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# Understanding Needs and Realistic Prospects for Domestic Resource Mobilization to Fund HIV Responses in Zambia and Uganda

Thomas Fagan, Veena Menon, Sayaka Koseki, and Arin Dutta

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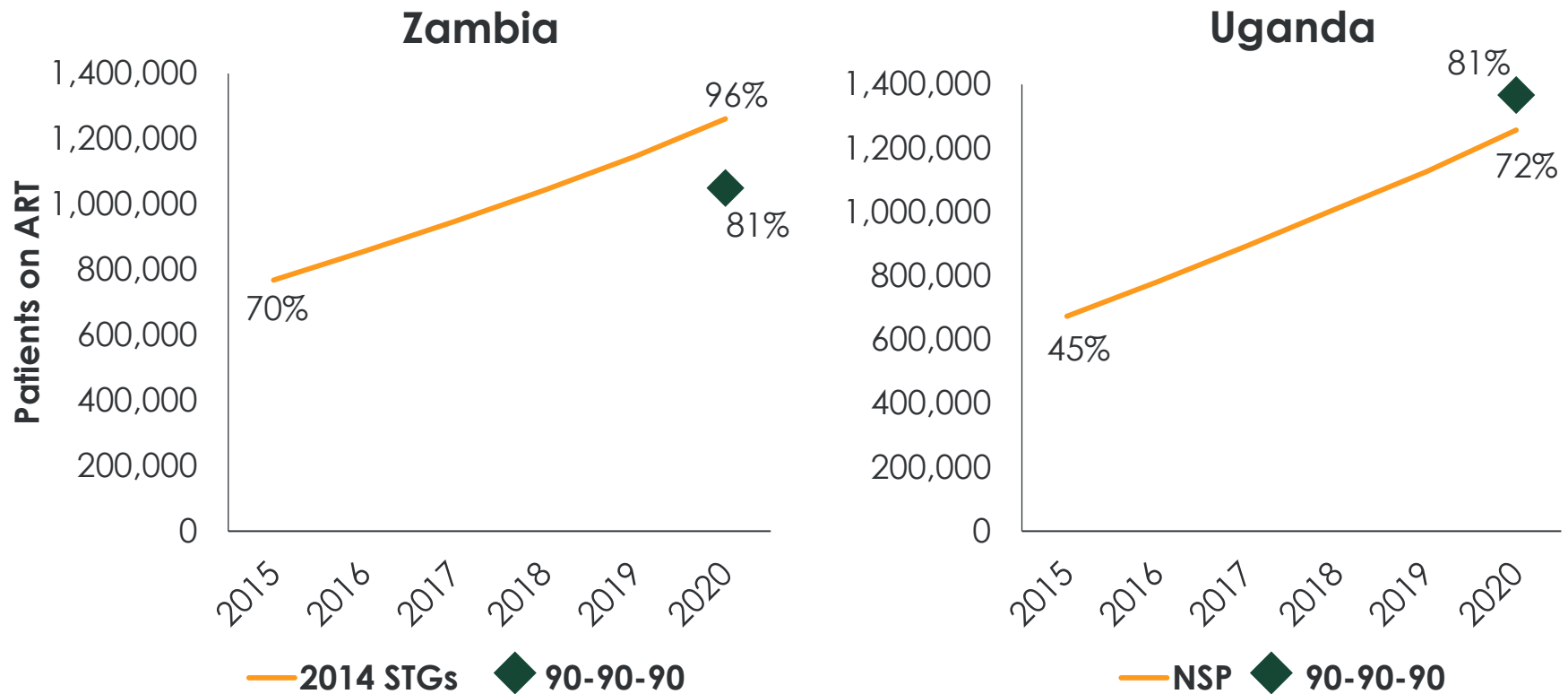


# Key Question

How can Zambia and Uganda achieve their current ART targets and long-term sustainability in their HIV responses, while facing a plateau in donor resources?

