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INNOVATIVE FINANCING FOR HIV IMPACT MITIGATION

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Introduction

In the wake of the global financial crisis and the resulting reduction of traditional funding for HIV response, public health professionals must look to innovative financing mechanisms in order to meet the demand of programs serving those most affected by HIV, who also tend to be countries' most vulnerable populations. Innovative financing mechanisms, implemented through international and domestic bodies, have had a major impact on the structure of receipt and channelling of funds. This Fact Sheet looks at innovative financing from the perspectives of civil society organizations and national programs mobilizing resources for HIV impact mitigation. It explores novel approaches to generate and mobilize resources using specific examples to illustrate the concepts in action. It also provides recommendations and suggestions for how to maximize innovative financing approaches for HIV impact mitigation strategies in the *Asia Pacific* region.

Why the focus on *impact mitigation*?

Individuals and families living with HIV are affected not just by the physical effects of the disease but its impact on their ability to maintain employment, receive social support, and access education, among other things. Impact mitigation programs and policies focus on the physical and mental health of people living with HIV (PLHIV), as well as their socio-economic well-being.

Impact mitigation programs reduce the burden of HIV not only for PLHIV but also for the community and the existing health systems. Strategies include social protection, awareness raising, livelihood opportunities, insurance, credit linkages, legal aid, etc.

Before there was *innovative financing*...

Health financing provides resources and incentives to effectively operate health systems. The success of strategies is judged by their ability to ensure access, equity, and efficiency in producing positive health outcomes (Schieber et al., 2006).

Traditional health financing includes three basic functions: revenue collection, pooling, and purchasing. Governments look to internal (through taxation, revenue generating schemes) and external sources (i.e. World Bank, large scale grants) to fund programs aimed at achieving successful health outcomes. Civil society organizations, on the other hand, have generally been funded by government grants and contracts or from local, national or international bodies. Examples of these grant bodies are USAID, The Bill and Melinda Gates Foundation (BMGF), Clinton Global Initiative, DFID, etc.

The global economic crisis has caused traditional funding mechanisms to be less dependable. Overall, wealthier countries contributing to developmental assistance for health (DAH) have decreased assistance in the last few years due to their own financial strain (Atun et al., 2012). Governments and civil societies have had to find new sources to fund HIV impact mitigation programmes. Guiding frameworks for innovative financing include:

- *Paris Declaration on Aid Effectiveness* (2005) and the following *Accra Agenda for Action* (2008), which identify means for scale-up through strengthening infrastructure, country ownership, donor harmonisation, and the monitoring and evaluation of aid.

Although many Middle Income Countries (MICs) still lack the resources for comprehensive health agendas and coverage, most DAH is focused on Low Income Countries (LICs), making it even more essential for MICs to develop creative ways to finance their national programmes, especially those related to HIV impact mitigation.

What is innovative financing?

Innovative financing has been difficult to define. Most important to understand is that it is a mechanism for funding, not an organizational body (Le Gargasson & Salome, 2010).

The Taskforce¹ on Innovative International Financing for Health Systems was launched in September 2008 to help strengthen health systems in the 49 poorest countries in the world. The Taskforce was chaired by UK Prime Minister Gordon Brown and World Bank President Robert Zoellick, and released its Recommendations in May 2009, identifying a variety of innovative instruments that could augment traditional aid and support achieving the health-related Millennium Development Goals (MDGs).

Some of the key recommendations to better mobilize funds and strengthen programs in low-income countries were:

- Expanding the airline and “sin” taxes on tobacco, etc.
- Expand and explore the innovative financing mechanisms that have been proven to ensure predictability over time; including the International Finance Facility for Immunization (IFFIm), Advance Market Commitment for Vaccines (AMC), Currency Transaction Levy (CTL), country pledges to Global Fund, etc.
- The use of a “De-Tax” to encourage private giving (Taskforce, 2009)

At their inception, many innovative financing mechanisms were able to take off because of large surges of funds from philanthropies, including the Bill and Melinda Gates Foundation (Sandor, Scott, & Benn, 2009).

