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The AIDS Funding Crisis: International Commitments, Global Donors and the Role of NGOs

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Introduction

Just when it seemed that the world was waking up to the remarkable reality that more than five million HIV positive people in low- and middle-income countries were thriving on antiretroviral therapy, the global economic crisis hit, threatening to halt this progress. Foreign aid to AIDS-stricken nations is flattening even as scientific advances show promise and the number of those infected remains in the tens of millions. At the same time, a recent *Lancet* study casts doubt on the utility of health-related aid to governments, clouding further the prospects for increased funds. This *Insight* discusses the impact of these events on global funding for HIV/AIDS, the response to these developments by HIV/AIDS advocates, and the possible redirection of funds to NGOs.

The Contemporary AIDS Crisis

In a report released last month, UNAIDS, the joint UN program that coordinates the response to the disease, identified a $10 billion gap between the resources available to combat the epidemic in 2009 and those needed in 2010,[1] up from a $6.5 billion gap in 2008. The funds come from a range of sources including domestic spending, bilateral international aid, multilateral giving through institutions like the Global Fund to Fight AIDS, Tuberculosis and Malaria ("the Global Fund"), private donors, and households.[2]

More than thirty-three million people are infected with HIV, two-thirds of whom live in poverty-stricken sub-Saharan Africa. New infections are on the rise in places such as Eastern Europe and Central Asia. AIDS-related complications have emerged as the leading cause of death of reproductive-age women in the world.[3] Whole communities have been threatened because AIDS, unlike most other fatal illnesses, typically strikes at the prime of working life. When the ranks of teachers, heath care workers, and farmers become precipitously thin due to a serious AIDS crisis, an otherwise growing economy can spiral toward a low-level subsistence one in a few generations.[4]

State Commitments

In the face of this peril, the world stepped up its efforts around the turn of this century. The UN's Millennium Development Goals aimed to provide universal

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DOCUMENTS OF NOTE

UNAIDS Report on the Global Aids Epidemic 2010

Summit on the Millennium Development Goals – Goal 6

2001 Abuja Declaration

UN General Assembly Declaration of Commitment on HIV/AIDS

UN General Assembly Political Declaration on HIV/AIDS

access to AIDS treatment by 2010 and to halt and reverse the spread of AIDS by 2015.[5] In the 2001 Abuja Declaration, African governments pledged to spend at least 15% of their total budget in the health sector. The United Nations General Assembly adopted declarations designed to address HIV/AIDS in 2001 and again in 2006.

Global AIDS activists demanded, and received, newly affordable AIDS treatment.[6] When drug prices fell from $1,200 per person per year to around $100, donors began to open wallets. Activists, who at past AIDS conferences vandalized the corporate booths of pharmaceutical companies that refused to lower prices, set their eyes on donor states that could buy cheaper drugs.

And during these headier economic times, the G8 made generous pledges. In 2005, it pledged to provide antiretroviral access to all who needed it. [7] In 2007, the G8 agreed to double aid to Africa to $50 billion annually, while also promising debt cancellation for the world's poorest countries and reaffirming the commitment to universal AIDS treatment.[8]

Many of these commitments have not and will not be met. But there was indeed a six-year run of double-digit percentage point increases in international donor support for AIDS that began in 2002. With this generosity came noteworthy results. Worldwide, deaths from AIDS-related illnesses dropped from 2.1 million in 2004 to 1.8 million in 2009.[9]

The Treatment Funding Dilemma

While the number of new infections annually dropped from its peak of 3.5 million in 1996 to 2.6 million in 2009, the total number of those infected has nevertheless increased. People are living longer, largely due to successful treatment. Put more starkly, each day about 7,100 people are newly infected with HIV, but "only" 4,900 die from AIDS- related illnesses.[10]

AIDS treatment, however effective, struggles to outrun the numbers of new infections. "We can't treat our way out of the pandemic," is the usual line HIV prevention advocates use. The Director-General of the Uganda AIDS Commission put it more colorfully, declaring, "You cannot mop the floor when the tap is still running."[11] Aware of this, AIDS activist pressed for and won funding commitments to expand both prevention and treatment programs.

Then the economic crisis hit and funding flat-lined. UNAIDS reported this year that total international funding for HIV/AIDS was virtually the same in 2008 and 2009.[12] *The New York Times* recently decried the "agonizing choices" AIDS funders face in the global recession, particularly in light of promising scientific advances in HIV prevention.[13] The failure to increase international funding has frustrated HIV/AIDS and human rights activists across the globe. The United States in particular has come under fire, as advocates continue to pressure the Obama administration for more funds.

