

FOCUS ON

Domestic Financing for Health



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The Global Fund's co-financing requirements have spurred countries to commit an additional US\$6 billion to their health programs for 2015-2017.

The Challenge

With increasing priorities in global development and a growing list of urgent issues in donor countries, traditional models of financing for development are falling short of what is required to end HIV, tuberculosis and malaria as epidemics.

Development spending on health grew at the rate of 11.4 percent annually from 2000 to 2010, but dropped sharply between 2010 and 2016, growing only 1.8 percent annually. Funding for HIV, which for many years has been the largest area of focus in global health, has begun to decline. WHO's 2017 World Malaria Report told the story of flat funding and stalled progress. WHO also reports

a funding gap of US\$2.3 billion for a full response to the global TB epidemic.

There is an urgent need for global health partners to seek new and non-traditional sources for funding. These efforts are essential to achieve the global target of ending HIV, TB and malaria as epidemics by 2030. Increasing domestic financing for health is also a significant element in achieving global health security.

The Opportunity

Encouraging and stimulating domestic investments in health is an essential component of the Global Fund's move toward sustainable health programs in all the countries where the partnership invests.

Those efforts to stimulate more investments from countries that implement Global Fund programs are bearing fruit. Many low- and middle-income countries are taking up more responsibility for financing the response to HIV, TB and malaria, as well as other diseases. In the spirit of shared responsibility and global solidarity with the international community, these countries are taking the lead and investing in sectors traditionally dominated by foreign development investments.

The Global Fund's Sustainability, Transition and Co-Financing Policy aims to support countries as they move toward fully domestically funded systems for health and responses to HIV, TB and malaria. In our 2017-2022 strategy, the Global Fund commits to work with all implementing countries to increase domestic resource mobilization for all health programs, with an emphasis on investing in programs that support key and vulnerable populations. Co-financing is a key element of this strategy.

The term co-financing reflects the partnership between the Global Fund and the country in contributing to the long-term sustainability of programs. The co-financing arrangement requires countries that receive Global Fund resources to make their own contributions to their disease programs and systems for health in line with their economic development. Fifteen percent or more of the Global Fund allocation for each country is provided as a co-financing incentive, which can be accessed when countries commit additional domestic investments in health.

In many countries, the trajectory of increasing government investments in health was already in motion before the Global Fund's co-financing requirements. However, these requirements have boosted spending in health, spurring countries to commit an additional US\$6 billion to their health programs for 2015-2017. That represents a 41 percent increase in domestic financing over 2012-2014.

Innovative Financing

The Global Fund supports innovations that increase domestic investments in health. We support national governments with tools to engage new partners and funding sources within the country with a goal of creating broader opportunities for fundraising. There is no one-size-fits-all approach to innovative financing; each solution is developed to best suit each country's unique context.

For instance, in 1999, Zimbabwe established an AIDS Levy, which is a 3 percent tax on the income of all formally employed individuals and most companies in the country. The money raised by the fund has increased significantly since 2009, when the country's economy became more stable. Resources generated through the AIDS Levy jumped significantly from US\$5.7 million in 2009 to reach US\$38.6 million in 2014. Zimbabwe's National AIDS Council Board has indicated that at least 50 percent of total funds collected from the AIDS Levy would be spent on antiretroviral therapy. These resources, combined with investments by the Global Fund partnership and other bilateral partners are playing a pivotal role in responding to HIV in the country. Recently, Tanzania also formed an AIDS trust fund. In India, Tata Trusts and the Global Fund have launched the India Health Fund, an innovative initiative to raise funds within India and invest the money to tackle key health challenges, starting with tuberculosis and malaria. These country-led innovative investments will be key to securing sustainable national responses to HIV, tuberculosis and malaria.

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Once a sex worker and a person who injected drugs, Rehema Mpili has stopped using drugs, and counsels other people who inject drugs as a trained health worker. The Global Fund supports training of health workers in Tanzania in order to provide care and support, and to prevent the spread of HIV among vulnerable populations.

About the Global Fund

About the Global Fund: The Global Fund is a 21st-century organization designed to accelerate the end of AIDS, tuberculosis and malaria as epidemics. As a partnership between governments, civil society, the private sector and people affected by the diseases, the Global Fund mobilizes and invests nearly US\$4 billion a year to support programs run by local experts in more than 100 countries. The Global Fund's operating costs are approximately 2 percent of grants under management, reflecting an exceptionally high degree of efficiency. By challenging barriers and embracing innovative approaches, we are working together to better serve people affected by the diseases.

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