

## Erica Barks-Ruggles

# Meeting the Global Challenge of HIV/AIDS

More people have died from HIV/AIDS over the last twenty years than from any other disease in human history. The devastation caused by the epidemic poses a clear and direct challenge to long-term U.S. economic and security interests. AIDS is devastating whole societies and economies, depriving countries of the educated and skilled individuals required to build democratic governments, professional militaries, and free market economies.

As the epidemic devastates Africa, it is in America's interests to undertake aggressive global efforts to mitigate its impact on Asia, Latin America, and Eastern Europe. To meet this challenge, the United States needs to construct and carry out a long-term strategy to defeat AIDS. American leadership to increase funding, accelerate the search for a vaccine, expand access to medicines, and form partnerships with affected governments, businesses, and communities will be critical.

### **HIV/AIDS: An International Crisis**

UNAIDS, the global body responsible for coordinating efforts to fight the disease, reported in its December 2000 "Epidemic Update" that 21.8 million people have died from HIV/AIDS since the beginning of the epidemic. Four-fifths of those deaths have occurred in sub-Saharan Africa—over 2.4 million in the first eleven months of 2000 alone, an average of one death every eight seconds. More than 70 percent of all people living with the disease, or 25.3 million HIV-positive individuals, live in Africa. Over 10 percent of the population is infected in sixteen African nations. Despite these numbers, the epidemic is not limited to Africa. Indeed, the fastest growing front of the epidemic is now in Russia, where the number of new infections last year exceeded the total from all previous years combined. In 2000, the number of Russians living with HIV/AIDS skyrocketed from 130,000 to 300,000.

The Caribbean and Latin America are increasingly affected. Haiti already ranks among the twenty-five most infected countries, with a prevalence rate of over 5 percent. In the Bahamas, adult prevalence rates are 4 percent, and in Honduras, Guatemala, and Panama they top 1.3 percent. The disease is also expanding its reach in Asia—3.7 million people in India are infected, more than in any country other than South Africa. The HIV-positive population in China is estimated at over half a million, and UNICEF has said that without substantial prevention programs, China could have 10 million HIV/AIDS cases by 2010. The United States is also experiencing a resurgence of HIV/AIDS. In 1999, new infections rose from 40,000 annually to 46,000, according to the Institute of Medicine. The Centers for Disease Control (CDC) estimates that 800,000 to 900,000 Americans are living with HIV/AIDS.



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# Why the United States

Deaths from AIDS now exceed those from the global influenza pandemic of 1918-19 and the Bubonic Plague. Unlike influenza and plague, HIV/AIDS does not kill its victims for years, and most victims do not know they are infected. UNICEF estimates that only 5 percent of infected Africans are aware of their HIV-positive status, meaning millions of people unwittingly continue to transmit the disease. The effects on individuals, economies, social systems, and political stability surface slowly, hampering education and prevention efforts.

## The Threat to the Future

Globally, the epidemic is accelerating and spreading. According to the World Health Organization (WHO), 5.3 million people were infected with HIV in 2000, bringing the number of people worldwide living with HIV/AIDS to 36.1 million. The WHO estimates that 6 million more will be infected in 2001. Unfortunately, most epidemiologists do not believe an effective vaccine is possible in less than five to ten years, and maybe not even then.

The death toll from AIDS is also mounting. Cumulative deaths from HIV/AIDS almost doubled in 30 months, from 11.7 million deaths in June 1998 to 21.8 million by December 2000. It is now the leading cause of death in Africa. AIDS does not predominately kill the weak and elderly, but rather attacks the most productive adults, leading to distorted demographics in the hardest hit countries. The U.S. Census Bureau calculates that by 2010, average life expectancy will be reduced by 40 years in Zimbabwe and Botswana, and in South Africa by 30 years. The resulting population demographics will be unlike anything we have seen before. Instead of pyramids, we will see population “chimneys,” where the very young and the very old are supported by only a slim pillar of remaining people in their prime of life (see figure 1).

