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Round table 3

Socio-economic impact of the epidemic and the strengthening of national capacities to combat HIV/AIDS

I. Background: the multifaceted impact of HIV/AIDS

1. HIV/AIDS is having a disastrous impact on the social and economic development of countries highly affected by the epidemic and will prove to be the biggest single obstacle for reaching the Millennium Summit development goals. Given that AIDS kills mostly people in the 15-49 year age group, it is depriving families, communities and entire nations of the young and most productive people. It is therefore uniquely devastating in terms of increasing poverty, reversing human development achievements, eroding the ability of Governments to provide and maintain essential services, reducing labour supply and productivity and putting a brake on economic growth.

Survival

2. AIDS has already taken a devastating toll in terms of increased mortality and morbidity. In the 35 highly affected countries of Africa, life expectancy at birth is estimated at 48.3 years in 1995-2000, 6.5 years less than it would have been in the absence of AIDS. By 2005-2010, average life expectancy at birth in the 11 worst affected countries is projected to decrease to 44 years, instead of rising to 61 years as projected in the absence of the disease. In addition, under-five child mortality rates in some of the worst affected countries are now on the rise as a result of HIV/AIDS, eroding progress towards the goal of reducing child mortality rates by two thirds by 2015, as agreed at the Millennium Summit.

Education

3. As teachers die and orphans drop out of school, gains in literacy and enrolment ratios are being quickly eroded. In some of the worst affected countries, nearly one half of children who lose their parents to HIV/AIDS drop out of school. Given that the number of AIDS orphans is projected to reach 40 million by 2010, this is evidence that progress towards the Millennium Summit goal of ensuring universal primary education by 2015 is now under threat.

Economic growth

4. In the worst-affected countries, the epidemic is putting a brake on economic growth by at least 1 to 2 percentage points a year, greatly jeopardizing efforts to reduce poverty through equitable growth. Many countries will see their gross national product (GNP) shrink by a fifth to a quarter by 2020, some even more than that, and private sector growth and enterprise development are severely affected.

Income poverty

5. In both rural and urban areas, HIV/AIDS pushes people into deeper income poverty, as many households lose their breadwinner to AIDS, livelihoods are greatly compromised and savings are eroded by the cost of health care and funerals. One study has shown that households that have lost one breadwinner to HIV/AIDS see their incomes drop by 80 per cent. In one country, the proportion of people living under that poverty line has already increased by at least 5 per cent

as a result of HIV/AIDS. Without addressing this impact, the Millennium Summit development goal of halving the proportion of people living in extreme poverty by 2015 cannot be reached.

Labour force

6. In sub-Saharan Africa, the size of the labour force will be 10 to 30 per cent smaller by 2020 than it would have been without HIV/AIDS. Erosion of human capital, loss of skilled and experienced workers and reduction in productivity will result in a mismatch between human resources and labour requirements, with grave consequences for the private sector and public sector employers. The problem of child labour is exacerbated by HIV/AIDS as children who have lost their parents have to rely on themselves for basic survival.

Food security

7. The epidemic is intensifying existing labour bottlenecks in agriculture, increasing malnutrition and adding to the burden on rural women, especially those who head farm households. Reduced food production is already being reported in some areas, and the Millennium Summit development goal of halving the proportion of people suffering from hunger by 2015 is under threat as a result of HIV/AIDS in some countries.

Governance

8. HIV/AIDS has a disastrous impact on the capacity of Governments to deliver basic social services. Human resources are lost, public revenues reduced and budgets diverted towards coping with the impact. Similarly, the organizational survival of civil society institutions is under threat, with a corresponding impact on democracy.

Women

9. HIV/AIDS has a particularly severe impact on women in their productive as well as reproductive roles. Women tend to be more vulnerable to HIV infection for both biological and social reasons, and infection rates among young women are up to four times higher than among young men in many countries. Women are also the principal care providers both for those sick with AIDS and for the children orphaned by AIDS.

Social cohesion

10. HIV/AIDS poses a threat to the very fabric of society, and is increasingly recognized as a risk factor for social and political instability. AIDS is decimating entire generations of productive young adults, while leaving behind a huge cohort of children without parents and adequate community support, vulnerable to exploitation and lacking education and livelihood opportunities.

11. To address these impacts on socio-economic development, the draft declaration of commitment of the special session includes time-bound targets for developing and implementing strategies to ensure the maintenance of essential services and the intensification of poverty reduction efforts, including programmes specifically targeted at households and communities hardest hit by the epidemic (see relevant section in the draft declaration of commitment).

