FINANCING GLOBAL HEALTH 2010:
DEVELOPMENT ASSISTANCE AND COUNTRY SPENDING IN ECONOMIC UNCERTAINTY

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The Institute for Health Metrics and Evaluation (IHME) is an independent research center at the University of Washington that is rigorously measuring the world’s most pressing health issues and providing scientific evaluations of health system and health program performance in order to guide health policy and accelerate global health progress. Our vision is that better health information will lead to more knowledgeable decision-making and higher achievements in health. To that end, we strive to build the needed base of objective evidence about what does and does not improve health conditions and health systems performance. IHME provides high-quality and timely information on health so that policymakers, researchers, donors, practitioners, local decision-makers, and others can better allocate limited resources to achieve optimal results.

Policymakers at the local, national, and international levels need timely and reliable financial information in order to make informed decisions about how best to deploy scarce resources. To this end, we publish an annual report on the state of global health financing. Now in its second year, Financing Global Health is a core part of IHME’s mission to measure health, track the performance of societies in meeting health challenges, and maximize the impact of health policies and interventions.

In this year’s report, we analyze two key components of the global health financing picture and discuss our findings in the context of economic uncertainty.

- Development assistance for health (DAH): IHME tracked every available financial stream to update our estimates of DAH from 1990 to 2010. We used data that are current as of 2008, and we developed models to generate preliminary estimates for 2009 and 2010. In addition, preliminary estimates of DAH for 2009 and 2010 reflect data obtained directly from channels of assistance. As with last year’s report, we estimate aggregate flows by source and channel. This year, we have been able to more completely identify recipients of DAH because of improvements in transparency made by several donor governments, including the US, France, and Japan. We also have been able to collect data from new channels of assistance, including the Pan American Health Organization, and from new donors, including South Korea. In addition, we adjusted our estimates of the value of in-kind donations, revising downward our estimates for spending by non-governmental organizations. With more complete data, we have examined whether the distribution of global health resources aligns with current global health priorities. We also have started tracking funding for two additional health focus areas: maternal, newborn, and child health and noncommunicable diseases.

- Government health expenditure: Using data provided by the International Monetary Fund and the World Health Organization, we analyzed how much money governments allocate to health, how health sector budgets have changed over time, and how changes in government spending on health in developing countries relate to incoming DAH. We also examined how much money for health comes directly from a government’s domestic revenue versus how much that government receives from an external funder to spend on health. Understanding how country spending on health is affected by DAH is particularly important to funders, civil society organizations, and citizens and ministries of health in developing countries. The core findings in this report regarding country health spending were originally published in The Lancet in April 2010, prior to the updated analysis of DAH detailed in the first two chapters of this report. As a result, Chapters 3 and 4 include DAH data based on our 2009 report.

IHME’s global health financing work highlights the importance of transparency in health funding and the need for data sharing, as well as the need for a closer look at disparities in global health funding. In future years, we intend to expand the scope of our research to examine private health expenditure, including out-of-pocket payments by households, and the relationship between health spending and health outcomes.
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**ACRONYMS**

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>BMGF</td>
<td>Bill &amp; Melinda Gates Foundation</td>
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<td>CRS</td>
<td>Creditor Reporting System</td>
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<td>DAH</td>
<td>Development assistance for health</td>
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<td>DALY</td>
<td>Disability-adjusted life year</td>
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<td>DFID</td>
<td>UK Department for International Development</td>
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<td>EC</td>
<td>European Commission</td>
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<td>G8</td>
<td>Group of Eight</td>
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<tr>
<td>GAVI</td>
<td>GAVI Alliance (formerly the Global Alliance for Vaccines and Immunisation)</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>GFATM</td>
<td>Global Fund to Fight AIDS, Tuberculosis and Malaria</td>
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<td>GGE</td>
<td>General government expenditure</td>
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<td>GHE-A</td>
<td>Government health expenditure as agent</td>
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<td>GHE-S</td>
<td>Government health expenditure as source</td>
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<td>HIV/AIDS</td>
<td>Human immunodeficiency virus/acquired immune deficiency syndrome</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IDB</td>
<td>Inter-American Development Bank</td>
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<td>IGO</td>
<td>Intergovernmental organization</td>
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<td>IHME</td>
<td>Institute for Health Metrics and Evaluation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>MNCH</td>
<td>Maternal, newborn, and child health</td>
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<td>NCDs</td>
<td>Noncommunicable diseases</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>OECD-DAC</td>
<td>Organisation for Economic Co-operation and Development’s Development Assistance Committee</td>
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<td>PAHO</td>
<td>Pan American Health Organization</td>
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<tr>
<td>PEPFAR</td>
<td>US President’s Emergency Plan for AIDS Relief</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UNAIDS</td>
<td>Joint United Nations Programme on HIV/AIDS</td>
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<td>UNFPA</td>
<td>United Nations Population Fund</td>
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<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<td>US</td>
<td>United States</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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The global economic crisis that started to unfold in 2008 has raised serious concerns about the ability of developing countries to meet international targets for improvements in population health outcomes and about the ability of developed countries to meet their commitments to fund health programs in developing countries. Time lags in official data reporting have made real-time analysis of changes in economic trends for funding of global health priorities nearly impossible until recently.

