

# Financing malaria elimination: current trends and recommendations

## Key Messages

- Additional and sustained funding for malaria-eliminating countries is needed to prevent malaria resurgence, and support elimination and the eventual eradication of the disease.
- Donor funding for malaria-eliminating countries represents a small and declining proportion of total funding for all malaria endemic countries. The majority of funding for these countries' national malaria programmes comes from domestic governments rather than external donors.
- To date, the main external donor for malaria-eliminating countries has been the Global Fund. However this funding represents a small share (7%) of the Fund's total support to all malaria endemic countries since 2007.
- The Australian and Japanese governments have provided the majority of bilateral funding for malaria-eliminating countries over the period 2007–11. Other key health sector donors, such as the US and the UK, while providing major funding for malaria control, have provided limited or no bilateral assistance for malaria elimination.
- The regional 'public good' nature of malaria elimination suggests that collective action is needed to support and coordinate elimination efforts at a regional level. In the face of limited donor funding for elimination, regional funds present an attractive opportunity to leverage contributions from national governments of malaria-eliminating countries as well as emerging government donors (e.g., Malaysia, South Africa, South Korea) that may have an interest in contributing to regional health goals.
- Donors that currently fund malaria-eliminating countries should be encouraged to maintain their support for malaria elimination and, where possible, expand their funding.

## BACKGROUND

In recent years, many malaria endemic countries around the world have made considerable progress in reducing their burden of the disease. At present, 34 countries are pursuing ambitious, evidence-based goals of national elimination.<sup>1</sup> These 34 'malaria-eliminating' countries are mostly high- or middle-income countries and have not been the focus of traditional bilateral and multilateral donors. However, they require sustained financial investment to achieve elimination, prevent resurgence, and support larger goals of regional elimination and global eradication.

This policy brief examines current trends and makes recommendations on global financing for malaria elimination.

## KEY TRENDS AND CHALLENGES IN DONOR FINANCING FOR MALARIA ELIMINATION

To date, the dominant source of financing for malaria programmes in eliminating countries has been national governments rather than external donors. This is not unexpected given the relatively higher income status of most of the malaria-eliminating countries (31 of the 34 malaria-eliminating countries are high- or middle-income). However, governments tend to reallocate resources to other priorities once the burden of malaria declines, thereby increasing the risk of malaria resurgence.<sup>2</sup>

Donor funding for malaria programmes across all malaria endemic countries over the period 2006–11 has grown faster than that for the total health sector.<sup>3</sup> However, funding for malaria-eliminating countries has accounted for a small and declining proportion of donor funding for malaria over the same period.<sup>4</sup>

- From 2007–11, multilateral agencies accounted for the majority (94%) of funding for malaria-eliminating countries; Their main source has been the **Global Fund to Fight AIDS, Tuberculosis and Malaria**.
- However, Global Fund grants to malaria-eliminating countries have comprised only a small fraction of its malaria-related grants to countries (7% as of June 2013). Under the Global Fund's new funding model, support for malaria-eliminating countries may decline further, although the Fund is currently considering two regional grants that include malaria-eliminating countries. These grants aim at elimination in Central America (see [Box 1](#)) and combating artemisinin resistance in the Mekong region.

- Other multilateral agencies, such as **UNICEF** and the **World Bank**, have provided minor amounts of funding for malaria-eliminating countries over this period.

### Box 1: Global Fund support for the Elimination of Malaria in Mesoamerica and the island la Hispaniola (EMMIE)

EMMIE is a regional initiative that aims to support malaria elimination in Central America. The initiative includes 10 participating countries: Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico,<sup>5</sup> Nicaragua and Panama.

The Global Fund has allocated US\$10m to the initiative, which is structured on a “cash-on-delivery” basis, wherein countries will receive funding once they have achieved pre-determined targets. The initiative aims to catalyse progress towards malaria elimination through enhanced regional cooperation, and by incentivising national governments to achieve their malaria targets.

- The **Australian and Japanese governments** have provided the majority of bilateral funding for malaria-eliminating countries since 2007 and have focused on the Asia Pacific region. Other major bilateral donors for health, such as the US and the UK, have provided considerable funding for malaria control efforts globally, and are important contributors to the Global Fund, but have not directly funded malaria-eliminating countries.
- The **Bill & Melinda Gates Foundation** has been an important funder of malaria elimination through its support for malaria-related research and development. While the Foundation does not fund countries directly, it has been an important contributor to the Global Fund.

## NEW OR INNOVATIVE FINANCING MECHANISMS AND THEIR APPLICABILITY TO MALARIA ELIMINATION

Malaria elimination could benefit from financing mechanisms that are ‘new’ (i.e. have not previously been applied to malaria elimination) or ‘innovative’ (i.e. represent a departure from the traditional model of direct contributions from bilateral and multilateral donors). [Box 2](#) provides some examples.