II. Current response

12. The global response to HIV/AIDS has focused, rightly so, on the challenge of containing the epidemic and preventing new infections through advocacy, information and education campaigns, behaviour change communication, condom distribution, programmes targeting groups that are particularly vulnerable to infection and other key interventions. The other part of the response has focused on care and support for people living with HIV and AIDS, efforts that are expected to intensify as new treatments become more accessible and affordable. Both prevention and treatment are top priorities, not only in saving lives and reducing human suffering but also in limiting the future impact on human development and poverty reduction efforts.

13. However, despite intensifying efforts focused on prevention and care, the epidemic continues to spread unabatedly, and as people infected by HIV become ill and die the brunt of the impact is now being felt in the worst affected countries. Assuming that life-prolonging treatment will not be universally available in poor countries overnight, death rates from AIDS will continue to soar. Recent estimates from the United Nations Population Division show that the population of the 45 most affected countries will be 97 million smaller in 2015 than it would have been in the absence

of HIV/AIDS. Most of this loss is due to sharp increases in mortality among young adults.

14. In the absence of national and global action to mitigate the developmental impact of HIV/AIDS, households, communities and civil society organizations continue bearing the brunt of this tragic disaster. They are at the front lines of efforts to mitigate the impact of HIV/AIDS, responding directly to the needs of people and often working with little outside or government support. Communities are mobilizing themselves and showing great resilience and solidarity despite their vulnerability to external shocks, such as the premature death of their most productive members.

15. The global response to HIV/AIDS has tended to ignore the bigger picture of the implications for development and poverty reduction. Much research has been undertaken to understand the impact of the epidemic, but less has been done to operationalize these findings and implement measures to counteract the impact. Discussions on the implications of HIV/AIDS among development experts and policy makers have been extremely limited, and global development targets and goals have been agreed on without taking into account the added challenges resulting from sharp increases in AIDS-related adult mortality rates in most of Africa and in some part of other regions as well.

16. To say that nothing has been done to mitigate the impact of HIV/AIDS, as defined by the present paper, would be incorrect. Overall poverty reduction efforts have intensified in the last decade, partly thanks to global commitments made at the World Summit for Social Development in 1995. Over the past year, HIV/AIDS has gradually been incorporated into poverty reduction strategies, especially in Africa. A recent review of 20 national strategies showed that AIDS was mentioned as a factor in deepening poverty, and a few of them outlined major actions to fight AIDS as part of poverty reduction interventions. But much more needs to be done.

17. In addition, some countries have put in place more targeted programmes to support people, household and communities ravaged by the epidemic. Partly thanks to intensifying global support, some progress has been made in promoting efforts to support children orphaned by the epidemic. But given that the world can expect to see over 40 million children

orphaned by HIV/AIDS by 2010, these efforts are far from adequate.

III. Implementing the declaration of commitment: the way forward

18. Given the reality of current and future impacts on human development, extraordinary efforts are now required to intensify poverty reduction efforts. This includes ensuring that basic social services are maintained despite loss of human resources, as well as policies to generate equitable economic growth, notwithstanding the loss of productivity and deficit-creating pressures on public health budgets. Such efforts must be undertaken in the context of overall national development plans and poverty reduction strategies.

19. There are two main reasons why tackling the impact of HIV/AIDS on development is such an essential part of the global response to the epidemic. First of all, without policies, strategies and adequate resources to compensate for the poverty-creating effect of high mortality among productive age groups, the Millennium Summit development goals cannot be reached in much of Africa, or in other parts of the world where the epidemic is likely to continue to spread, as explained above. Second, low human development, widespread poverty and inadequate access to education and health, greatly exacerbated by the epidemic, is further fuelling the spread of HIV. Research and experience over the last 20 years have established a clear link between these conditions and increased susceptibility to infection and lack of access to treatment. While HIV/AIDS must be seen as an emergency of the highest order, steady progress in reducing poverty is still the long-term and sustainable solution to the health crisis in the developing world. In the long run, prevention and care will only succeed if people and nations can lift themselves out of poverty.

20. Countries ravaged by the HIV/AIDS epidemic are facing a double jeopardy. On the one hand, their capacity for planning and implementing development strategies is greatly compromised by the loss of human capital and diversion of scarce resources. On the other hand, strong national capacity is becoming even more crucial as countries face the formidable challenge of responding to the epidemic. Such capacity is essential not only in the health sector, in coping with the added

disease burden and delivering new treatments, but in all sectors of government, private sector and civil society, which must be mobilized around broad-based prevention and social mobilization efforts to reverse the epidemic.