Successful innovative financing mechanisms are necessary to promote the rapid transforming of inputs into services and outcomes, essential for HIV programming (Atun et al., 2012). Recognising this need, the remainder of this paper will look at ways

¹ The Taskforce was comprised of the Prime Minister United Kingdom, President of the World Bank, President of Liberia, Prime Minister of Norway, Health Minister of Ethiopia, Foreign Minister of France, Finance Minister of Italy, Development Minister of Germany, Foreign Affairs Minister of Australia, Director-General of World Health Organization, President and Founder, Foundation for Community Development, Mozambique, Special Adviser to the Minister of Foreign Affairs, Japan, Development Cooperation Minister of Netherlands and the United Nations Secretary General's Special Adviser for Innovative Financing for Development. The Taskforce was supported by working groups which brought together representatives from WHO, World Bank, UNICEF, UNFPA, UNAIDS, the PMNCH Secretariat, Harvard School of Public Health, London School of Hygiene and Tropical Medicine, Global Fund, NORAD International Monetary Fund Organisation for Economic Cooperation and Development, United Nations Population Fund, BMZ, Institute of Health Metrics and Evaluation, Government of Rwanda, Public Health Foundation of India, DANIDA-Uganda, BMGF, GAVI Alliance, Lion's Head Global Partners, Congress of South African Trade Unions, Government of Rwanda

different national programs and civil society organisations have utilized innovative financing for HIV impact mitigation.

What national programs could consider

Country governments should consider innovative financing strategies for HIV impact mitigation. Successful examples complement traditional funding and do not take its place.

Keeping in mind that higher spending does not necessarily equate to better health outcomes, governments can look to utilizing resources creatively to reach the most vulnerable and provide the biggest impact (Schieber et al., 2006). Funding bodies and governments should practice allocative efficiency to ensure the best use of monetary resources and human capital. Part of this practice includes understanding the pros and cons of result-based and performance-based allocation of resources. In some cases, programs have been pushed towards targets without a focus on outcome and quality. While this strategy has been results-focused, it may overlook the unique inputs determining performance quality. The move towards country ownership of donor-funded projects means that programs may be able to reallocate funds to be most effective according to their unique needs. Countries have to consider how their strategies compliment and/or conflict with donor focus on results.

National programs' use of innovative financing implies developing ways to fund impact mitigation programs and services through internal policies and financing, for example universal health coverage that includes PLHIV.

Innovative financing in national programs: Examples

- ❖ **Providing universal health coverage:** Thailand and the Philippines have included AIDS treatment, care, and HIV prevention under the country's universal health care schemes, which include ART and Integrated Counselling and Testing Centres. This inclusion means that people living with HIV (PLHIV) have guaranteed services under the countries' universal health schemes and do not have to spend out-of-pocket or seek additional funds for procuring it.
 - Thailand has introduced Universal Health Coverage (UC) under which ART and care services (73% of HIV/AIDS spending), prevention (14%), and social protection, program management, and research (13%) are covered. Under this central management and procurement system, Thailand has been able to keep drug costs low and maintain wide reach of its population (Bhakeecheep).
 - Philippines has a social security program, including a non-contributory program for poor households (Sponsored Program) since 1996. The Philippines Health Corporation (PHIC or PhilHealth) is the single payer for the programs and everyone has the same benefits package. In 2010, PhilHealth launched the Outpatient HIV/AIDS treatment package (OHAT). This package covers ART, lab examinations, professional fee for providers and TB co-morbidity services. (Chakraborty, 2010; Reyes-Lao, 2013)

- ❖ **Taxation on airlines and sin tax:** Currently, at least 12 countries (Brazil, Cameroon, Chile, Congo, Cote d'Ivoire, France, Madagascar, Mali, Mauritius,

Namibia, Niger, and South Korea) participate in an airline levy, which goes to UNITAID and their purchase of drugs for HIV/AIDS, tuberculosis, and malaria, and others are considering a similar adoption (Bhalla, 2012; Taskforce, 2009; UNAIDS, 2013). This small tax (about \$1-5 depending on the country) has yielded \$200 million per year for participating countries as of 2012 (Bhalla, 2012). Other countries, including Thailand, have instituted “sin taxes” on alcohol and tobacco products to support the funding of their universal coverage system. Thailand’s 2% charge on these items has increased funding dedicated in part to HIV programs from 1.592 billion Baht in 2002 to 2.859 billion Baht in 2009 (Srithamrongsawat, et al., 2010).

