

CHECK AGAINST DELIVERY

**Act Now or Pay Later:
The Imperative to Invest in an Extraordinary Response in
Asia and the Pacific**

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**Speech by
Kathleen Cravero,
UNAIDS Deputy Executive Director**

A Common Language

The ADB has a long and distinguished record as an engine of economic and social development in Asia and the Pacific. It is indeed a privilege for me to be with you today to introduce a discussion on AIDS, widely acknowledged as one of the greatest development challenges in history.

Of my many meetings in the Philippines, this is one of the most important. It is crucial that the ADB become an active partner in the struggle against AIDS in Asia. But situated in the Philippines, surrounded by a number of low prevalence countries, I fear you may think I am exaggerating. I need to convince you that I am not just another UN bureaucrat pushing "my issue". I need to convince you that rolling back AIDS makes good economic sense.

So let me start with a cost-and-benefit paradigm.

In May of this year, eight top economists, among them three Nobel laureates, were gathered in Copenhagen to rank a list of the world's most serious problems according to what could be most effectively addressed with infusions of cash. In short, the question was: How should a limited amount of new money for development initiatives be spent?

The list of problems included civil conflicts, climate change, hunger and malnutrition, education, governance, financial stability and HIV/AIDS. The key criterion used in prioritizing the investments was its potential to produce the most results given a fixed amount of money.

After careful analysis and much debate, the panel unanimously gave HIV/AIDS top priority and recommended spending \$27 billion to fight it, explaining that although the costs were considerable, they are "tiny in relation to what can be gained."

The cost of inaction in Asia

Closer to home, a joint study published in July by the ADB and UNAIDS revealed that economic losses due to AIDS amounted to about US\$ 7.3 billion in 2001 alone. Borne overwhelmingly by AIDS-affected households, the economic losses have impoverished millions of men, women and children. The study projected further that if the current trends continue, and we fail to take comprehensive action in Asia and the Pacific, the likely consequences by the year 2010 will include a total of 10 million new infections, some 5 million deaths, and US\$ 17 billion annually in financial losses.

These consequences are only as enormous as the funding gap. It was noted that in 2001, a comprehensive effort in the region would have cost at least \$1.5 billion – yet only \$200 million was spent by all public sources combined.

This means that only a small fraction of those who are in need are currently receiving lifesaving services. For example, less than 1 in 6 of the estimated 2.2 million sex workers in South-East Asia receive basic prevention services; only 1 in 50 pregnant women in the Western Pacific are reached by programmes for preventing mother-to-child HIV transmission and, of those who need immediate AIDS treatment, less than 5% have access to the medicines that would keep them alive.

As unmet needs grow, so will the resource gap. By 2007, the funding needed for AIDS prevention, care and treatment services in Asia and the Pacific will rise to \$5.1 billion annually – approximately US\$ 2 per capita. But unlike many countries in

Africa, the Asia-Pacific region can afford much of this investment. Even if resource needs reach US\$ 5.1 billion annually – this is only 4% of all health expenditures in the region in 2001.

The poor are the most vulnerable to infection and the hardest hit by the costs, the suffering and the death caused by AIDS. The epidemic drives communities – and nations - deeper into poverty. It leaves households destitute, even those that could make ends meet before they experienced AIDS.

Putting Money and Knowledge to Work

On the benefit side of the equation, the study noted that if the necessary resources are mobilized and comprehensive programs are implemented, we can change the course of this epidemic – and perhaps the course of history.

Under this scenario, the investments (which will be substantial but affordable) will produce the following results:

- A total of 6 million infections prevented by 2010;
- 100,000 deaths avoided every year; and
- savings of up to US\$ 2 billion per year as annual economic losses would be kept to around US\$ 15 billion instead of US\$ 17 billion.

But I am not here today to inundate you with estimates and projections. The AIDS epidemic is not about numbers - it is about human suffering and failed development. It is also about hope in the midst of despair. There are almost 40 million people living with HIV – and each one of them is someone's mother, father, child or friend. Each one has hopes and dreams - and the right to a productive life.

The good news is that we already know what works in efforts to stop the spread of HIV. The promotion of condoms and needle exchange programmes work. Voluntary testing and counseling programmes, especially those accompanied by treatment, work. Interventions to stop mother-to-child HIV transmission work. Treating sexually transmitted infections (STIs) and opportunistic infections work. Ensuring a safe blood supply and safe health care settings works. Microfinance and other empowerment programmes for women that reduce vulnerability work. Fighting stigma, fear, and discrimination, while offering hope, works.

