

Annex 12C. Potential Financing Mechanisms for Malaria Elimination

Supplemental material for: Shretta, R., J. Liu, C. Cotter, J. Cohen, C. Dolenz and others. 2017. "Malaria Elimination and Eradication." In *Disease Control Priorities* (third edition). Volume 6, *Major Infectious Diseases*. Edited by K.K. Holmes, S. Bertozzi, B.R. Bloom, and P. Jha. Washington, DC: World Bank.

Financing mechanisms	Pros	Cons	Applicability in Malaria
e-guarantees and market based mechanisms (e.g.: Int'l finance facility, Advance market commitment)	<ul style="list-style-type: none"> • Generate immediate revenues from expected future commitments • Produces a stable source of resource • Identify new sources of private sector funding 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Frontloads funds for development • Potential for funding depends on the size of diaspora population and the remittance and savings from them 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Helps reallocate resources from debt repayment to social development • Fund is predictable as it is predetermined 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • New revenue stream from private sector • Has a large base and potential for revenue generation 		Applicable (Proven mechanism in some setting)

Obligatory charges/taxes (airline ticket levy, levy on tourism, sin taxes, foreign transaction fees)	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • May suffer restraint 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 	Applicable
Voluntary contributions and Involving private sector	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	Applicable
Endowment Funds	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	Applicable (requires a large investment upfront)
Regional Funds	<ul style="list-style-type: none"> • Potential to raise resources from donors, and regional governments and interested private donors interested in development issues affecting cross borders 	<ul style="list-style-type: none"> • Developing proper incentive mechanisms to avoid free riding problems inherent in public goods might be difficult 	Applicable (Opportunity to fund cross border activities)