Funding malaria control in the Philippines: a proposal for an innovative financing mechanism

KEY MESSAGES

- The Philippines National Malaria Control Program focuses on indoor residual spraying of households with insecticide and large scale distribution of insecticide-treated bed nets
- The program receives major funding from the Global Fund to Fight AIDS, Tuberculosis and Malaria, but this external assistance may end in 2014
- The country does not yet have a long term, sustainable source of domestic financing for malaria control
- Levying a small tax on remittances sent home by Overseas Filipino Workers could be a new mechanism for raising dedicated malaria funding

With the strong support of external donors, the Philippines National Malaria Control Program has made enormous gains across the country. Since declaring the goal of eliminating malaria and joining the Asia Pacific Malaria Elimination Network in 2009, 24 out of 81 provinces in the Philippines have been declared malaria-free.[1] If the country can intensify its current control activities, it could achieve its strategic program goals of zero malaria deaths by 2014 and nationwide elimination by 2020.[2]

AN IMPENDING FUNDING CRISIS

However, the country faces a looming but avoidable crisis: support from the Global Fund for malaria control, which began in 2003, may come to an end in 2014.[3] Of the 57 remaining malaria-endemic provinces, 40 are partly funded through Global Fund financing for their control activities.

The unknown future of Global Fund support to the Philippines poses the country with a major dilemma. The Philippines does not yet have a long-term, sustainable domestic strategy to finance indoor residual spraying of households with insecticide and large-scale distribution of insecticide-treated bed nets in the 40 Global Fund-supported provinces. Recent budget data from the Philippines Department of Health show that domestic malaria financing is targeted towards the malaria-free provinces and those that are at sporadic risk. If the Global Fund malaria grant is not renewed at the end of 2014, the Philippines National Malaria Control Program would not have the financial capability to cover the 40 Global Fund-supported provinces.

If the Philippines experiences a sudden withdrawal of malaria financing, and malaria control tools are removed, the disease will likely resurge, leading to a rapid increase in malaria cases and deaths.[4] History has shown that when malaria-endemic countries reduced their control activities after the burden of malaria had fallen, the disease rapidly resurged.[4] Therefore the Philippines urgently needs to find a long-term, sustainable financing mechanism for malaria control. Given that relying on external donor support is risky, the ideal mechanism would be based on domestic sources.

A PROPOSAL FOR AN INNOVATIVE FINANCING MECHANISM

One way in which the Philippines could generate a new source of income would be to levy a small tax on remittances sent home by Overseas Filipino Workers (OFWs). Earmarking a portion of such remittances to fund public health programs has previously been proposed as a potential solution to help finance the global fight against malaria and other diseases. Economists at the World Bank, for example, have suggested that overseas workers could "earmark a portion of their remittances for purchasing micro health insurance for family members and friends back home."[5]

Income from OFWs contributes 10–12% of the country's gross domestic product.[6] In 2011 alone, $US 20 billion was sent to the Philippines by OFWs as remittances,[7] and levying just a 2% tax on this income would generate $US 400 million, more than enough to expand current control efforts.

FOSTERING PUBLIC SUPPORT FOR THE PROPOSAL

This policy may face opposition from OFWs themselves, their families, and the organizations that advocate for them (such as the Overseas Workers Welfare Administration), because it means that OFWs' income will be taxed by both the Philippines and foreign governments.

To gain buy-in for the policy, the key will be to persuade OFWs that the remittance tax will bring long-term economic and health benefits because it protects Filipinos and reduces the risk of domestic and global malaria transmission. Imposing a small tax on remittances is appropriate given the potential role of OFWs in malaria transmission. OFWs who work in malaria-endemic countries risk re-introducing the disease back into malaria-free provinces in the Philippines. Conversely, OFWs who become infected in the Philippines can import the disease to other malaria-eliminating countries. Buy-in might also be achieved by directing a small proportion of the tax towards a social welfare fund for the families of OFWs.

Given the funding crisis that the Philippines National Malaria Control Program will likely face in just a few years from now, the feasibility and impact of a remittance tax is worth exploring.

---

*This policy brief was written by **Jonathan Daus**, a Masters in Global Health Sciences student at the University of California, San Francisco. It underwent expert peer review ahead of publication. The brief was one of five winning entries in a competition held during the summer 2012 UCSF masters course, Global Health Policy: Transforming Evidence into Action.*

For further details about the competition, see e2pi.org/education

REFERENCES

1. Philippines Department of Health, National Malaria Control Program. 2011–2016 Medium Term Development Plan. Manila, 2011.
2. Global Health Group. Country Briefing: Eliminating Malaria in the Philippines. San Francisco: GHG, 2012.
3. Global Fund to Fight AIDS, Tuberculosis and Malaria. Philippines Grant Portfolio. At http://portfolio.theglobalfund.org/en/Country/Index/PHL.
4. Clinton Health Access Initiative, Evidence to Policy Initiative, African Leaders Malaria Alliance. Maintaining the Gains in Malaria Control. San Francisco: E2Pi, 2011. At www.maintainthegains.org.
5. Ratha D, Mohapatra S. Enlist the diaspora—and remittance service providers—for fighting malaria. The World Bank, 2011. At http://blogs.worldbank.org/peoplemove/enlist-the-diaspora-–-and-remittance-service-providers-–-for-fighting-malaria.
6. Ang A, Sugiyarto G, Jha S. Remittances and Household Behavior in the Philippines. Manila: Asian Development Bank, 2009.
7. Overseas Filipinos' Cash Remittances. Bangko Sentral ng Pilipinas, 2012. At http://www.bsp.gov.ph/statistics/keystat/ofw.htm.