# Current Guidelines and Targets

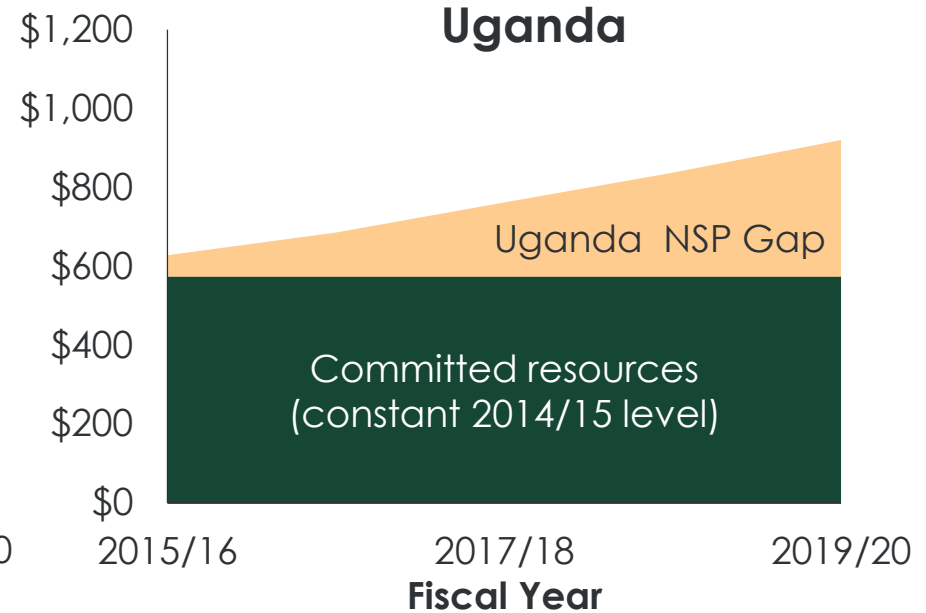
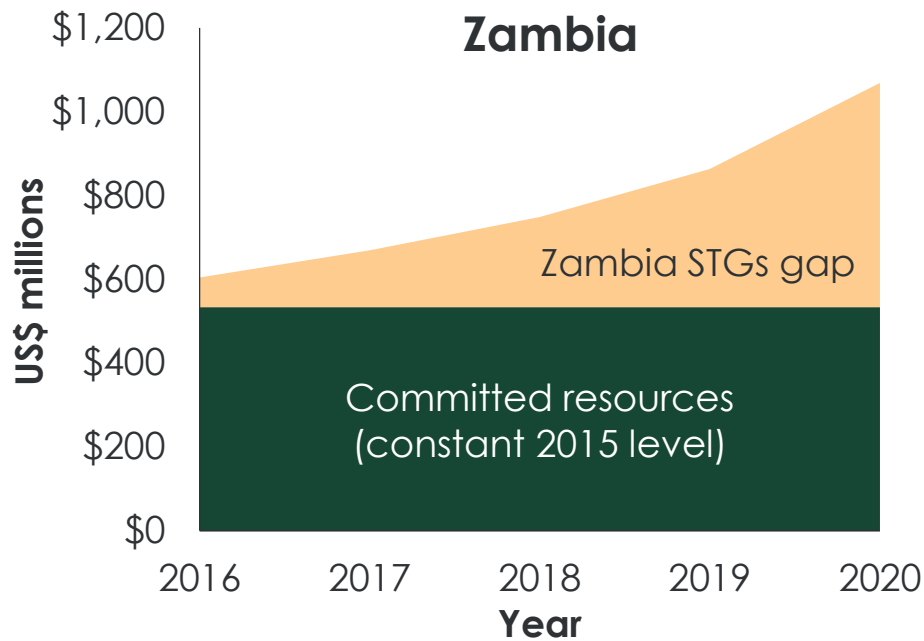
Total ART Patients by Country and Scenario  
(% coverage of PLHIV)



Sources: UNAIDS. 2015. Spectrum Model for Zambia (updated August, 2015). Lusaka: UNAIDS; National AIDS Council (NAC). 2014 Revised NASF Costing Summary. Lusaka: NAC; Uganda AIDS Commission (UAC). 2015. Spectrum Model for the Uganda National Strategic Plan for HIV/AIDS 2015-2020. Kampala: UAC

