

## 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"> <li>• Generate immediate revenues from expected future commitments</li> <li>• Produces a stable source of resource</li> <li>• Identify new sources of private sector funding</li> </ul>	<ul style="list-style-type: none"> <li>• Entail a heavy set up and transaction cost</li> <li>• Does not necessarily generate new revenue</li> <li>• Heavy discounting-ultimate burden of payment is handed off to the future generation</li> </ul>	Limited applicability (Greater potential when financial markets are developed)
Diaspora bonds	<ul style="list-style-type: none"> <li>• Frontloads funds for development</li> <li>• Potential for funding depends on the size of diaspora population and the remittance and savings from them</li> </ul>	<ul style="list-style-type: none"> <li>• High transaction cost</li> <li>• Success depend on interest rates in the capital market</li> <li>• Might be difficult to implement in countries where the migrants fled the internal conflict and oppressive governments</li> <li>• Earmarking funds for malaria specific projects might need a strong information campaign which itself might be costly</li> </ul>	Limited applicability
Debt swap and debt conversion mechanisms	<ul style="list-style-type: none"> <li>• Helps reallocate resources from debt repayment to social development</li> <li>• Fund is predictable as it is predetermined</li> </ul>	<ul style="list-style-type: none"> <li>• Depends on creditor's willingness to cancel debt the stock of debt</li> <li>• Reallocation of fund from debt relief may be difficult to earmark</li> </ul>	Limited applicability (low debt in eliminating countries)
Solidarity levy on airline taxes	<ul style="list-style-type: none"> <li>• New revenue stream from private sector</li> <li>• Has a large base and potential for revenue generation</li> </ul>		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"> <li>• Has a large base and potential for revenue generation</li> <li>• Once the tax system is instigated, it ensures a stable, predictable and sustainable source of revenue</li> <li>• Low transaction cost</li> </ul>	<ul style="list-style-type: none"> <li>• May suffer restraint from the political forces and individuals</li> <li>• May take a long time to implement due to need for changes in legislation and policies</li> <li>• Competing needs for funding among many social causes</li> </ul>	Applicable
Voluntary contributions and Involving private sector	<ul style="list-style-type: none"> <li>• Increased level of social awareness among individuals and private sector organizations</li> <li>• Pooling the resources from various private sectors could generate a significant pool of additional resource for malaria</li> </ul>	<ul style="list-style-type: none"> <li>• Advocating for malaria elimination among private sector industries and individuals itself might be costly</li> <li>• Voluntary contributions at the individual level may not be a stable source of resource as the stream is predictable</li> </ul>	Applicable
Endowment Funds	<ul style="list-style-type: none"> <li>• Provides sustainable funding as the endowed fund is invested only the returns are used to fund programs</li> <li>• Suitable for investors who are more risk averse</li> </ul>	<ul style="list-style-type: none"> <li>• Require a large scale funding in the beginning sufficient enough to yield returns that could sustain programs</li> <li>• May be difficult to find donors to provide endowment funding</li> </ul>	Applicable (requires a large investment upfront)
Regional Funds	<ul style="list-style-type: none"> <li>• Potential to raise resources from donors, and regional governments and interested private donors interested in development issues affecting cross borders</li> </ul>	<ul style="list-style-type: none"> <li>• Developing proper incentive mechanisms to avoid free riding problems inherent in public goods might be difficult</li> </ul>	Applicable (Opportunity to fund cross border activities)