

## Financing Gaps for Global Health

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### Background

As international commitments are made and new technologies are developed to confront global health challenges, many organizations have begun to prepare estimates of global health funding requirements for the coming years. These estimates range from the more general (assessing the amount needed to achieve the health-specific Millennium Development Goals or the health interventions of the World Development Report 1993) to the acutely specific (cataloging the financing gaps for disease-specific research and development targets).

This snapshot reviews the range of projected estimates for global health financing needs, identifies gaps, and summarizes key challenges.

### What resources are needed?

#### *Overall health needs*

The UN's Millennium Development Goals have provided the impetus for many organizations to estimate financing gaps. In recent years, several studies have analyzed the costs associated with global efforts to attain the health-specific goals of the MDG targets by 2015:

- World Health Organization's (WHO) Commission for Macroeconomics and Health, 2001: Projected the shortfall in external health assistance to grow from \$22 billion per year in 2007 to \$31 billion per year over the next decade, based on an estimate of needed spending of about \$38 per capita
- World Bank, 2002: Projected a gap of \$15–25 billion per year over the next 10 years
- World Bank, 2003: Showed evidence of a shortfall of \$25–70 billion per year from 2005 to 2015
- UN's Millennium Project, 2005: Estimated its financing deficits to range from \$30 billion to \$50 billion per year

The breadth of the discrepancies between these estimates demonstrates the difficulty of estimating such a broad scope of goals, interventions, and costs, and illustrates the wide range of choices available to national and international policymakers.

#### *Disease-specific gaps*

Seeking to focus the attention of the donor community more squarely on specific issues, several disease-specific organizations have produced their own estimates of the costs of achieving the MDGs related to their area of activity. Chief among those targeted groups are the WHO partnerships for HIV/AIDS, tuberculosis, and malaria:

- UNAIDS, 2005: Projected a need for \$55.1 billion over the next three years to cover prevention, treatment and care, and program costs, leaving a financing shortfall of \$6 billion in 2007, rising to \$8.1 billion in 2008
- StopTB, 2005: Estimated costs of \$56.1 billion over the next 10 years, resulting in a \$31 billion gap based on current aid trends
- Rollback Malaria, 2005: Projected a need for \$4.1 billion per year for the next decade, leaving a financing gap of approximately \$3 billion per year

Other major international entities have also quantified needs in advance of the looming 2015 deadline:

- Global Fund, 2006: Projected a shortfall of \$2.1 billion of the \$5.5 billion needed for 2006–07 to maintain programs, as of May 2006; estimated the cost of expanding programs to meet global needs to be \$10.9 billion in 2006–07, rising to \$13.6 billion and then \$23.2 billion for 2008–10
- Commission for Africa, 2005: Projected the need for a \$19.6 billion/year increase in health assistance for Africa by 2010, with \$10 billion of the total dedicated to HIV/AIDS interventions
- WHO and the Global Alliance for Vaccines and Immunization (GAVI), 2005: Estimated the cost of immunizing populations of 72 of the world's poorest countries over the next decade to be \$35 billion, leaving a gap in financing of \$11 billion to \$15 billion
- UN Population Fund (UNFPA): Predicted financing requirements for reproduction health programs to exceed \$7 billion/year by 2015, a \$1 billion/year shortfall
- Global Health Council, 2006: Called for an additional \$4.1 billion/year to spend globally on neonatal interventions
- WHO, 2005: Determined overall need to be \$9 billion in 2006, soaring to \$16 billion by 2015, based on two reports on maternal and child health, resulting in a \$6 billion per year financing gap by the end of 10 years

### ***Intervention-specific gaps***

Furthermore, other assessments have been produced for even more specific health interventions:

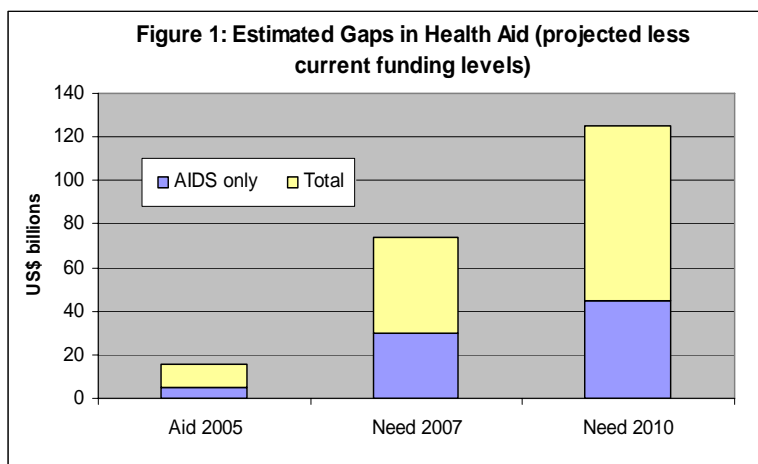
- WHO: Estimated the cost of eliminating shortages in human resources capacity for health care to be \$95 billion to \$130 billion over the next 10 years
- International Partnership for Microbicides: Projected a need for \$280 million per year in funding to develop microbicides in the fight against AIDS, double what is currently being allocated to such efforts
- The Malaria Research and Development Alliance: Estimated about \$2.7 billion per year needed to correct the spending ratio on malaria, which accounts for over 3% of the disease burden globally but receives only 0.3 percent of the world's health-related R&D investment
- The International AIDS Vaccine Initiative: Projected an annual investment of \$1.2 billion needed to accelerate progress toward an HIV vaccine, \$500 million above current funding levels

In addition to these challenges, the prospect of an influenza pandemic has led the WHO to prepare a Global Vaccine Action Plan that calls for the investment of \$3–10 billion over the next five to 10 years to ensure that the world is adequately prepared for the worst-case scenario.

### **What is the context for these estimates?**

The studies conducted by the World Bank, WHO, and UN determined that additional funding of \$20–70 billion per year will be needed to achieve the Millennium Development Goals by 2015. The total of

the major disease-specific estimates addressed above amounts to an annual shortfall over the next decade of about \$35–40 billion per year. These are large sums of money, and, moreover, they reflect only interventions in use to address existing health problems. To build and sustain health systems and services that will be capable of scaling up existing technologies, developing new technologies and interventions for current and future afflictions will take significantly more resources. Indeed, the Copenhagen Consensus in 2004 estimated the cost of providing all developing countries with the basic health services outlined in the World Development Report 1993 to be \$337 billion per year.



To place these figures in perspective, low- and middle-income countries spent a total of \$350 billion per year on health in 2004, representing about 12 percent of the total global health expenditure. Of this health spending, only \$11.4 billion, or 2.6 percent, came from health-specific aid. At the same time, total official development assistance (ODA) to developing countries in 2004 was about \$80 billion. Although development assistance is increasing (total ODA for 2005 is estimated to be \$105 billion), the amounts requested by the health community in these financing estimates are staggering relative to historic trends. Even as advocates for greater development assistance target a doubling of aid to fulfill global funding needs, these estimates of the health financing gaps show such efforts to be inadequate. Fully funding these projected interventions would require, at least, a four- or five-fold increase in the level of external contributions to health programs alone, to say nothing of the other non-health-related MDGs, estimated to require well over \$50 billion per year in further resources.

## Future challenges and issues

- 1) **Harmonizing the results of financing gap studies.** The studies cannot be easily harmonized because they employ incompatible methodologies and assumptions, use varying time horizons, and operate from different underlying data sets. Potential overlap of studies also raises the risk of double-counting the cost of health interventions
- 2) **Mobilizing greater resources.** Even conservative estimates result in daunting financing gaps. With official assistance remaining relatively scarce, innovative financing mechanisms may have potential to leverage more funds from a greater variety of sources. However, countries themselves must be supported to develop sustainable financing for their health systems that responds to local needs and priorities. Efficiency and effectiveness improvements, both in aid and in public expenditure management, also could play a role.
- 3) **Ensuring the effective use of resources for health.** Some have feared that a massive influx of aid may overwhelm the absorptive capacity of current health systems, although recent evidence from the Global Fund and the World Bank indicate that available monies can be spent, particularly if both public and private actors can be tapped to deliver needed interventions accountably.