# Financing Need

## HIV Funding Gap by Country



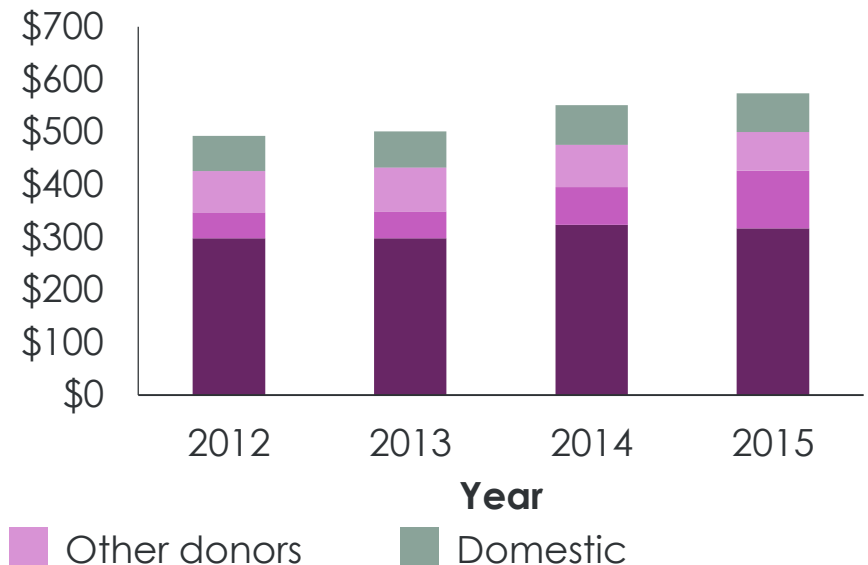
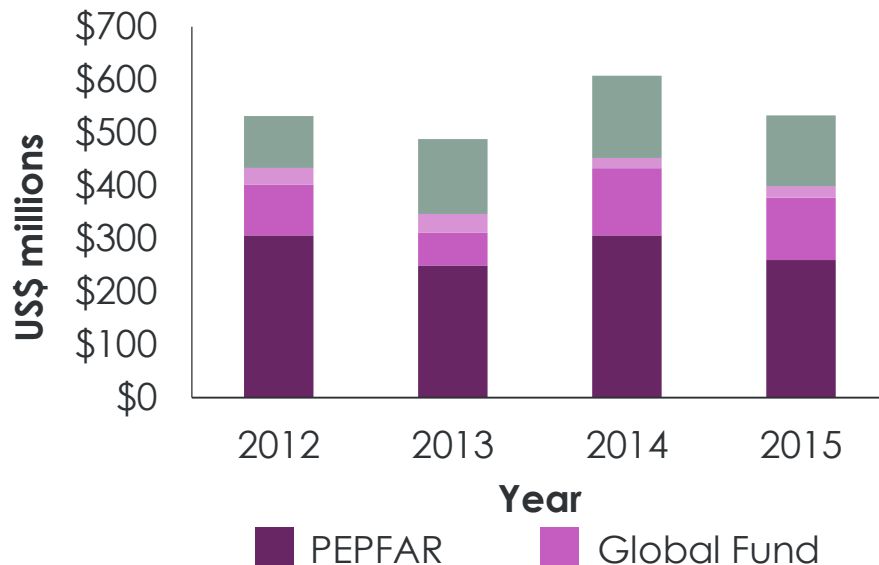
By 2020, 2014/15 expenditure levels will only cover 38% of resource need

By 2020, 2014/15 expenditure levels will only cover 57% of resource need

Sources: NAC. 2014. *2014 Revised NASF Costing Summary*. Lusaka: NAC; The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). 2014. *HIV Financial Gap Analysis and Counterpart Financing Table*. Lusaka: Global Fund; Ministry of Finance (MOF). 2013 & 2015. *Approved Estimates of Revenue and Expenditure*. Lusaka: Republic of Zambia; NAC. 2014. *National AIDS Spending Assessment 2010-2012*. Lusaka: NAC; PEPFAR Dashboards (2015); Global Fund Dashboards (2015); Ministry of Finance, Planning and Economic Development. 2012, 2013, 2014 & 2015. *Uganda Annual Budget Performance Reports FY 2011/12-2014/15*. Kampala: Government of Uganda; Ministry of Health (MOH). 2015. *Uganda Health Accounts 2010/11 and 2011/12*. Kampala: MOH.