21. The present paper sets out below four concrete priorities for the implementation of those sections of the draft declaration of commitment related to the socio-economic impact of the epidemic, and for consideration during the discussion of round table 3.

1. Intensification of poverty reduction efforts

22. In order to reach the Millennium Summit development goals and nationally determined human development targets in countries affected by the epidemic, current poverty reduction strategies need to be re-evaluated and adjusted in order to address the unique challenge posed by the impact of HIV/AIDS. The impact on rural communities need special attention, as they are often under-served with regards to social services and infrastructure, and are absorbing urban dwellers returning to their villages when they fall ill. Efforts to promote equitable growth, generate employment, raise incomes, improve agricultural production and promote informal sector livelihoods must be scaled up in order to compensate for the poverty-creating effect of high mortality rates among the most productive age groups. The optimal allocation of scarce domestic resources becomes an even more crucial challenge, leaving even less room for budget items not directly contributing to poverty reduction and the improvement of access to basic social services. Poverty reduction strategy papers (PRSPs) need to be formulated in such a way that they take into account the current and expected impact of the epidemic. For example, Burkina Faso and Kenya have made progress in adjusting their poverty reduction strategies to the impact of HIV/AIDS and have started to allocate debt relief savings towards HIV prevention and care.

2. Special programmes targeted at children, women, the elderly and other groups

23. In addition to the scaling up of national poverty reduction strategies, special social protection programmes are required to support the people, households and communities that are hardest hit by the epidemic. Given the heavy burden that the epidemic is putting on women as caretakers and breadwinners, social security arrangements are needed to respond to

their needs. In addition, an extraordinary effort is needed to provide for the needs of children orphaned by the epidemic, including special efforts to ensure access to primary education, food, health care and other social support. A central part of this effort must be to support existing community-based solidarity mechanisms for orphan care.

3. Preventing the collapse of essential public services and institutions of democratic governance

24. Special efforts are needed to ensure the maintenance of essential public services, such as education, health, security, justice and institutions of democratic governance. The public sector in the worst affected countries is crumbling under the weight of the epidemic, as irreplaceable human resources are decimated and public budgets diverted towards the immediate needs of caring for the sick and dying. In addition, government revenues are expected to fall by as much as one fifth in the worst affected countries due to the impact on overall economic activity and shrinking GNP. All these effects must be addressed in national budgets, medium-term expenditure plans and sector development plans. Pro-poor budgeting becomes even more crucial in AIDS-affected countries, and special measures must be introduced to safeguard against the collapse of public sector functions. Such actions include fast-track training and recruitment of new teachers, nurses and other key civil servants, reallocation of budgets towards the most essential services and efforts to prolong the working life of people living with HIV through care, support and team work, much along the lines of changes in human resources management needed in the private sector. Malawi is one country taking proactive steps to assess the impact of HIV/AIDS in the public sector and implement workplace policies to ensure the continued functioning of essential public services, notwithstanding the impact on human resources.

4. Addressing the impact on labour markets

25. Labour market and workplace policies need to be adjusted to address the impact on the availability of skilled workers, productivity and human resource development. Efforts are needed to support and protect the rights of workers living with HIV and AIDS, maximizing their productivity through access to care and support and changes in work routines. For

example, Volkswagen Brazil has implemented a successful prevention and treatment programme, preventing many new infections among its workers and reducing HIV/AIDS-related absenteeism by 90 per cent. Social dialogue is essential between government, workers and employers to develop a legal and policy framework to address the impact of the epidemic on the workforce. A code of practice on HIV/AIDS and the workplace should be adopted at national and enterprise levels.

26. Countries affected by the epidemic cannot successfully address these challenges without adequate international solidarity, cooperation and financial support. Although this issue is covered by round table 4 on financing the response to HIV/AIDS, it is essential to stress the need for much higher levels of official development assistance (ODA) to the worst affected countries, in support of overall poverty reduction strategies and improvement of social services. Since 1990, ODA flows to the 28 countries with highest adult HIV prevalence rates (more than 4 per cent) have fallen by nearly one third, from 12.5 to 8.6 billion United States dollars.¹ This trend must be reversed and resource flows substantially increased to levels commensurate with the magnitude of the challenge. Simultaneously, the possibility of full debt cancellation for the hardest hit countries may need to be explored, justified by the devastation caused by the epidemic and provided that a substantial portion of debt cancellation savings are allocated to HIV/AIDS prevention and care. Without such support, the international community will fail in its obligation to help countries reach the Millennium Summit development goals in much of Africa and, depending on the course of the epidemic, in many other parts of the world as well.

Notes

¹ Excluding South Africa.
