### Annex 12C. Potential Financing Mechanisms for Malaria Elimination


<table>
<thead>
<tr>
<th>Financing mechanisms</th>
<th>Pros</th>
<th>Cons</th>
<th>Applicability in Malaria</th>
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</table>
| e-guarantees and market based mechanisms (e.g.: Int’l finance facility, Advance market commitment) | • Generate immediate revenues from expected future commitments  
• Produces a stable source of resource  
• Identify new sources of private sector funding | • Entail a heavy set up and transaction cost  
• Does not necessarily generate new revenue  
• Heavy discounting—ultimate burden of payment is handed off to the future generation | Limited applicability (Greater potential when financial markets are developed) |
| Diaspora bonds | • Frontloads funds for development  
• Potential for funding depends on the size of diaspora population and the remittance and savings from them | • High transaction cost  
• Success depend on interest rates in the capital market  
• Might be difficult to implement in countries where the migrants fled the internal conflict and oppressive governments  
• Earmarking funds for malaria specific projects might need a strong information campaign which itself might be costly | Limited applicability |
| Debt swap and debt conversion mechanisms | • Helps reallocate resources from debt repayment to social development  
• Fund is predictable as it is predetermined | • Depends on creditor’s willingness to cancel debt the stock of debt  
• Reallocation of fund from debt relief may be difficult to earmark | Limited applicability (low debt in eliminating countries) |
| Solidarity levy on airline taxes | • New revenue stream from private sector  
• Has a large base and potential for revenue generation | | Applicable (Proven mechanism in some setting) |
### Obligatory charges/taxes
- Has a large base and potential for revenue generation
- Once the tax system is instigated, it ensures a stable, predictable and sustainable source of revenue
- Low transaction cost
- May suffer restrain from the political forces and individuals
- May take a long time to implement due to need for changes in legislation and policies
- Competing needs for funding among many social causes

### Voluntary contributions and Involving private sector
- Increased level of social awareness among individuals and private sector organizations
- Pooling the resources from various private sectors could generate a significant pool of additional resource for malaria
- Advocating for malaria elimination among private sector industries and individuals itself might be costly
- Voluntary contributions at the individual level may not be a stable source of resource as the stream is predictable

### Endowment Funds
- Provides sustainable funding as the endowed fund is invested only the returns are used to fund programs
- Suitable for investors who are more risk averse
- Require a large scale funding in the beginning sufficient enough to yield returns that could sustain programs
- May be difficult to find donors to provide endowment funding

### Regional Funds
- Potential to raise resources from donors, and regional governments and interested private donors interested in development issues affecting cross borders
- Developing proper incentive mechanisms to avoid free riding problems inherent in public goods might be difficult

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**Applicable**

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**Applicable**

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**Applicable**

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**Applicable**