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Speech of the Executive Director
at the
15th Meeting of the Programme Coordinating Board
Geneva, 23 June 2004
by
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Mr. Chairman,
PCB members,
Colleagues and friends,

May I begin by congratulating you, Mr Thibault, on assuming the chair of this meeting, and say how much I look forward to working with you and Canada in the coming year.

I also wish to thank Zambia for chairing the PCB with distinction over the past year, and in particular Honourable Minister Brian Chituwo. During this crucial year, UNESCO has chaired the Committee of Cosponsoring Organizations with distinction. I wish to thank Mr Matsuura as well as Mr Costa, Executive Director, UNODC, the new CCO President, for being with us today.

The Programme Coordinating Board of UNAIDS meets at a crucial time in the history of AIDS: a time of both intensification of the impact of the epidemic, and a time of unprecedented opportunities to contain it.

I have no doubt that these two themes will be reflected in the forthcoming XVth International Conference on AIDS in Bangkok, as well as the new challenges the world is facing.

The AIDS epidemic is entering a new, even more threatening phase. On 6 July, UNAIDS will release our latest update on the epidemic, with new country-by-country information on the epidemic. As our ability to accurately measure the scale of the epidemic improves, we are continuing to see more people than ever newly infected with HIV, and more people than ever dying from AIDS. Historically, the AIDS epidemic is still at its beginning, and it is already changing the fabric and functioning of societies.

As we begin to mount a truly global response to AIDS, it is critical we acknowledge that progress has been limited. Without a major strengthening of efforts, many goals committed to in the *UN Declaration of Commitment on HIV/AIDS* and for HIV treatment set by the 3 by 5 Initiative, will not be met.

Implementation of the *UN Declaration of Commitment on HIV/AIDS*, as detailed in our report to the Programme Coordinating Board, is lagging in several areas. Coverage for essential HIV prevention and treatment is extremely low. For example, only one pregnant woman out of twenty in Africa has access to prevention of mother-to-child transmission services.

Only 3% of people who need antiretroviral therapy in Africa have access to these treatments. Leaders remain disengaged in many countries.

However, there is also clearly some significant progress since the 2001 UN General Assembly Special Session on HIV/AIDS was held: a tripling of school children having access to HIV education, a doubling of the number of people utilizing voluntary counselling and testing, an 80% increase in Prevention of Mother-to-Child Transmission coverage, a 60% increase in the number of people benefiting from anti-retroviral therapy. All represent real progress, but all are highly insufficient.

Despite this mixed news, there are clear signs we are entering a new phase in the response to AIDS, a time of unprecedented opportunity to defeat this epidemic. *There is growing political momentum*. For example, during my visits to China, India and Indonesia

over the last year I have seen growing leadership and bold plans to confront AIDS in three of the most populous countries in the world. And as we meet here, the summit of the African, Caribbean, and Pacific Heads of State in Maputo is devoting significant time to AIDS, as did the G8 Summit in South Island, USA and as the forthcoming European Union-United States Summit in Ireland and the African Union Summit in Addis Ababa will do in a few weeks. All that in just one month!

There is growing momentum of resource provision. Global spending on AIDS in low and middle income countries has grown dramatically in the years since UNAIDS was founded and has increased 180% between 2001 and 2003. The approval in January 2004 by the U.S. Congress of the President's Emergency Plan for AIDS Relief greatly enhanced this momentum.

There is momentum of hope. On every continent there is evidence that HIV prevention works, and that antiretroviral therapy is possible. The growing 3 by 5 movement is raising hope, but also high expectations world wide.

Capitalizing on this triple momentum is the main challenge for all of us.

Achievements of the Joint Programme

We have come a long way in the last year and I would like to express my thanks to UNESCO for chairing the CCO, and I look forward to working with the new chair from UNODC. In October 2003, the World Food Programme joined as our ninth cosponsor.