## The Threat to Security

**Impact on Progress and Development** The loss of millions of working adults means not only the loss of the individuals, but the resources invested in them, and their knowledge. Nowhere is this more true than in the education sector. In the first ten months of 1998, Zambia lost 1,300 teachers, the equivalent of two-thirds of all new teachers trained annually. In the Central African Republic and Cote d'Ivoire, over 70 percent of teacher deaths are linked to AIDS. These losses are a double tragedy as they deprive the next generation of the education it needs to escape poverty and build stronger economies and institutions.

In the health care sector, medical staff exposed to HIV are falling sick and dying, constricting already limited access to health care. Resources are also diverted from primary disease prevention and health care to HIV/AIDS patients. In Zimbabwe, HIV/AIDS consumes one quarter of health spending, and in the largest hospitals in Kenya and Burundi, AIDS patients occupy 39 percent and 70 percent of hospital beds, respectively. The loss of skilled and

# Should Act Quickly

educated citizens will make it harder for struggling countries to build professional, transparent, and accountable governments and institutions. Without strong democratic partners in the developing world, American efforts to form coalitions to build stability, prosperity, and peace will be strained.

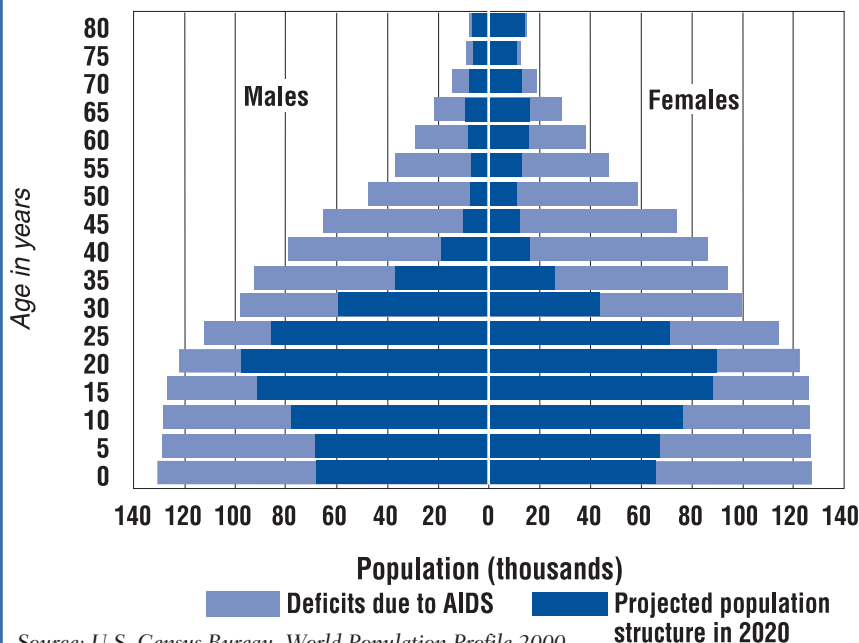
**Impact on Militaries** Militaries, composed largely of young men who are far from home and frequently exposed to danger, are at especially high risk for HIV infection. African nations have done little to address the threat that HIV/AIDS poses to military personnel. Only spotty reporting of HIV prevalence in militaries is available, and only a handful of countries say they test some troops. Tests

in 1999 on a limited number of South African troops participating in a regional exercise showed that 17 percent of those tested were infected. In June 2000, Nigerian President Olusegun Obasanjo acknowledged that as many as 11 percent of that nation's troops participating in operations in Sierra Leone might be HIV-positive. If African nations are unable to maintain professional, well-trained militaries, the threats from rebel movements as well as internal problems in militaries will be more difficult to contain.

**Impact on Peacekeeping** The international community is increasingly looking to African nations to contribute troops for peacekeeping operations in Africa and elsewhere. America and other donor nations have begun training and equipping African militaries to better carry out peacekeeping duties and to reinforce civilian control of troops. Regional peacekeeping forces, such as those in West Africa, can also play an important role in defending democratic governments and civilians threatened by rebels. It is in the interest of the United States and African nations to have healthy, professional militaries ready to carry out these roles, and HIV/AIDS threatens those interests.