# Funding Environment

Total HIV Funding by Country and Source



8% decline in donor resources, 2012–2015

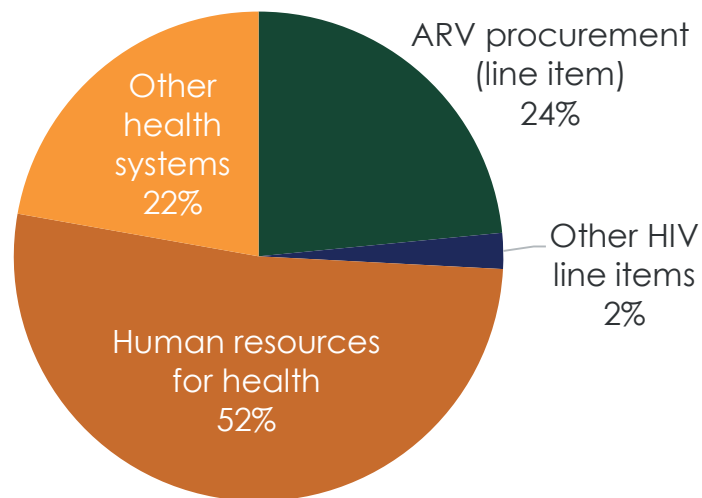
5% annual increase in resources insufficient to cover projected 13% annual increase in antiretroviral therapy (ART) patients

Sources: NAC. 2014. *2014 Revised NASF Costing Summary*. Lusaka: NAC; The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). 2014. *HIV Financial Gap Analysis and Counterpart Financing Table*. Lusaka: Global Fund; MOF. 2013 & 2015. *Approved Estimates of Revenue and Expenditure*. Lusaka: Republic of Zambia; NAC. 2014. *National AIDS Spending Assessment 2010-2012*. Lusaka: NAC; PEPFAR Dashboards (2015); Global Fund Dashboards (2015); Ministry of Finance, Planning and Economic Development. 2012, 2013, 2014 & 2015. *Uganda Annual Budget Performance Reports FY 2011/12 –2014/15*. Kampala: Government of Uganda; MOH. 2015. *Uganda Health Accounts 2010/11 and 2011/12*. Kampala: MOH.

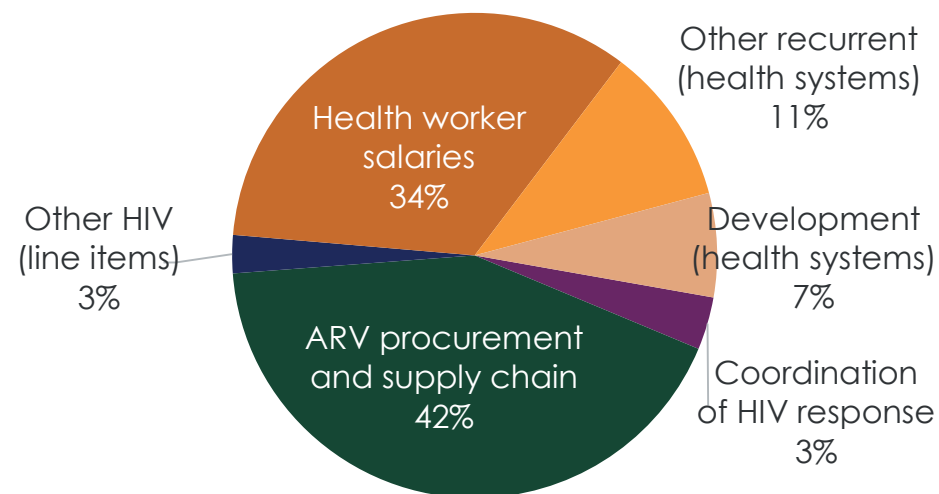
# Government HIV Budget

## Government HIV Budgets by Cost Type

**Zambia (2015): US\$129 million**



**Uganda (FY 2014/15): US\$70 million**



98% growth in nominal HIV budget (2012–2015), 36% real (US\$) growth

HIV accounts for 22% of health systems costs (est.)