The Joint Programme has seen significant achievements in all five core functions as set out by the Programme Coordinating Board, and important internal reforms in the biennium. They are covered in my two reports and also discussed in two performance reports, one on the Unified Budget and Workplan (2002-2003), and one providing a mid-term assessment of the UN System Strategic Plan on AIDS (2001-2005). These reports provide an honest assessment of what we have done well and where we need to improve.

In particular, you asked us to focus on strengthening significantly our country presence. It is here where I feel we have made major progress since the 2002 evaluation of the Programme.

First, AIDS is now much more firmly on the agenda of UN country teams' work, including increasingly through the UN System Strategic Plan.

Second, there has also been clarification of the UNAIDS Secretariat's functions within the UN Resident Coordinator and the UN Country Team system. In November 2003, the UNDP Administrator, on behalf of the UN Development Group, sent a strong guidance note to all UN Resident Coordinators and UN Country Teams, significantly strengthening UNAIDS' country level work, and the role of the UNAIDS Country Coordinator, who is now formally a member of the UN Country Team. Agreement was also reached that the chair of the UN Theme Group on HIV/AIDS should be a country representative, and not the UN Resident Coordinator. These clarifications put AIDS at the heart of the functioning of country teams, and also strengthen the UNAIDS Country Coordinators' authority.

Third, resource allocation by the UNAIDS family to our country work has considerably increased. The World Bank is still the main multilateral donor on AIDS in Africa, and globally over 1300 full time equivalent UN system staff including over 300 UNAIDS Secretariat staff, are now working on AIDS at the country level.

The Secretariat has made major investments in improving the performance of existing UNAIDS Country Coordinators, as well as implementing a new rigorous competency-based recruitment system for new country level staff, including Monitoring and Evaluation Advisers, Social Mobilization and Policy Advisers, and Resource Mobilization and Tracking Advisers, who are now being recruited.

Fourth, the Secretariat has translated the Joint Programme's cross-cutting functions into a set of five strategic objectives and deliverables that serve as a framework for our country-level activities and against which staff are held accountable. Our key objectives are: empowering leadership, mobilizing partnerships, strengthening management of strategic information, building capacity to monitor the response, and expanding access to technical and financial resources.

Fifth, we have now engaged the regional directors, regional vice-presidents, and equivalents of all our cosponsors, particularly in Europe and Central Asia, Africa, and Latin America and the Caribbean. This is an important development, as they are often the line managers of the country representatives.

Sixth, we have been working hard to engage civil society in the formal national response to AIDS through the organization of Partnership Fora, our support to the Global Fund's Country Coordinating Mechanisms, and the funding of grass roots organizations. In addition, several of the UNAIDS Country offices are offering "safe space" to emerging organizations of people living with HIV. At the same time, we have to admit that there has been a decline in terms of multisectoral response and civil society's commitment in several countries.

Seventh, we are expanding our work in conflict and post-conflict situations with the Department of Peacekeeping Operations on peacekeeping operations, as mandated by resolution 1308 of the UN Security Council. In addition, we are now assisting uniformed services in over 60 countries in their AIDS efforts. For example, last week I sent a mission to Haiti to support peace-keeping operations.

Finally, as requested by you, we are presenting for the first time, a detailed report on our country activities.

Mr Thibault,
PCB Members,

I hope that you will agree with me that we have taken your recommendations seriously, and that we are under way to a much stronger UNAIDS at country level.

However, there are still many challenges ahead of us, which I will address later in my remarks.

Let me now turn to the formidable challenges – old and new - that the world faces in its response to AIDS, and what UNAIDS' plans are now to address these challenges.

Funding

First, funding. Fully funding the response to AIDS will require an extraordinary effort, which cannot be met from currently planned regular domestic and international development budgets. It will require extraordinary leadership and will have to use currently untapped resources. Clearly donors and affected countries need to review their own commitments. In addition, innovative new additional funding sources must be more effectively utilised or developed, such as debt relief and the U.K. proposal for an

International Financing Facility. At the same time, non-traditional actors, such as private sector funders, must be more engaged in a way that is specifically appealing to them.