**Orphans** UNAIDS defines an AIDS orphan as a child who has lost his or her mother or both parents to AIDS. More than 13 million children worldwide are AIDS orphans (12 million in Africa alone), and the U.S. Agency for International Development (USAID) estimates that by the end of the decade there will be more than 40 million AIDS orphans

**Figure 1: Projected Change in Demographics Due to AIDS, Botswana**



in Africa, equal to the number of all children under 18 living east of the Mississippi. Studies show that orphans are less likely to stay in school and more likely to suffer from malnutrition and be drawn to commercial sex work and other high-risk behaviors in order to survive. Orphans are also vulnerable to recruitment by criminal groups and rebels in conflict areas.

### **The Threat to Economic Prosperity**

The impact of the HIV/AIDS crisis on African economies is worsening. Rising health care and funeral costs, combined with lost income and savings, are devastating families. Productivity losses, increased absenteeism, and rising insurance and training costs are hurting economies and businesses. Without preventive measures, this pattern could repeat itself in Asia and Latin America.

**Macroeconomic Impact** Very little data is available about the macroeconomic impact of AIDS. However, the World Bank and others have predicted an annual reduction in per capita income growth of 0.1-0.41 percent in Africa, depending on variables such as productivity and viral incubation periods. An August 2000 study by the World Bank found that South Africa's Gross Domestic Product would be 17 percent lower in 2010 than it would have been without AIDS, costing the economy \$22 billion. A recent Harvard study postulates that these

predictions are low because they do not take into account the negative feedback effects of AIDS, including falling worker productivity, declining savings and investment, and rising business costs. More studies are needed on the economic impact on African, Asian, and Caribbean nations.

**Business Level Impact** Although the full brunt of the epidemic has not yet been felt because adults generally take seven to ten years to die from AIDS, the effects on business can be measured. Direct costs to companies include sick leave, health benefits, death and disability benefits, and pension liability.

Metropolitan Life, one of the major insurance providers in South Africa, has developed a model to project the scope and effects of the epidemic. The model estimates that the cost of life insurance as a proportion of salary will treble between 1997 and 2007, and pension benefit costs will nearly double. While these costs may be small for individual employees, when multiplied by the number of affected workers, they are significant. Employers will have to either decrease benefits proportionately or increase the price of their product to cover the extra cost. In addition, studies in Kenya and South Africa have shown that indirect costs—absenteeism, time off for care and funerals, lost productivity, and recruitment and training of replacement employees—comprise more than two-thirds of the total cost to businesses of HIV/AIDS. (See Figure 2)

When combined with intangible costs, such as the loss of institutional knowledge and disruption in work patterns, the toll on business balloons. Companies must also account for the devastating impact that AIDS deaths could have on their capacity to continue production. The International Labor Organization, for example, estimates that Zimbabwe, Botswana, and Namibia could each lose 29-35 percent of their labor force by 2020, and

*Deaths from AIDS now exceed those from the global influenza pandemic of 1918-19 and the Bubonic Plague.*

Metropolitan Life in South Africa predicts the number of South African workers sick or dying from AIDS will quintuple over the next decade.

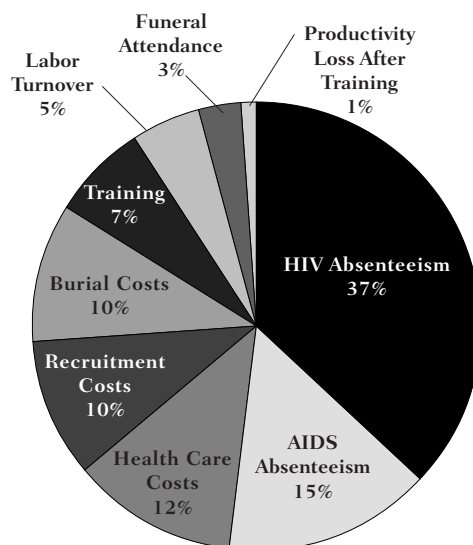
**Family and Consumer Level Impact** The economic unit hit hardest by HIV/AIDS, however, is the family—especially as businesses and governments under stress reduce benefits and shift costs to them. Studies in several countries in Africa have shown that in families with an HIV/AIDS-infected adult, children eat less and are less likely to attend school, because they must work to replace lost income and care for the sick adult. In one study of Cote d'Ivoire households experiencing HIV/AIDS-related deaths, spending on schooling dropped by 50 percent and food consumption decreased by 41 percent, while health care costs quadrupled.