Human resources for health (HRH) account for 48% of health budget

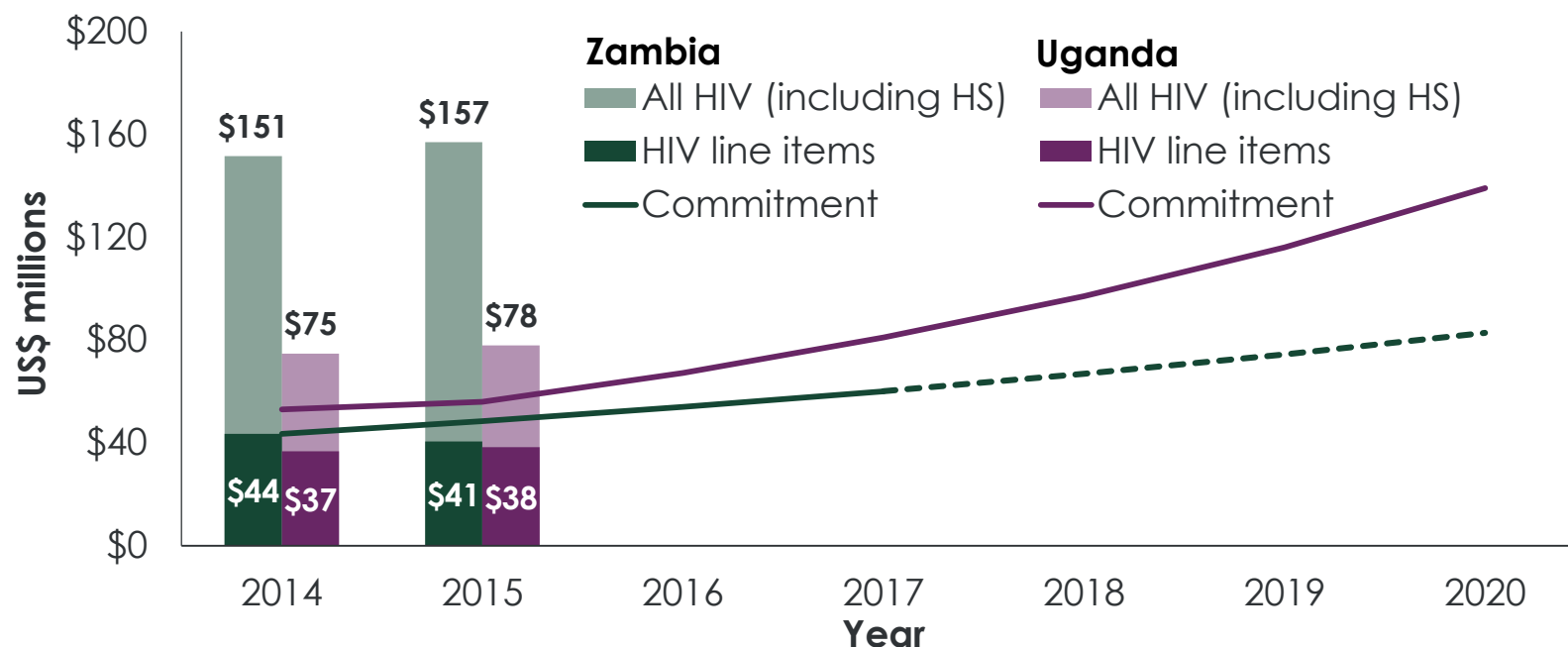
No growth in ARV budget, 2011/12–2014/15

Government procures domestically manufactured ARVs at higher price and separately from donors

Sources: MOF. 2013 & 2015. *Approved Estimates of Revenue and Expenditure*. Lusaka: Republic of Zambia; Ministry of Finance, Planning and Economic Development. 2012, 2013, 2014 & 2015. *Uganda Annual Budget Performance Reports FY 2011/12 – 2014/15*. Kampala: Government of Uganda.