We will continue to work on increasing and sustaining funding by

- documenting needs and results,
- tracking resource flows for AIDS together with OECD and others,
- sensitizing public opinion in high income countries through the World AIDS Campaign and other initiatives,
- advancing a multi-stakeholder advocacy strategy for the US\$10.7 billion dollars needed,
- exploring alternative funding resources, and,
- helping improve funding efficiency through better coordination based on the “Three Ones” principles.

Capacity

The second challenge, and probably the most acute one, is that of institutional and human capacity to implement AIDS programming. Greatly increased resources and political commitment are clearly not yet matched by an increase or availability of institutional and human resources, and in the countries most affected by the AIDS epidemic, AIDS itself is eroding capacity. Capacity strengthening takes time and a longer term vision, and may not always be the favourite of funders, but it is time to face the reality. Greater financial resources for AIDS without sustained capacity expansion to manage these resources will not yield the results needed in countries. Therefore, funders and those in charge of AIDS programmes must come to grips with the capacity challenge and make long term investments in capacity part of every AIDS programme.

Following a joint visit to Malawi with the Permanent Secretary of the United Kingdom’s Department for International Development, the World Bank and the Global Fund, I convened a series of informal meetings on the capacity crisis in southern Africa, as the problem is the most severe in this region, as well as in a number of countries in conflict or post-conflict situations.

An emerging consortium is now working on a number of policy and operational options to identify how donors can assist countries in assessing and addressing this capacity crisis. In UNAIDS, UNDP is in the lead through its Southern Africa Human Capacity Initiative, and we are particularly working with the World Bank and WHO through the High Level Forum on the Health Millennium Development Goals.

We also need a sustainable solution to fund and coordinate technical support on AIDS. Again, funding for such support has not kept pace with the increases in broader AIDS funding. The UN system is in a unique position to provide and broker technical assistance in vital areas for the response to AIDS, and demands on us have greatly increased. It is now time to resource this unfunded mandate. As recommended by the PCB, we are now establishing Technical Support Facilities for AIDS, which will help countries identify the key technical support providers and, in addition, will intensify our support to “horizontal” technical cooperation where it is already functioning.

The “Three Ones”

A third and old challenge, but which has been made significantly more acute with the greatly increased number of actors on AIDS, is that of coherence. From a survey we did in 57 countries, we can see the quite shocking reality on the ground: tens of public and

private donor AIDS missions per year per country, a plethora of monitoring and evaluation frameworks, and rival national coordination mechanisms often imposed from the outside. We are already seeing the real costs of such fragmentation, including ineffective use of resources, high transaction costs, reduced overall impact, and limited accountability.

This is not about bureaucratically driven coordination. This is about saving people's lives, and about optimal use of development money. This is why we have invested much time since the last PCB meeting in developing an international consensus on coherence, ownership and accountability of the global AIDS effort.

The Three Ones principles grew out of our work in Africa, where we clearly saw the need for collaborative planning, national ownership, and accountability in AIDS programming. These principles were agreed to by nearly all major donor countries and multilateral organizations at a meeting in April at the side of the World Bank and International Monetary Fund Development Committee meeting in Washington. The Three Ones call for:

- One agreed upon HIV/AIDS action framework ensuring there is ownership on the country level,
- One national AIDS coordinating authority, with a broad based multi-sector mandate, that will reduce duplication, and,
- One agreed country-level monitoring and evaluation system to reduce transaction costs for all concerned.

Promotion of the Three Ones goes to the heart of our work at the country level over the next several years. As requested by the donor consultation in Washington, UNAIDS will play the leading role in assisting countries and donors with implementation of these principles, with developing indicators for monitoring, and we will produce an annual report on our progress. As one Minister of Health of a heavily affected country told me: in addition to funders, we need a neutral partner and broker. And that is UNAIDS.

I should stress that the "Three Ones" are not an initiative, nor a project, but a set of principles to guide our collective work. I would like to ask for the Board's strong endorsement of both the principles and for our role in promoting and monitoring them.