Both donors and recipients of development assistance for health (DAH) will benefit from more up-to-date information about global health funding. This year’s Financing Global Health report offers a comprehensive view of trends in public and private financing of health assistance with preliminary estimates of how the economic downturn is affecting health financing in 2010. In addition, to see how DAH is affecting spending on health by governments in developing countries, researchers at the Institute for Health Metrics and Evaluation and collaborators analyzed data from the World Health Organization (WHO) and the International Monetary Fund (IMF) to bring greater clarity to a subject that had not been thoroughly examined.

Key findings of this research include:

**Development assistance for health**

- The fiscal crisis and ensuing economic slowdown appear to be contributing to a slowing of the rate of growth in DAH. Our preliminary estimates show continued growth through 2010 to a total of $26.87 billion by year’s end, but the rate of growth was cut by more than half from an annual average of 13% between 2004 and 2008 to 6% annually between 2008 and 2010.
- Donor governments continue to drive the increase in DAH. The US government alone made up nearly one-third of all donor funding in 2008.
- A decline in private funding drove DAH channeled through non-governmental organizations (NGOs) to its lowest point since 2004. In addition, estimated spending on health by NGOs has been revised downward following our adjustment of the value of in-kind donations based on updated analytical methods.
- Tracking health aid spending improved significantly due to enhanced government transparency. In 1990, 65% of public sector DAH from donor countries was “unspecified,” with no information about the primary aid recipient. In 2008, that dropped to 1%.

- DAH from UN agencies has been nearly constant since 2008, but the agencies’ year-end fund balances have climbed to new heights, reaching a combined total of $5.66 billion in 2009 – more than the UN agencies spent together on DAH that year.
- There is a wide range of funding levels among different health focus areas. Spending on HIV/AIDS programs continued to rise at a strong rate, making HIV/AIDS the most funded of all health focus areas. Maternal, newborn, and child health received about half as much funding as HIV/AIDS in 2008. Tuberculosis funding grew steadily from 1990 through 2008. Malaria funding rose more dramatically than any other health focus area between 2007 and 2008. Despite much discussion about the need for general health sector support, funding for that area has grown slowly since 2006. Noncommunicable diseases receive the least amount of funding compared with other health focus areas.
- The distribution of DAH across countries continues to correspond, for the most part, with disease burden, but there remain strong exceptions. Eleven of the 30 countries with the highest disease burdens do not appear among the 30 countries that receive the most DAH.

**Government health expenditure**

- The commitment to health in the developing world grew dramatically over the past two decades. Governments of developing countries increased spending on health, including both domestic spending and DAH.
- In countries whose governments receive significant DAH, health aid appears to be partially replacing domestic health spending instead of fully supplementing it. Conversely, in countries that receive health aid mainly through NGOs, government health spending appears to increase.
- Data on government health spending are poor, with wide variation between the two primary data sources: the IMF and WHO.

This report documents the rise in DAH, the effects of DAH on spending for health by governments in developing countries, and signs of a slowdown in the growth of DAH. Uncertainty about the future of DAH underscores the importance of tracking global health spending to ensure resources are directed as efficiently as possible to the world’s most pressing health needs.