Other taxation mechanisms being discussed by global leaders for innovative financing that would benefit HIV impact mitigation programming are:

- Currency Transaction Tax
- Global Tobacco Tax

❖ **Social protection:** HIV/AIDS has the largest impact on women and children. Social protection initiatives are implemented to empower vulnerable people with sustainable resources for self-sufficiency. Many Asia Pacific countries have promoted social protection objectives through cash transfer programs, supporting livelihoods, and enabling access to education, and nutrition improvement services (UNDP, 2011). Successful initiatives have significantly mitigated the impact of HIV.

- Cambodia has micro-financing and lending programs that are sensitive to the needs of PLHIV. The KHANA Economic Livelihood Program has established village and loan schemes targeted at PLHIV, orphans and vulnerable children (OVC), and key populations at higher risk and include livelihood skills training along with micro-loans. Through finance and agricultural skills building, these loans provide sustainable support to individuals and their communities (UNDP, 2011). Vision Fund Cambodia provides microfinancing schemes that allow a relaxed lending criterion for PLHIV, including special interest rates and no collateral requirement (UNDP, 2013).
- In India, a recent pilot program (2012) in 3 states, *Utkarsha*, took an innovative approach to increasing up-take of social protection schemes with government funds already in place. The pilot, supported by UNDP India, involved government partnerships with community based organisations and non-governmental organisations to reach out to at-risk populations and PLHIV. As a result, 45 of these organisations worked closely with various government departments for facilitating access to schemes. The program utilized on-going welfare schemes and found ways to make them more accessible to PLHIV through minor allocation adjustments and by empowering PLHIV with education about eligible services. Results of the impact assessment found a 58% increase in PLHIV’s awareness from baseline and 67% of those aware of programs were now aware of how to access them. *Utkarsha* also increased service provider awareness and sensitivity to the rights of PLHIV and social protection services available to them (UNDP, 2012).

- ❖ **Mainstreaming and convergence:** Like the Utkarsha example in India, other efforts to promote mainstreaming and convergence of HIV/AIDS impact mitigation strategies into existing government systems and policies has the potential to increase allocative efficiency in program implementation.
 - In Cambodia, HIV/AIDS education and screening for rural communities has been integrated into all rural road construction projects through the Ministry of Rural Development (Samnang). While funding for the HIV/AIDS component of the work in Cambodia came through a grant from the Institutional Development Fund of the World Bank, this component could be built into the overall cost of the infrastructure planned, especially in the case of public-private partnerships.
 - The Star health insurance scheme in Karnataka state, India, provides health insurance for HIV positive individuals. This scheme has been mainstreamed into the existing health care structure by covering most related services at empanelled hospitals (Economic Times, 2011).
 - Concrete action towards multi-sectoral collaboration in the fight against HIV was initiated in India in 2005 to mainstream HIV/AIDS issues in all ministries as well as to forge partnership with private sector organizations, donor agencies and civil society. For the fourth phase of the national AIDS response (2012-2017), mainstreaming and social protection continue to be key strategies for risk reduction, integration and impact mitigation. Hence, to build on the collective strengths and to take the agenda forward for an effective AIDS response, a two day inter-ministerial conference for mainstreaming HIV and AIDS was jointly organised in New Delhi during December 18-19, 2012, by National AIDS Control Organisation and United Nations Development Programme (India). The inter-ministerial conference brought together 23 ministries, 16 Public Sector Undertakings, 25 state governments, communities of vulnerable populations, PLHIV, and development partners – a first of its kind event (NACO, 2012).

- ❖ **Social Enterprise models for health care:** Health care has been a sector that has traditionally seen a lot of private sector involvement, be it corporates or non-profits. Social enterprises, businesses with a social impact, are increasingly talked about due to their focus on the social issues of those at the “Bottom of the Pyramid”. By encouraging and supporting social enterprises, national programs will likely allow for markets to generate resources for impact mitigation.
 - Cabbages and Condoms is a social enterprise, and a restaurant in Bangkok, which is focused on raising awareness on family planning, and HIV/AIDS. This restaurant earned approximately USD 150 million over 25 years and funded 70% of the work done by the Population and Community Development Association, a non-profit managed by the owners of the restaurant (Visser, 2010).

- ❖ **Livelihood:** HIV/AIDS has a profound impact on the economic condition of individuals, households and communities. The ILO estimates that about 26

million PLHIV across the world are workers in the age group of 15 to 49. PLHIV not only need a secure livelihood, they often have to earn more to offset the costs associated with travel (for ART), food (better nutrition to tolerate ART), etc.