### Box 2: New or innovative financing mechanisms

New or innovative financing mechanisms can be viewed according to: 1) the instrument or approach to fund raising and 2) the source of funding.

#### 1) Instrument or approach to fund raising

Some key financing mechanisms include:

- Market financing and/ or debt raising mechanisms (e.g., the International Finance Facility for Immunisation, social impact and ‘pay for performance’ bonds).<sup>6</sup>
- Debt conversion schemes (e.g., the Debt2Health scheme of the Global Fund).
- Endowment funds (e.g., the Rockefeller Foundation was set up as an endowment fund with an initial contribution of US\$100m).
- International earmarked taxes (e.g., the solidarity tax on airline tickets used to fund UNITAID).
- Regional funds (e.g., the Inter-American Development Bank Regional Fund for Agricultural Technology, and the Gulf Cooperation Council Malaria Control Fund).

#### 2) Source of funding

Potential new sources of funding for health and development include the private sector, foundations and individual philanthropists, emerging government donors and voluntary contributions from the public. Some of these sources could provide smaller, but still vital contributions.

Relevant financing mechanisms for malaria elimination should:

- generate **scale** in fund raising;
- be **predictable** and reliable;
- be **sustainable** even after the disease has been eliminated;
- be **additional** and avoid diverting resources away from malaria-control countries; and
- have **low transaction costs** and be simple to implement.

Many of the new or innovative financing mechanisms described in [Box 2](#) exhibit some of these criteria and hence could be considered for malaria elimination. Ultimately, the choice of a suitable financing mechanism for malaria elimination should be driven by how realistic and feasible it would be to establish and implement.

## REGIONAL FUNDS AS A SUITABLE FINANCING MECHANISM FOR MALARIA ELIMINATION

In our assessment, regional mechanisms that leverage financing from a range of sources (including relatively modest levels of global donor funding, supplemented by domestic government and other new sources of funding) offer the most promising approach.

This is because malaria elimination is a 'public good' (i.e. reducing malaria in a country reduces the risk of onward transmission for neighbouring countries). Thus, collective action at the regional level to support and coordinate malaria control and elimination efforts is an important goal. In addition, in the face of limited global donor financing, regional funds may present an attractive opportunity for contributions from new sources of finance, such as governments of malaria-eliminating countries that wish to support coordinated efforts to reduce transmission, and emerging government donors that have a specific interest in contributing to regional health goals.

Regional mechanisms have been established to support cross-border efforts and promote cooperation on issues such as climate change and sustainable land management.<sup>7</sup> Regional funds have also been established for malaria control, such as the Malaria Control Fund established by the Gulf Cooperation Council (see [Box 3](#)). More generally, a number of regional initiatives have been constituted for malaria elimination, such as the Asia Pacific Malaria Elimination Network (APMEN) and the Elimination Eight (E8) in southern Africa. These initiatives focus on promoting better coordination, advocacy and knowledge-sharing among member countries.

### Box 3: The Malaria Control Fund of the Gulf Cooperation Council (GCC)

The Malaria Control Fund was established by the GCC in 2006 to help malaria-free countries in the region remain free from the disease, and to support other countries to control and eliminate malaria in the region.

The Fund receives financial contributions from the Kingdom of Saudi Arabia (US\$4.6m), Oman (US\$3m), Qatar (US\$2.2m) and Kuwait (agreed to assign US\$2.4m). The fund is managed by the Health Ministers' Council of the GCC. The WHO Regional Office for the Eastern Mediterranean provides technical assistance.

In our assessment, the *core principles* for a regional mechanism for malaria elimination would be as follows:

- The role of the regional mechanism would be to support regional activities and encourage cooperation and commitment towards the common goal of regional elimination.
- The main contributor to the regional mechanism would be participating national governments; approaches to encourage collective action would need to be explored. While bilateral or multilateral donor resources may be leveraged, new sources of finance (e.g., emerging government donors, the private sector) should also be encouraged.

Some initial views on the potential structure of a regional mechanism are presented below.<sup>8</sup>

### What would a regional mechanism do?

A regional mechanism for malaria elimination should have a clearly articulated strategy with goals and objectives, and proposed means to achieve them. Both programmatic and financing aspects would need to be considered to facilitate collective action.

- The **programmatic component** could include activities that are best organised, delivered and funded at the regional level, such as surveillance and mapping of sources ('hotspots') of transmission, and pooled procurement of diagnostics and drugs.
- The **financing component** could aim to 'internalise the externalities' by providing 'top up' payments to countries for their national programmes. These could be structured as results-based funding, wherein countries receive a reward once pre-determined results have been achieved. Such an approach would also provide countries with greater incentives to invest in malaria elimination.

