes a top priority in the post-2015 era. The ASEAN Task Force on AIDS is currently working on integrating HIV/AIDS services as part of the essential package of services in national UHC schemes among its member States.

**D. Ensure availability, affordability and access to drugs for HIV and AIDS**

39. More than half (51 per cent) of the expenditures on HIV and AIDS in the Asia-Pacific region in 2012 was directed towards care and treatment. Ensuring long-term availability and affordability of antiretroviral drugs has

<sup>14</sup> Thaworn Sakunphanit and Worawet Suwanrada, "Thailand: The Universal Coverage Scheme", in *Sharing Innovative Experiences: Successful Social Protection Floor Experiences*, vol. 18 (New York, UNDP, 2011), pp. 385-399. Available from [www.ilo.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=20840](http://www.ilo.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=20840).

the potential to free up resources for other purposes. Part of the solution is the implementation of consistent and cost-effective treatment standards across the region.<sup>15</sup> The new WHO guidelines introduced in 2013 provide opportunities for countries to review their antiretroviral regimens holistically and phase out old regimens, thereby increasing retention and reducing the costs of administration. It is also noteworthy that some countries in the region are purchasing more expensive originator antiretrovirals even when generics are available.

40. Access to affordable medicines is under threat through increasingly restrictive intellectual property and investment provisions in free trade agreements beyond what is required by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). This could impose a serious challenge to achieving effective, sustainable and affordable access to HIV treatment under progress in the region. Countries should work together to use TRIPS flexibilities wherever possible and resist entering new agreements that restrict those flexibilities. Further, steps should be taken to ensure increased availability of generic drugs.

#### **E. Promote greater involvement of the private sector**

41. HIV/AIDS mainstreaming in the private sector requires private sector actors to address the causes and effects of HIV/AIDS in an effective and sustained manner, both through their usual work and within their workplace. In countries where the epidemic is generalized, there could be a direct effect of HIV/AIDS in business companies in terms of increased cost and reduced productivity. Companies should be encouraged to assert their corporate social responsibility and translate it into effective programmes and policies on HIV/AIDS in the workplace.

#### **F. Devise and implement regional strategies to support the AIDS response**

42. Several regional strategies have been implemented or proposed that could direct additional funds to HIV programming and reduce costs. This includes the airline solidarity tax, which has generated funds for UNITAID, a global health initiative established in 2006 initially by the Governments of Brazil, Chile, France, Norway and the United Kingdom as the “International Drug Purchasing Facility”; it was subsequently expanded to include Cyprus, Luxembourg, the Republic of Korea, Spain and the Bill and Melinda Gates Foundation, as well as Cameroon, Congo, Guinea, Madagascar, Mali, Mauritius and Niger. Civil society groups are also part of UNITAID. Approximately half of the organization’s resources come from a small levy on airline tickets in several countries, while the rest is provided primarily by multi-year contributions from Governments and a foundation. As of the end of 2011, this levy amounted to US\$ 1.06 billion – 66 per cent of the US\$ 1.6 billion raised by UNITAID. This long-term and predictable stream of funding enables UNITAID to leverage “buy-side” strength to negotiate with manufacturers to supply at reduced prices public health products for which the quality is assured and bring new formulations to market.<sup>16</sup> The Asian and Pacific region could also benefit from a similar regional arrangement.

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<sup>15</sup> Joint United Nations Programme on HIV/AIDS, *HIV in Asia and the Pacific* (Bangkok, 2013), pp. 58-59.

<sup>16</sup> See overview of UNITAID ([www.unitaid.eu/en/who/about-unitaid](http://www.unitaid.eu/en/who/about-unitaid)).



43. Other regional strategies have been proposed with the aim of reducing costs. For instance, a regional drug procurement body could leverage the size of the Asia-Pacific region to ensure that antiretrovirals are obtained at the lowest possible prices. This would have the added benefit of ensuring that smaller and poorer countries would also be able to obtain medications at affordable prices, thus facilitating scale-up. South-South cooperation, especially in the field of intellectual property and pharmaceuticals, could help protect TRIPS flexibilities and affordable access to life-saving medicines. In particular, developing countries that have managed to successfully utilize TRIPS flexibilities, such as India, Malaysia and Thailand, could provide other developing countries with guidance and policy advice.<sup>17</sup>

44. Many regional organizations have identified the importance of the AIDS response for the future of Asia and the Pacific, and may provide infrastructural support for implementing regional strategies. ASEAN, for instance, has made several declarations on HIV; in 1993, it launched the ASEAN Task Force on AIDS.

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<sup>17</sup> Amy Kapczynski and Mohammed El Said, "Access to medicines: The role of intellectual property law and policy", working paper prepared for the Third Meeting of the Technical Advisory Group of the Global Commission on HIV and the Law, July 2011.