In 2024, PEPFAR and the Global Fund committed a combined total of USD 362 million to support Zimbabwe's HIV response. However, despite these significant contributions, the country still faces a substantial funding gap of around USD 133 million to meet the resource needs outlined in the Zimbabwe National Strategic Plan for HIV (ZNSP IV). This shortfall jeopardizes the country's ability to scale up critical services such as prevention, treatment, and care, especially for children and marginalized populations.

3. Key Observations

3.1 Heavy Dependence on Donor Funding for HIV Financing

A significant portion (80-95%) of Zimbabwe's HIV spending comes from PEPFAR, GFATM, and other donors. This heavy reliance on external funding raises concerns about the sustainability of the country's HIV programs.

3.2 Funding Gap and Financial Sustainability

Despite commitments from development partners, a substantial funding gap of approximately USD 133 million remains to meet the resource needs outlined in the ZNSP IV. This gap could impact the quality and reach of HIV prevention, treatment, and support services.

3.3 Resource Allocation and Program Effectiveness

Current resource allocation patterns raise questions about optimizing spending to ensure a comprehensive HIV response. Effective allocation is crucial for maximizing program impact, particularly in closing treatment gaps among children and strengthening prevention efforts.

4. Key Policy Recommendations

4.1 Diversification of Funding Sources

The Government of Zimbabwe must prioritize diversifying funding sources for HIV programs. This includes exploring innovative financing mechanisms, such as public-private partnerships, leveraging domestic resources more effectively, and encouraging investments from non-traditional donors.

4.2 Efficient Resource Allocation and Program Prioritization

Efforts should be made to optimize spending across HIV prevention, treatment, care, and program enablers. Resources should be directed where they are most needed based on epidemiological data and evidence-based interventions should be prioritized to maximize impact. Regular monitoring and evaluation of spending and program outcomes are crucial to inform resource allocation strategies.

4.3 Enhance Strategic Coordination between Stakeholders

Strengthened coordination mechanisms between government agencies, donors, civil society, and other stakeholders are needed to align funding priorities and avoid duplication of efforts. This would significantly improve the efficiency of Zimbabwe's HIV response.

5. Conclusion

Zimbabwe has made tremendous progress toward ending HIV as a public health threat by 2030. However, this progress is at risk due to high dependency on external funding and expected reductions in funding levels. To secure these gains, the Government of Zimbabwe must increase domestic funding for HIV, diversify funding sources, enhance resource allocation efficiency, and strengthen coordination between government agencies, donors, civil society organizations and other stakeholders. Doing so will help ensure a sustainable, effective HIV response and prevent future setbacks.

POLICY BRIEF SERIES #4

STRATEGIC FINANCING:

Enhancing Financing for Effective and Sustainable HIV Response in Zimbabwe

AUGUST 2024

SUPPORTED BY

PEPFAR U.S. President's Emergency Plan for AIDS Relief

USAID FROM THE AMERICAN PEOPLE

IMPLEMENTED BY

UNAIDS

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Target Audience

This brief aims to facilitate dialogue, coordination, and action among stakeholders to enhance resource mobilization and ensure the sustainability of Zimbabwe's HIV response as external funding declines. It is intended for a diverse group of stakeholders who play a crucial role in shaping and supporting Zimbabwe's HIV response. These include:

- **Policy and Decision Makers:** Government officials at both the national and local levels who are responsible for allocating resources and setting strategic priorities for health interventions, including HIV programs.
- **Development Partners and Donors:** International organizations such as PEPFAR, the Global Fund, bilateral and multilateral agencies, and other funding bodies that provide critical financial and technical support to Zimbabwe's HIV response.
- **Civil Society Organizations (CSOs):** Local and international non-governmental organizations, advocacy groups, and community-based organizations that are essential in delivering services, advocating for policy changes, and ensuring accountability in the HIV response.
- **Private Sector and Non-Traditional Funders:** Businesses and investors who have the potential to contribute to the sustainability of the HIV response through corporate social responsibility (CSR) initiatives, public-private partnerships, and other innovative financing mechanisms.
- **Health Professionals and Program Implementers:** Medical practitioners, program managers, and frontline health workers who are responsible for delivering HIV prevention, treatment, and care services.

Key Messages

- **Macroeconomic Constraints:** Zimbabwe's current macroeconomic conditions severely limit fiscal space for healthcare spending. Factors such as an unstable currency, fluctuating exchange rates, and declining disposable income have made it difficult for the Government of Zimbabwe (GoZ) to sustainably finance critical health interventions, including HIV programs.
- **Heavy Reliance on Donor Funding:** Zimbabwe's HIV response has historically depended on external funding, with organizations like PEPFAR and the Global Fund contributing 80-95% of total HIV expenditure. This reliance is unsustainable in the long term, particularly as global donor support continues to decline.
- **Significant Funding Gap:** The Zimbabwe National HIV and AIDS Strategic Plan for 2021-2025 (ZNASP IV) faces a funding gap of approximately USD 133 million. This shortfall threatens the effectiveness and reach of HIV services, including prevention, treatment, and care.
- **Inefficient Resource Allocation:** Current resource allocation strategies are not fully aligned with epidemiological priorities, limiting the overall effectiveness of the HIV response. A more strategic approach to resource distribution is needed to maximize impact and address critical service gaps, such as those in pediatric HIV care.