### How would the regional mechanism be funded?

Traditional bilateral and/ or multilateral donor funding would be needed to 'kick-start' and provide ongoing support for the regional mechanism. However, the regional mechanism need not be funded by traditional donors alone and other sources should be encouraged. These could include governments of participating countries, emerging government donors, the private sector, foundations and/ or individual philanthropists.

While the regional mechanism could be structured as an endowment fund or social impact bond, our recommendation is to 'keep it simple' and solicit direct grant contributions from the multiple funding sources.

### How would a regional mechanism be managed?

The fund could be managed by an existing multilateral organisation (including a regional development bank), which

would provide the needed financial capacity and credibility. It could also be contracted out to a relevant private sector organisation with the requisite technical expertise (e.g., as has been the approach of some donor initiatives such as the Private Infrastructure Development Group).

Box 4 discusses the applicability of a regional mechanism for malaria elimination in the Asia Pacific region.

#### Box 4: Potential for a regional FUND for malaria elimination in the Asia Pacific region

The Asia Pacific region offers a significant opportunity to establish a regional fund for malaria elimination for a number of reasons:

- The region includes a number of fast-growing economies with governments that may be willing and able to contribute to such a fund.
- The region has a rich history of regional cooperation and hosts a number of regional initiatives (e.g., the Association of South East Asian Nations (ASEAN)).
- APMEN exists as a robust and well-supported regional mechanism for malaria elimination to support coordination and provide technical support.

The Asian Development Bank, in discussion with the Australian and UK governments, developing country member governments and private sector organisations, is assessing the feasibility of establishing a regional funding mechanism (an 'Asia Pacific Fund') for long-term control and prevention of malaria and other communicable diseases in the Asia Pacific region.<sup>9</sup>

## MAINTAINING AND STRENGTHENING EXISTING FINANCING MECHANISMS

Existing financing mechanisms also need to be strengthened to support malaria-eliminating countries.

In particular, greater advocacy is needed to ensure that the Global Fund continues to provide some support to malaria-eliminating countries under its new funding model. Other government donors (both existing bilateral donors, such as the Australian and Japanese governments, and emerging government donors) should be encouraged to maintain and expand their commitment to malaria elimination, where possible.

## NEXT STEPS

To make the case for new or additional funding for malaria elimination, it is critical to develop a robust investment case for national and regional malaria elimination. This would entail identifying key funding gaps, quantifying the costs and time horizons involved, proposing practical financing mechanisms and linking investments with anticipated targets, results and benefits. Such an investment case would also support decision-making and be an important advocacy tool for malaria elimination and eventual eradication.

Efforts should also be made to support discussions on the Asian Development Bank-led Asia Pacific Fund. Further work will be required to assess the feasibility and develop the design of the fund.

## ENDNOTES

- 1 As of 2012, the 34 malaria-eliminating countries are: Algeria, Argentina, Azerbaijan, Belize, Bhutan, Botswana, Cape Verde, China, Costa Rica, Democratic People's Republic of Korea, Dominican Republic, El Salvador, Iran, Kyrgyzstan, Malaysia, Mexico, Namibia, Nicaragua, Panama, Paraguay, Philippines, Republic of Korea, Sao Tome and Principe, Saudi Arabia, Solomon Islands, South Africa, Sri Lanka, Swaziland, Tajikistan, Thailand, Turkey, Uzbekistan, Vanuatu, Vietnam. (Global Health Group, August 2012)
- 2 Cohen et al. (2012) Malaria resurgence: a systematic review and assessment of its causes. *Malaria Journal*, 11: 22.
- 3 This is based on data on Official Development Assistance (ODA) from the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) Creditor Reporting System (CRS).
- 4 Donor funding for malaria-eliminating countries over the period 2006–11 totalled US\$464m, which was only 6% of the funding across all developing countries.
- 5 Mexico is not eligible for funding from the Global Fund, but it will be providing technical assistance to the initiative.
- 6 The first malaria bond is currently being designed to support malaria control efforts in Mozambique. While the donor pool is yet to be constituted, some initial 'seed funding' is being provided by Nandos, an international restaurant chain.
- 7 For example, the Central Asian Countries Initiative for Land Management and the Inter-American Development Bank Regional Fund for Agricultural Technology.
- 8 These are CEPA's early views and have not been discussed with relevant stakeholders or 'market tested'.
- 9 Asian Development Bank (2013) Project Data Sheet: Regional Strategic Response to Malaria and Other Communicable Diseases in Asia and the Pacific, Project Number 47272-001.

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