

A prospective assessment of sustainable and innovative financing options to expand fiscal space for HIV and AIDS in Kenya

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Background: The financing of the HIV response is at crossroads in Kenya. Whereas HIV/AIDS programmes have benefitted from unprecedented global solidarity in terms of financing, today there are ominous signs of increasing uncertainty around future donor support. High impact countries have several options. One such option is alternative sources of funding as part of the funding mix. This study aims to compare the need for AIDS financing with available sources and propose options for filling the gap in Kenya.

Methods: Estimated needs for HIV/AIDS funding from 2012 to 2030 was based on national strategies, and extrapolated. Available resources from current sources were projected to 2030 using a financial programming framework that incorporates key macroeconomic variables and four economic domains (real production, fiscal policy, monetary sector and external trade). The alternative sources were chosen from an initial review of the literature documenting mechanisms used worldwide. We assessed public sector mainstreaming, contributions from private companies, mobile phone tax, airline tax, alcohol tax, lottery, dormant funds, tax on remittances, health insurance and domestic AIDS bonds. We estimated the potential contributions from each source. Each source was also assessed using five criteria: sustainability, stability of revenues, progressivity, administrative efficiency and side effects. Each criterion was given a score of 1 (very poor) to 5 (very good).

Results: There is considerable variation in the projected revenue generating potential of each alternative mechanism. The establishment of a Trust Fund appear to offer the best scope for raising funds in an efficient way with minimal side effects while being equity sensitive.

Conclusions and Recommendations: The funding gap in is projected to grow until 2020/1 and is expected to diminish thereafter. Potential room exists for Kenya to bridge the baseline gap with a combination of alternative sources of funding and efficiency savings in the long-term. Finally, our findings suggest that traditional sources such as allocations out of ordinary revenue, efficiency savings and official development assistance will remain the main sources of funding for HIV and AIDS in the short – to- medium term.

Key Terms: HIV/AIDS, financing, alternative sources of funding

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References: UNAIDS/OPM/Government of Kenya (2012) Sustainable financing for AIDS in Kenya: a forward looking assessment of the AIDS financing gap. Nairobi: Kenya