The cost to families and individuals will also reduce discretionary spending and the demand for consumer goods, which could affect American exporters as well as local producers. In South Africa, JD Group, a leading local manufacturer of small appliances and furniture, found that increased spending on HIV/AIDS-related expenses would reduce discretionary spending on durable consumer goods. To ensure its market base, it opened retail outlets in Eastern Europe. Shrinking markets in AIDS-affected countries in the developing world could reduce investment and increase inflation, further slowing already sluggish growth and reinforcing the macroeconomic downturn predicted by the World Bank. With 42 percent of American exports destined for developing countries, the effect of HIV/AIDS on some of the largest developing markets in the world could harm U.S. exporters.

## Is There Hope?

AIDS is not a new epidemic. Over the past fifteen years, useful models for prevention, education, treatment, care, and assistance programs have been developed. Uganda succeeded in lowering infection rates from 14 percent in 1989 to an average 8 percent by 1997. Other countries, from Thailand to Senegal, have succeeded in changing attitudes and reducing risky behaviors, including dramatically increasing condom use and lowering infection rates among high-risk populations. In Zambia, UNAIDS reports that prevention and education programs are beginning to reduce new infections among teenagers. The international community should help support and expand these successes. Increased spending and lending by donors and international institutions should be extended where best practices and proven programs are in place. Pilot programs and assistance for non-governmental organizations (NGOs) should not be neglected either, especially in areas where government programs have not been successful or are nonexistent.

**Figure 2: Categories of AIDS-Related Costs**



Source: AIDSCAP/Family Health International, *AIDS in Kenya: Socioeconomic Impact and Policy Implications*, 1996

## What Should the United States Do?

In order to have a real impact on the spread of HIV/AIDS, the Bush administration will need to quickly recognize the significance of the epidemic for U.S. interests and commit resources to the long-term fight. U.S. focus and leadership will be crucial. The following are key elements of a comprehensive role for the United States:

**Appoint a White House Coordinator for Global AIDS Policy** The president should appoint a coordinator for international AIDS policy within the White House. Besides ensuring cooperation within the U.S. government, this individual would coordinate with other donors, UN agencies, and countries suffering most from the disease. The coordinator should also ensure that the U.S. government establishes and implements policies for HIV-positive employees and job applicants, including a worldwide policy on hiring, retention, and non-discrimination for U.S. government employees—both American and foreign—overseas.

**Construct a Multi-Sectoral, Long-Term Global Strategy** The U.S. government must change its strategy overseas from an aggressive, but piecemeal, effort focused mainly on prevention and education to a comprehensive, multi-sectoral, multi-agency, long-term strategy for attacking HIV/AIDS globally. Multi-sectoral, public-private, cooperative approaches driven by those living with HIV/AIDS have been the most effective in achieving prevention, education, and behavior modification. The White House coordinator should lead this effort, which should include provisions on vaccine development, prevention, education, treatment, and care.

**Spread the Cost** The United States, which in FY01 will spend about \$460 million on HIV/AIDS internationally, accounts for nearly half of international spending on HIV/AIDS worldwide. In 2000, donors provided only \$915 million of the \$3 billion UNAIDS estimates is needed to combat the epidemic in Africa alone—a figure that does not include the provision of anti-retroviral drugs. According to some estimates, a global effort would require \$4 billion to \$5 billion. The Bush administration should work with Congress, the UN, and other donors to increase funding for international efforts while ensuring that America does not carry a disproportionate share of the cost. A doubling of U.S. funding in FY02—to \$1 billion, or about 20-25 percent of the total global need—would be an appropriate proportion of the cost. The United States will also need to work with the international financial institutions to demarcate reasonable and rapid terms for debt relief—whether through the enhanced Highly Indebted Poor Countries (HIPC) initiative or other programs—so that resources are available to and wisely spent by affected countries. Other donors should also be pressed to contribute to a worldwide, annual expenditure goal of \$5 billion.