Recommendations to the Government of Zimbabwe:

1. **Explore Innovative Domestic Financing Mechanisms:** The GoZ should consider alternative funding strategies such as introducing sin taxes, health bonds, or a National Health Insurance scheme to boost resources for HIV programs.
2. **Diversify Funding Sources:** Beyond traditional HIV donors, Zimbabwe must seek to reduce its dependence on external aid by identifying and cultivating new funding sources, including domestic and private sector investments.
3. **Optimize Resource Allocation:** Resource allocation should be adjusted based on current HIV epidemiology to target areas of highest need. This strategy could prevent up to 35,000 new infections by 2030.
4. **Fully Integrate HIV Programs into Primary Healthcare:** Integrating HIV services into primary healthcare systems will ensure more comprehensive and accessible care, improving health outcomes for those living with HIV.
5. **Strengthen Stakeholder Coordination:** Improved coordination between government bodies, donors, civil society organizations, and other stakeholders is essential to ensure alignment of funding priorities, prevent duplication of efforts, and enhance the overall efficiency of the HIV response.

1. Introduction

Over the past three decades, Zimbabwe has made remarkable strides in combating HIV. In 2023, Zimbabwe became one of only five African countries to achieve the UNAIDS 95-95-95 adult targets[1], which aim for 95% of all people living with HIV to know their status, 95% of those diagnosed to receive treatment, and 95% of those treated to achieve viral suppression. An estimated 97% of people living with HIV in the country are now on treatment and virally suppressed, and the number of new HIV infections has decreased significantly, from 22,000 in 2019 to 15,000 in 2023.

These outcomes reflect the success of Zimbabwe's robust HIV response system, underpinned by effective coordination between the government and development partners. These partners, including PEPFAR (U.S. President's Emergency Plan for AIDS Relief), the Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM), and other key donors such as the Bill and Melinda Gates Foundation and various international embassies, have traditionally contributed between 80-95% of the overall funding for Zimbabwe's HIV response. Specifically, PEPFAR has provided over US$1.7 billion in support to Zimbabwe since 2006 to strengthen its HIV response. In 2023 alone, PEPFAR invested more than US$200 million to fund various HIV initiatives[2]. Similarly, the Global Fund (GFATM) has contributed over US$2 billion to combat HIV, tuberculosis, and malaria, and has committed an additional US$400 million for Grant Cycle 7 (2024-2026)[3]. However, due to shifting global priorities, such as the increasing demands of climate change and other global health and socio-economic developments, contributions from other partners have decreased by as much as 61%[4]. While both PEPFAR and the GFATM have remained committed to Zimbabwe, their funding alone cannot meet the sustained resource needs of the HIV program.

The current funding gaps and decreasing external support place the success and sustainability of Zimbabwe's HIV program risk, particularly for vulnerable populations such as children, where coverage remains low. There is an urgent need for Zimbabwe to enhance domestic resource mobilization and identify sustainable, innovative financing solutions. The country's economic situation presents additional complications, as hyperinflation, currency instability, and limited fiscal space constrain the government's ability to allocate sufficient resources to health interventions, including HIV services. Addressing these challenges requires not only increased domestic funding but also more efficient use of available resources and improved coordination among stakeholders to avoid duplication of efforts and maximize the impact of every dollar spent.

This policy brief provides a concise outlook on the urgent need to strengthen domestic resource mobilization to ensure a sustainable HIV response in Zimbabwe. This is the fourth installment in a series documenting the formulation and execution of a National Sustainability Roadmap for the HIV program. It is intended for policy and decision-makers, development partners, and other stakeholders involved in Zimbabwe's HIV program.

2. Overview of the Health Budget Allocation

2.1 Nominal vs. Real Terms Trend Analysis (2022-2024)

Budget allocations for the Ministry of Health and Child Care (MoHCC) increased nominally between 2022 and 2024. However, hyperinflation and currency instability have significantly impacted real budget values, negatively affecting the financing of HIV services. While primary healthcare budgets are allocated through other ministries, such as the Ministry of Social Welfare and the Ministry of Local Government, there is uncertainty around tracking these funding streams, making it difficult to understand current funding levels accurately.

Table 2.1: Nominal vs. Real Budget Allocations (MoHCC)

Year	Nominal Budget (Z$B)	Real Budget (US$)
2022	117.7 billion	1.113 million
2023	473.8 billion	733.27 million
2024	6.3 trillion	1.090 billion

Source: Ministry of Finance National Budget Statements (2022, 2023, 2024)
*Calculations of the real budget were based on the Inter-bank Rate of the day that the Budget was presented

2.2 HIV Spending Trends

HIV spending in Zimbabwe peaked at USD 418 million in 2017, but has since declined, falling to USD 253 million by 2021. Public funding for HIV in Zimbabwe primarily comes from the National AIDS Trust Fund (AIDS Levy), which is financed through a 3% tax on taxable income, contributing 10-15% of total AIDS expenditure. In recent years, approximately 50% of the AIDS Levy has been allocated to the procurement of HIV medicines, with the remaining funds distributed across prevention programs, monitoring and evaluation, program support, and infrastructure. While this mechanism provides a steady stream of domestic funding, it is not enough to fully sustain Zimbabwe's HIV response, given the scale of the epidemic.

1 UNAIDS epidemiological estimates, 2023. Geneva: Joint United Nations Programme on HIV/AIDS (https://aidsinfo. unaids.org/)
2 PEPFAR's 20 Years of Impact in Zimbabwe - U.S. Embassy in Zimbabwe (usembassy.gov)
3 Snapshot, UNDP and Global Fund in Zimbabwe | United Nations Development Programme
4 HIV response sustainability primer (unaids.org)