There is also a need to re-examine operational relationships between AIDS and TB programmes, and AIDS and reproductive health programmes, as we did at UNFPA two weeks ago.

In addition, we need to pay increasing attention to the complementarity of the major funding streams, be they bilateral such as the US President's Emergency Plan for AIDS Relief, or multilateral, such as the World Bank and the Global Fund.

Exceptionality of a Continuing Crisis

The three challenges I just mentioned all point to the exceptional nature of this continuing crisis, requiring exceptional solutions – the fourth challenge I would like to mention. However, I am afraid this exceptionality of AIDS is not yet widely accepted.

This exceptionality goes from the personal level to macroeconomic and fiscal policies. Take AIDS-related stigma: it is unlikely that it will go away without a major sustained effort. And it is unlikely that "AIDS is now a chronic disease like any other" as some are claiming. I haven't heard yet of someone with diabetes who was beaten to death or

thrown out of the house because of her illness. So we will have to intensify our work on stigma and discrimination as we scale up HIV prevention and treatment programmes.

AIDS is, of course, part of the bigger development and even security agenda, but let's not bury it in any specific sector or into the overall development envelope, as failure on AIDS is the predictable result.

The exceptionality of AIDS was a big driver for the World Trade Organization members to accept flexibility on the TRIPS agreement to facilitate access to affordable, good quality HIV medicines for countries facing an AIDS crisis. Similar exceptionality is now required to adapt mainstream development instruments, and fiscal frameworks and ceilings to the new reality of AIDS in the countries heavily affected. These countries should not have to choose between keeping inflation under control and saving the nation and its development by containing the AIDS epidemic.

We will intensify our work on policy formulation in these areas, and have started a dialogue with key actors, such as the International Monetary Fund.

Comprehensive Response

Fifth, the need for a comprehensive response: The "3 by 5" Initiative and the US President's Emergency Plan for AIDS Relief have set ambitious and achievable treatment goals. But we should remember that between today and the deadline for 3 by 5, eight million people will become infected with HIV at the current pace. Prevention must be an integral, integrated part of programme scale up. The evidence is building up that HIV prevention and treatment reinforce each other – and we heard some further first hand evidence of this from four countries at a seminar this week co-hosted by the World Bank and UNAIDS.

The whole of UNAIDS is now gearing up its complementary resources to support countries to reach the 3 by 5 goal, under the guidance of WHO. Every cosponsoring agency has its role. For example, this involves UNICEF's expertise in procurement, the World Food Programme's logistics and nutritional support, and the International Labour Organisation's access to workplaces. However, scaling up treatment requires the collective financial effort led by domestic budgets, the US President's Emergency Plan for AIDS Relief, the World Bank, and the Global Fund.

The UNAIDS Secretariat, with key partners, and inspired by the Global Initiative on HIV Prevention Education proposed by UNESCO, is now revitalizing an HIV prevention strategy that is adapted to the new AIDS environment, and should aim towards an HIV-free new generation. We will present it to the Board in December. It will call on the world to give the same passion and drive to HIV prevention as it now does to HIV treatment.

In the meantime we have adapted our policy guidance on testing and counseling to the new realities of the epidemic and the response.

Finally, led by UNICEF, we have made good progress on operational strategies to support orphans and vulnerable children – a much neglected area in the response.

Gender

Sixth, there is a need for a gender-friendly approach: The increased feminization of AIDS requires that we address the way women's social status affects their vulnerability to HIV infection, and the special challenges they face in accessing services. Many of today's HIV prevention and treatment programmes fail to address

the special needs of women and girls. And too often in the response to AIDS we have failed to tackle underlying factors that affect women's vulnerability. And we have done even less on the behaviour and responsibilities of men.

In February of this year, UNAIDS launched the Global Coalition on Women and AIDS. The Coalition brings together leaders from all parts of society, with its Steering Committee chaired by Thoraya Obaid. It will be our main platform for work on this area, besides ensuring that a gender focus is incorporated in all programmes.