**Work With the Business Community** Businesses working in developing countries are already affected by the epidemic, but can assist in ways that will save them money while helping their employees. Studies in South Africa have shown that prevention is cost-effective and, when prevention fails, limited treatment is still a more cost-effective option for



employers than losing workers. The workplace is also an ideal delivery point for HIV/AIDS prevention messages. By using peer educators, counselors, and messages geared toward the risks to which employees and their sexual partners are exposed, there is a better chance of interventions leading to behavior change. The United States and other governments should begin active efforts to involve the business community in multi-faceted prevention, education, and care efforts.

**Continue to Lead the Search for a Vaccine** Ultimately, HIV/AIDS will be controlled globally only when a vaccine has been found. Large-scale human trials are now underway on one vaccine, and smaller trials on two others. However, a large enough pool of potential vaccines needs to be created and tested on an accelerated schedule so that an effective vaccine can be found. The current amount allocated to vaccine research constitutes just over 10 percent (about \$200 million) of U.S. government spending on HIV/AIDS-related research. The non-profit International AIDS Vaccine Initiative has recommended that funding for vaccine research be increased by an additional \$1 billion. The Bush administration should significantly increase funding for vaccine research focused on the strains of HIV/AIDS that most seriously affect Africa, and should work with Congress to implement a proposed \$1 billion tax credit to American drug companies pursuing a vaccine.

**Improve Access to Drugs for the Neediest** On February 21, 2001, the Bush administration decided to let stand a May 2000 executive order that prohibits U.S. retaliation against African nations promoting access to HIV/AIDS pharmaceuticals and medical equipment as long as their efforts are consistent with international treaties and agreements, including TRIPS (the treaty on Trade Related Aspects of Intellectual Property). This was a positive step toward increasing access to medicines for the world's neediest. However, most Africans and Asians cannot afford anti-retrovirals or simple antibiotics and anti-fungal drugs to treat opportunistic infections associated with HIV/AIDS. Although pharmaceutical companies have pledged to drastically reduce prices for some drugs in certain countries, more systemic efforts are needed. The U.S. government should work with American pharmaceutical companies and affected countries to establish a fair system to ensure better access to drugs and treatments for the neediest while protecting legitimate corporate interests.

**Work With Developing Nations as Partners and Encourage Political Leadership** America cannot solve the HIV/AIDS crisis for the rest of the world, nor do western countries have a monopoly on solutions and treatments. The United States will need to work in partnership with African and other developing nations' governments, NGOs, businesses, and citizens to stop the epidemic. Countries that have successfully fought HIV/AIDS have one thing in common: serious, sustained, and committed leadership backed by substantial resources. For example, when Thailand learned of the HIV/AIDS threat, the government organized and supported campaigns targeting high-risk populations. Government spending on HIV/AIDS programs soared from less than \$680,000 in 1988 to \$82 million in 1997.

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Infection rates in Thailand remained under 3 percent and condom use among commercial sex workers went from 14 percent in 1988 to 93 percent in 1997.

Clearly, resources backed by committed leadership can make a difference. The reverse is also true. Where leaders have failed to grasp the seriousness of the epidemic or have diverted energy and attention from fighting the disease to battles about scientific facts and other peripheral issues, prevention efforts have stalled or failed.

Sharing information about the epidemic and best practices for tackling it is critical to the development of successful anti-AIDS programs. Governments, NGOs and the business communities in the most affected countries should work with donors to facilitate leadership and information-sharing among African, Caribbean, Latin American, and Asian countries.

President Bush has an opportunity to lead at home and abroad on this issue and to urge his colleagues around the world to do the same. In June 2001, the UN General Assembly will hold a special session on HIV/AIDS. The Bush administration should vigorously support this effort, ensure high-level attendance, and bring serious resources to the table. It should also use the occasion to launch some of the initiatives described above and consult with NGOs, the business community, and leaders of concerned nations.

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