# Increasing Government Resources for HIV

**Government HIV Commitments and Budget by Country and Cost Type (constant exchange rate)**



HIV commitments account for 7% and 19% of health budgets (2014) in Zambia and Uganda, respectively

Sources: NAC. 2014. *Revised National AIDS Strategic Framework 2014 – 2016*. Lusaka: NAC; MOF. 2013 & 2015. *Approved Estimates of Revenue and Expenditure*. Lusaka: Republic of Zambia; Ministry of Finance, Planning and Economic Development. 2012, 2013, 2014 & 2015. *Uganda Annual Budget Performance Reports FY 2011/12 – 2014/15*. Kampala: Government of Uganda; UAC. 2014. *The case for more strategic and increased HIV investment for Uganda 2015- 2025*. Kampala: UAC.

# Macro-fiscal Constraints

	Zambia	Uganda
Real economic growth (2012–2015) <sup>1</sup>	↓ 6.8% to 3.7%	↑ 2.6% to 5.3%
External debt (as % of GDP) (2013–2015) <sup>1</sup>	↑ 17% to 32%*	↑ 26% to 41%
Public revenues (as % of GDP) (2015) <sup>1</sup>	15.2%	12.5%
Tax capacity <sup>2</sup>	16.9% (2012)	19.5% (2011)
Tax effort <sup>2</sup>	98% (2012)	64% (2011)
Resource dependence (rents as % of revenue) <sup>3</sup>	19%*	13%
Formal sector (% of total workforce) <sup>4</sup>	17%	11%
Foreign exchange (2015 Δ, US\$ per LCU) <sup>5</sup>	↓ -42%	↓ -18%

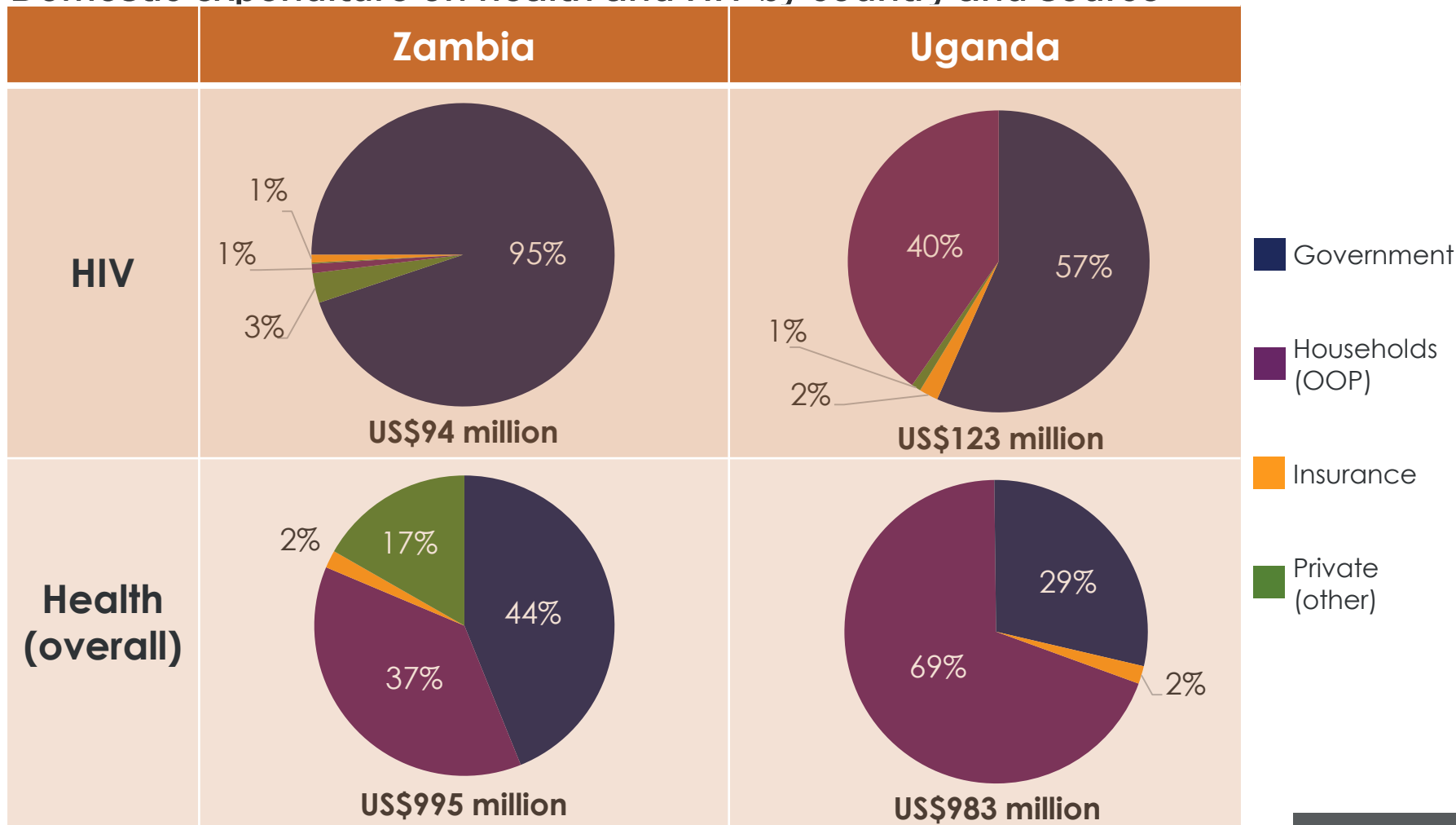
\*Copper, which accounts for the majority of resource revenues, fell from 17% of total revenues to 13% in 2015.

