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Too much of a good thing? The effects of new HIV/AIDS financing mechanisms on overall health system performance

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HIV/AIDS is one of the most important epidemics to have ever affected humankind. Sub-Saharan Africa (SSA) has been disproportionately affected, and given the relatively weak health infrastructure in the region, it has also been the area least able to mount an effective response against the disease (UNAIDS, 2007a). In recent years, however, the international community has responded to the needs of these countries by providing billions of dollars of new funding to mount national prevention, treatment, and control programs (UNAIDS, 2007b). There has been a massive increase in HIV/AIDS funding through the creation of new international health financing mechanisms, such as the Global Fund to fight AIDS, Tuberculosis, and Malaria and George W. Bush’s President’s Emergency Plan for AIDS Relief (PEPFAR), over the past decade (Bernstein & Sessions, 2007).

SSA is also facing a severe shortage of health workers (Chen, Evans, Anand, Boufford, Brown, Chowdhury et al., 2004). Many experts have suggested that the shortage of health workers is the most important constraint on the development of health systems and improvements to health in the region. Given that human resources are already very constrained, and given the tremendous new demands being placed on these health systems from HIV/AIDS programs, some have argued that these new HIV/AIDS financing mechanisms are inefficiently diverting resources away from more cost-effective interventions, and could even be causing more harm than good (Garrett, 2007). However, to date there has been little empirical evidence to support these claims.

Using data on health system indicators (e.g. mortality, immunization coverage, access to basic health services, etc) collected at the national and sub-national level in SSA, I investigate the relationship between HIV/AIDS funding from international donors (e.g. by exploiting variation in the timing, level, and relative size of HIV/AIDS funding as compared to national health budgets) and overall health system performance using a cross-country regression analysis framework. In particular, I am interested in how these effects are modulated by the availability health human resources and affected by other international aid initiatives. I then instrument for

HIV/AIDS funding using a set of political variables. My preliminary results indicate that these programs may have both positive and negative impacts on health system performance, and that the interaction between different financing mechanisms is important. These findings suggest that a greater share of new international aid for global health should be directed towards health system strengthening activities.