The United States as Global Donor

Nowhere was this more evident than at last summer's International AIDS Conference in Vienna, Austria. More than 19,000 attendees from around the world saw vivid protest posters hung through the halls that melded former President George W. Bush's face with President Barack Obama's, asking, "Who is better on HIV/AIDS?" Bemoaning funding shortages, activists reported

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ORGANIZATIONS OF NOTE

United Nations

UN Office on Drugs and Crime

UNAIDS

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

The Lancet

that people in search of AIDS treatment are being turned away in Uganda and that inexpensive HIV testing kits are in short supply in Nigeria.[14]

Are these fair charges, or is the Obama administration simply an easy target for those frustrated by the growing resource gap? President Obama's AIDS coordinator responded to the criticism by pointing out that the United States provides more than half of all global health spending. In many sub-Saharan African countries, the President's Emergency Plan for AIDS Relief (PEPFAR) provided between 40% and 95% of the AIDS treatment response.[15]

The Obama administration then pledged in October to allocate $4 billion over three years[16] to the Global Fund, a public-private institution that disperses funds multilaterally. Founded in 2002 under Swiss law as a foundation with no formal UN affiliation, the Global Fund replaced the World Bank as the world's largest multilateral AIDS funder, and it channels the majority of international financing to fight tuberculosis and malaria. But the United States has persisted in favoring bilateral giving. Eighty-eight percent of U.S. global giving in 2009 was bilateral, which contrasts, for example, with France, whose international AIDS assistance was only twenty percent bilateral.[17]

The Obama administration has big shoes to fill, given the sharp global giving increases of the recent past. In 2003, the Bush administration developed PEPFAR, which was authorized by the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act and ultimately appropriated $18.8 billion for UNAIDS, the Global Fund, and bilateral assistance to combat the three diseases in fifteen focus countries. In 2008, PEPFAR was reauthorized for an additional five years and committed up to $48 billion in funding.[18]

Also under scrutiny by AIDS activists is President Obama's six-year Global Health Initiative (GHI) introduced in 2009.[19] It includes PEPFAR as its largest component, but it calls for a broader health agenda, partly in response to criticism that too much funding had focused on AIDS treatment at the expense of other health interventions. More lives will be saved, pragmatists argue, by focusing on childhood diseases and reducing maternal mortality because these are cheaper to fight than HIV/AIDS.[20]

As unseemly as it may be to pit death from childhood diseases against death from AIDS complications, some HIV/AIDS activists have done just that, provocatively claiming that children will be saved only to die later of AIDS.[21] But the GHI still gives most funds to AIDS efforts, and it promotes a more integrated, government-wide strategy in contrast to the disease-specific "stove-piping" of the past which has been criticized for being fragmented and inefficient.[22]

Questions will surely persist about whether the United States gives enough. In one assessment of donor countries' "fair share" of AIDS disbursements (standardized by GDP per U.S. $1 million to account for differences in the sizes of government economies), the United States ranked only seventh after Norway, Ireland, the United Kingdom, Sweden, the Netherlands, and Denmark.[23]

Unintended Consequences of Aid

An explosive study published in *The Lancet* earlier this year has complicated

matters further. Researchers found that in some sub-Saharan African countries, international development assistance for health simply led governments to direct their own spending elsewhere. The statistical analysis found that a $1 increase in heath assistance led to a decrease in state spending by as much as $1.14, a result obviously counter to the aims of international donors. Debt relief, the researchers also found, had no significant impact on domestic health spending. Notably, even a high prevalence of HIV failed to inspire governments to increase their spending on health. [24]

It is unknown where the offset funds are spent. Perhaps they are redirected to education, infrastructure, or gender equality programs that indirectly improve health. But the funds could instead support military aggression or might otherwise be siphoned off in corrupt and counterproductive ways. Ministries of finance, over whom ministries of health often have little sway, tend to reduce health spending when a large influx of development assistance for health arrives.

By contrast, *The Lancet* researchers found that the provision of health financing to the non-governmental sector had a significantly *positive* effect on state spending for health. It is not clear whether flush and empowered NGOs are holding states' feet to the fire on health spending, or whether some other explanation for this positive relationship exists. The U.S. government began directing an increasing share of its health assistance to NGOs prior to this study, and this may prove to be a path activists will advance and donors will increasingly take.

Community-based NGOs have indeed proved critical to the response. It is now axiomatic in HIV/AIDS circles that any successful responses must include the communities affected. Politically unpopular groups such as sex workers, men who have sex with men, and injection drug users are particularly vulnerable to the disease. The General Assembly refused to mention these populations by name in its 2001 and 2006 HIV/AIDS declarations, despite pressure from advocates, making the posture of many states clear and the need work around them clearer.

Open Questions

Do national and international NGOs have the capacity to effectively utilize funds that may be redirected from dysfunctional states? Can NGOs offer sustainable, long-term solutions that are coordinated rather than fragmented? Would redirection let states off the hook for important obligations to its citizens? Is vast NGO support from outside donors with their own agendas counter to principles of democracy? While these questions surely remain, newly frugal donors looking for maximum impact may nevertheless find NGOs a better bet than states.

Early in the economic crisis, Rahm Emanuel reminded the Obama Administration that "[y]ou never want a serious crisis to go to waste."[25] The redirection of funds for HIV/AIDS away from governments and toward NGOs is one way the economic crisis might yield more effective global health spending.

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