Sources: <sup>1</sup>African Development Bank. 2015. "African Economic Outlook." <sup>2</sup>Fenochietto, R., C. Pessino. *Understanding Countries' Tax Effort*. International Monetary Fund. 2013. <sup>3</sup>World Bank. 2015. "World Development Indicators." <sup>4</sup>International Labor Organization. *Statistical update on employment in the informal economy*. 2012. <sup>5</sup>OANDA



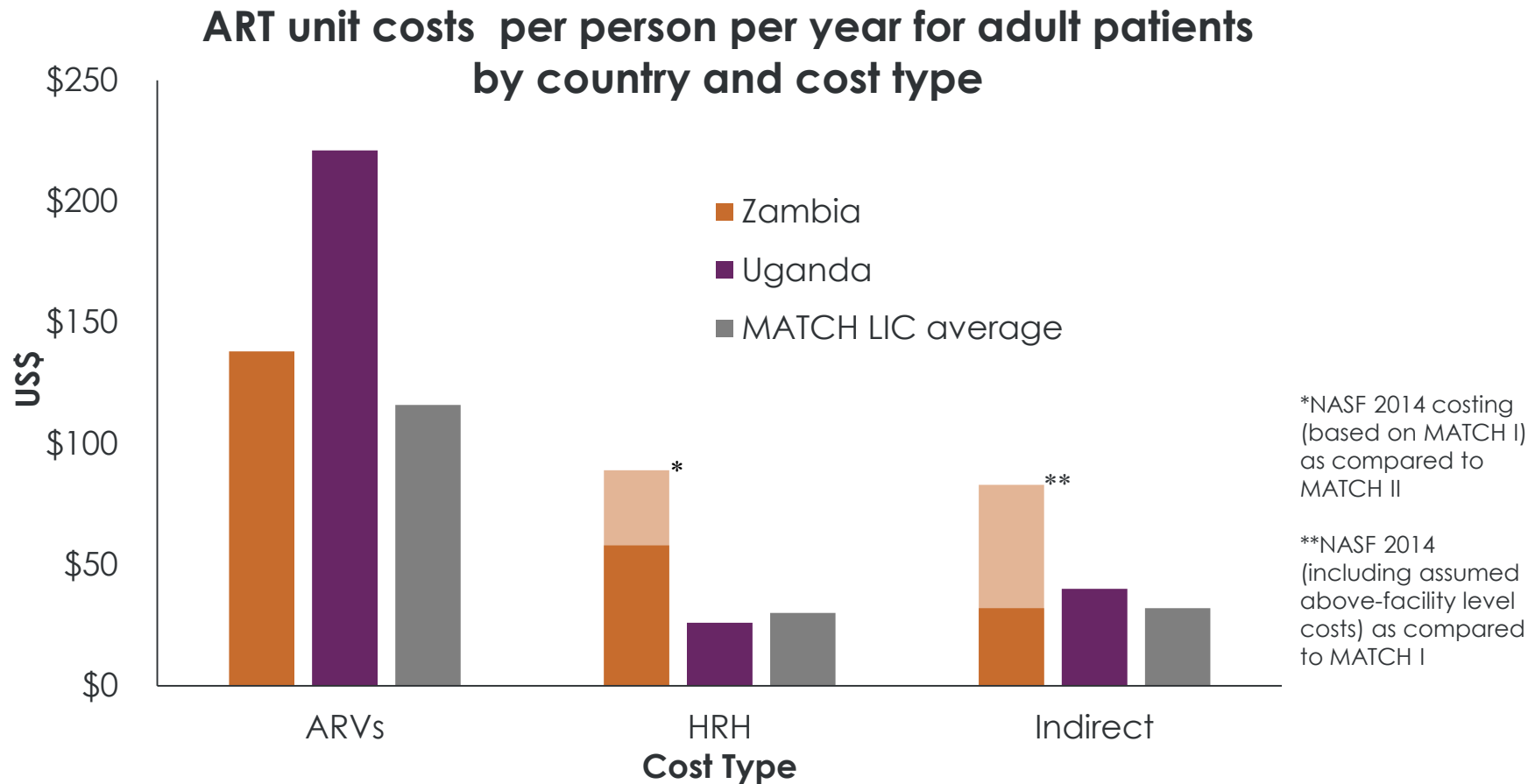
# Finding New Domestic Resources

Domestic expenditure on health and HIV by country and source



Sources: Zambia Approved Estimates of Revenue and Expenditure (2012-2015); Uganda Annual Budget Performance Reports (2011/12 – 2014/15); MOH. 2015. Uganda Health Accounts 2010/11 and 2011/12. Kampala: MOH; WHO. "Global Health Observatory." (2015)

# Technical Efficiency



Sources: 2014 Revised NASF Costing Summary; Tagar E., M. Sundaram, K. Condliffe, B. Matatiyo, F. Chimbwandira, et al. 2014. "Multi-Country Analysis of Treatment Costs for HIV/AIDS (MATCH): Facility-Level ART Unit Cost Analysis in Ethiopia, Malawi, Rwanda, South Africa and Zambia." PLOS ONE; Moreland, S., E. Namisango, A. Paxton, and R. A. Powell. 2013. *The Costs of HIV Treatment, Care, and Support Services in Uganda*. Chapel Hill, NC: MEASURE Evaluation.

# What Next?

## Zambia

### *Macro-fiscal*

- ❖ Promote macroeconomic stability and growth to **protect and increase fiscal space** for HIV and health overall

### *Resource Pooling*

- ❖ Develop viable funding mechanism for **subsidized social health insurance (SHI)** schemes and integrate HIV services

### *Technical Efficiency*

- ❖ Integrate current service delivery and pooling mechanisms (including private sector) to **reduce overhead and indirect costs**
- ❖ Promote **value for money in HRH** through improved training, task shifting, and salary structure

## Uganda

### *Macro-fiscal*

- ❖ Strengthen tax administration system to **reach tax capacity** and increase fiscal space for HIV and health

### *Resource Pooling*

- ❖ Improve **economic and political viability of proposed SHI** funding and ensure inclusion of HIV services
- ❖ Integrate community-based health insurance to **increase pooling of out-of-pocket expenditure** and strengthen financial protection

### *Technical Efficiency*

- ❖ Promote **bulk procurement agreements** to reduce ARV costs

# HP+

## HEALTH POLICY PLUS

*Better Policy for Better Health*



<http://healthpolicyplus.com>



[policyinfo@thepalladiumgroup.com](mailto:policyinfo@thepalladiumgroup.com)



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