The people of Asia and the Pacific have a unique opportunity to avert the worst of AIDS. We cannot take this opportunity for granted. It is therefore essential for leaders, including those in government and institutions such as the ADB, to demonstrate vision and courage.

Political Leadership and Value for Money

The UN General Assembly Special Session on AIDS built political consensus on a broad range of AIDS issues. The UNGASS AIDS Declaration of Commitment provides a new platform of accountability.

The experience with the SARS epidemic taught leaders in Asia about the interplay between public health and development. SARS had serious political and socioeconomic impacts, in a very short period of time. Asian leaders experienced first hand the power of vision, commitment and swift action. In several countries, including China and India, leaders realized that investing in public health before disaster strikes is good politics, as well as good economics and sound public health.

AIDS poses a far greater long-term threat to development than SARS, a fact that many leaders are acknowledging. Recent statements by Premier Wen Jiabao have signaled China's commitment to implementing strong care and treatment programs and to reaching out to vulnerable populations. The Prime Minister of Thailand publicly re-committed to a comprehensive set of progressive targets, including outreach and treatment programmes for drug users. This type of leadership sets the stage for effective responses to AIDS.

Development priorities vary across countries. In conditions where HIV prevalence is low, investing in AIDS, in the face of many other pressing problems, is often problematic. But expanding prevention and care efforts when HIV prevalence is still low, is much more effective and less costly than dealing with a full-blown epidemic. The key is to act boldly before health systems become overburdened, before human resources are incapacitated or lost, before children are orphaned, and before the vicious cycle of AIDS and poverty takes hold.

The role of the ADB

In the Asia-Pacific region, the ADB could lead, not only in the *financing* of AIDS programmes, but also in *advocacy*, on AIDS as a development challenge, a social issue and an impending economic catastrophe.

As an advocate...

ADB is a respected financial institution, with a good technical track record and extensive knowledge about regional dynamics and culture. It is one thing for a Health Minister to talk about HIV prevention and treatment. It is quite another for the Finance Minister to take up the challenge.

As a capacity builder...

ADB can help countries build their capacity to mount a broad-based multi-sectoral response to AIDS. As a major financial institution, the ADB can enlist and empower a wide range of untapped resources, including those in the planning and finance ministries. Governments need support in accessing new funding flows, disbursing funds effectively and reporting on their use.

The ADB can help institutions broaden their outlook and stretch their capacity to work in new and sensitive areas that are at the heart of AIDS, e.g. sex work and IDUs.

As an innovator...

The ADB can become a force for innovation and change in AIDS interventions and financing. This could include:

- moving away from a projectized approach to the funding of broad national strategies and frameworks;
- encouraging countries to act now rather than pay later;
- funding new, more controversial programmes with potentially high rates of return (e.g. outreach to IDUs and sex workers);
- promoting the exceptionalism of AIDS, i.e. that AIDS financing cannot be subject to expenditure ceilings that will hold back comprehensive responses; and
- funding the mainstreaming of AIDS into broader poverty reduction and development programmes.

The Role of UNAIDS

UNAIDS is anxious to support the ADB in all these areas.

UNAIDS is a partnership of ten UN organizations and a Secretariat that facilitates and supports their work. Together we have five key functions:

- promoting leadership and advocacy;
- providing strategic information to guide the efforts of partners;
- tracking, monitoring and evaluating the epidemic and the response;
- brokering partnerships; and
- mobilizing financial, technical and political resources.

As one way to fulfill these functions, UNAIDS is advocating the “Three Ones” principles. These principles support national leadership to ensure that action at country level is more coherent and in line with national priorities. They include:

- one AIDS action framework that will drive the alignment of all partners;
- one national AIDS coordinating authority with a broad-based multisectoral mandate where all key players are at the table; and
- one monitoring and evaluation system for tracking progress toward achieving real results.

The World Bank is one of the original six Cosponsors of UNAIDS. We have also built strong, effective relationships with development banks in Europe, Africa and the Americas. We provide guidance and technical support both for their overall strategic directions and for specific grants and loans – and we can do the same for ADB.

Closing

The ADB is about to take its involvement in AIDS to a new level. Up to now there has been well intentioned, strategic but relatively limited involvement in HIV/AIDS efforts – both regionally and within countries. With the new strategic directions paper, the Memorandum of Understanding with UNAIDS and \$140 million in grants, AIDS will move from a peripheral to a central issue of concern. We know that this will require adjustment in planning, priorities and the way you work, internally and with partners throughout the region. We congratulate you –individually and collectively for making this choice – a choice that will position ADB now and in history as a regional institution that helped Asia measure up to the greatest development challenges of our time.