- The UNDP and NACO supported Innovation Fund and UNDP Tsunami Project created an opportunity for the Indian Network of Positive People (INP+) to experiment with the formation of self-help groups of PLHIV at the sub-district level. Based on the success of pilot experiences, INP+ through its affiliated district level networks (DLN) has so far formed more than 150 support nets across India. A support net is a group of 12 PLHIV, which includes a peer educator of the area and a positive speaker. Members could be either male or female, but only one member from a family is allowed to become member of the Net. The governance and functioning of the support net imitates the model of women Self Help Groups. As soon as a support net is formed, a bank account is opened in the name of the support net and operated by any two of the selected three authorized representatives. Under socio-economic promotional activities, this model covers all three E's - Entitlements, Enterprises and Employment. INP+ has a multi-state reach and a very broad coverage of 1255 support net groups. Apart from facilitating access to social entitlements, and support services, PLHIV members are also employed within INP+ run projects. Qualified PLHIVs are encouraged to join companies through linkages; negotiations are on with the private sector companies such as Nokia etc. for gainful employment. Members are encouraged to start individual as well as group enterprises for income generation. Viability of the enterprises (both individual and group) is a matter of concern given the capacities of its members (Vrutti, 2011).

What civil society organisations could consider

The rapid decline of funding for civil society organizations with relation to HIV impact mitigation has primarily been because of the maturity of most HIV programs (and hence decline in interest in innovation/experimentation), as well as majority of the donors channelling funds for HIV programs through country governments. The needs of communities at risk of HIV and for PLHIV have also changed. Country governments therefore need to be sensitive to the variety of needs of at-risk populations and PLHIV in order to set priorities for national programs or risk stoppage of key services. In India alone, many non-government organizations stopped operations due to a sudden cessation of funds (TOI, 2011). Civil society organizations not only need to be the voice of at risk populations and PLHIV but also need to assess resource mobilization opportunities and evolve in order to access them sustainably.

Innovative financing for civil society organisations: Examples

- ❖ **Country Funds:** While resources from foreign donors directly to civil society organisations may be on the decline, much of these funds are channelled through country governments, who are responsible for spending it and delivering results. There are also local foundations and resources available through corporate social responsibility programs.
 - Government: Public-Private Partnerships or different types of supply and demand side financing are available as mechanisms that are used by governments to work with civil society organizations and other non-state actors.
 - In India, the Revised National Tuberculosis Control Programme and a large-scale human immunodeficiency virus (HIV) prevention project partnered to deliver enhanced TB screening services for HIV high-risk groups. Between July 2007 and September 2008, 134 non-governmental organizations (NGOs) operating 412 clinics and community-based outreach services, screened 124 371 high-risk individuals and referred 3749 (3.01%) for TB diagnosis. Of these, 849 (23%) were diagnosed with TB. India has translated this model into national policy through a public sector funded TB-HIV partnership scheme for NGOs serving high-risk groups (Kane, 2010).
 - Private Sector:
 - Corporate Social Responsibility programmes: Large commercial organizations have been involved in HIV/AIDS programming for a long time. Though corporate giving is not new, new ways of un-locking the potential with corporate finances are being attempted. In India, a recent amendment to the Companies Act (2013) makes it mandatory for a 2% contribution towards social development (Kordant, 2013). This is expected to make available an approximate USD 2 billion to the social sector starting in 2014-2015.
 - Intel Technologies in India has had HIV/AIDS as one of its focus areas for CSR activities. Employee volunteerism forms a key part of its CSR philosophy and 80 percent of its employees contribute their time to address HIV/AIDS and other MDG issues each year. The company provides an “Involved Matching Grant Program” where it contributes \$4 per every hour volunteered by its employee to the partner NGO (World Bank, 2009).

that HIV impact mitigation programs are closely linked to the overall social development agenda and that they cannot remain parallel efforts. Financing that strengthens the health systems of a country and community in low and middle-income countries will be financing that also supports the impact mitigation of HIV.

Innovative is a relative term; what is innovative today will probably be part of traditional financing in a few years. Hence, Governments and civil societies in the Asia Pacific region should continue to expand on the mechanisms available and define new ways in which financing mechanisms can be created to address the fundamental issues of health and well-being for the most vulnerable of our people.

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