Long Term View

A final challenge is the need for a long term view. From the experience of two decades into the AIDS epidemic, it is clear that AIDS will be with us for generations to come, that its impact is only in its early stages, and that it will be long lasting. It is equally clear that short term approaches are the rule within a majority of countries. The decisions and actions we make today will greatly influence how heavily HIV affected societies will be affected in the future. Yet there has been little debate or analysis of the long term impact of these decisions, nor have the long term needs and opportunities been fully defined.

We have initiated an analysis of the long term impact of AIDS, starting with scenarios for Africa, which we will announce in September. We will also intensify our policy work on AIDS and development and poverty reduction instruments.

Mr. Chairman, I realize this is a long list, but it is a list that reflects the complexity of our task. To contain the AIDS epidemic, we will have to overcome each of these challenges.

Organisational Challenges

Let me now turn to some final reflections on where we are moving with the Programme in terms of its organizational challenges. UNAIDS is now operating in a more complex environment with more actors engaged on AIDS at all levels, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and strengthened bilateral initiatives, in particular the US President's Emergency Plan for AIDS Relief. Therefore it is more important than ever to ensure that the "added value" contribution of the Joint Programme is fully defined and well-understood.

The addition of UNHCR as a cosponsor of UNAIDS would fill an important gap in our country work, and I'm very pleased to recognize Ruud Lubbers, UN High Commissioner for Refugees.

On the global level, the Joint Programme has reached a new level of maturity, with a clear division of responsibilities among UNAIDS cosponsoring agencies. The Unified Budget and Workplan has proven to be the key instrument for global coherence, though the mechanism is not equally understood and respected by all donors. There is also still room for improvement to ensure better coherence in advocacy and leadership initiatives by various agencies.

The progressive inclusion of AIDS issues in the broader development, security, and trade agendas also pose new challenges as to the relationship of the Programme to global multilateral governance, and Millennium Development Goals-related action.

As for all development issues, our biggest collective challenge remains at the country level. With the increasingly crowded environment I mentioned earlier, it is

vital that the UN system in each country focus on its comparative advantage. In addition to the World Bank's role as one of the leading financiers of AIDS activities in the developing world, the value-added of the UN system is mainly one of capacity strengthening, policy formulation, technical support, monitoring and evaluation, and brokering of partnerships through its convening power: In other words, "to make the money work".

Using new instruments, agreed in the UN Development Group, we must move in this biennium from loosely organized coordination through the UN Theme Groups on HIV/AIDS, to genuine joint and cosponsored UN programmes on AIDS at the country level. This may imply:

- the development of a country-level equivalent of the Unified Budget and Workplan,
- the establishment of one "virtual" team, including AIDS-dedicated staff of different agencies in a given country, and
- even pooling of resources particularly in countries with very limited UN system capacity, such as in Eastern Europe and Central Asia.

As for the UNAIDS Secretariat, we are working hard on management excellence. As you know, we make use of existing administrative services of our cosponsoring agencies, particularly WHO and UNDP, and we have staff formally employed by several agencies. This in itself poses considerable management challenges to the Secretariat and in one country we have suffered setbacks which led to the summary dismissal of a staff member. Therefore, we have tightened procedures, including the placement of international administrative officers. We also continue to strengthen our management procedures including result-based budgeting, improved performance monitoring of the Unified Budget Workplan, competency-based recruitment and training, the implementation of more decentralized management and the UNAIDS Secretariat staff rotation and mobility policy.

In conclusion Mr. Chairman,

The Future Directions of UNAIDS, endorsed by the PCB in December 2002, provided the template against which the Programme could refocus its efforts in relation to the new challenges on AIDS of the first decade of the twenty-first century. As you can see, in the eighteen months since, a significant retooling of our efforts has taken place, and I am confident that we are now much better placed to play our key part in the global AIDS movement.

We fought hard to mobilise the funding, now let's fight equally hard to make the money work.

Thank you.