

DATA

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CAN THE U.S. EFFECTIVELY SPEND \$3B TO FIGHT AIDS, TB AND MALARIA IN 2004?

The Administration has argued that the U.S. Congress should appropriate no more than \$2 billion for AIDS, TB and Malaria and research in 2004. This is consistent with the President's original budget request but it is not consistent with the authorizing bill passed with massive bipartisan support and signed by the President or the subsequent "Sense of the Senate" vote on AIDS funding. Furthermore, the main argument used by the Administration—that no more than \$2b could be effectively spent—is not consistent with the latest research from AIDS and health experts as well as the spirit of the President's announcement. Political decisions may lead the Administration to advocate spending no more than \$2b, but this level of funding should not be advocated based upon an inaccurate "absorptive capacity" limitation argument.

1. Recent experience and research shows that at least \$3b can be absorbed and used effectively

Recent breakthroughs in simplifying drug regimens and reductions in drug pricing, and lessons learned from the successes of Uganda, Senegal and other resource-poor settings have paved the way for the international community to scale up its efforts to fight AIDS. We can now aggressively build upon prevention, care and treatment programs that have been proven to work. Costings which take into account these breakthroughs show that we have not yet fully utilized the *existing* capacity in Africa or other hard hit regions.

The best costings available reveal that—using *existing infrastructure*—the world's poorer countries could absorb \$8.2b for AIDS programming costs in 2004 and Africa *alone* could spend more than \$3.1b.¹ A one-third U.S. share of the global total for these program costs is \$2.7b. However, in order to make this comparable with the broader scope of the Global AIDS bill and the President's plan, we need to add the President's request for research (\$300m) and his request for TB and malaria (\$100m - which is minimal and below the level required)—giving a total U.S. share of \$3.1b for 2004.

2. \$2b fails to utilize existing capacity beyond 14 countries

The President's \$2b request for 2004 would direct approximately \$900m to 14 countries². Of the \$1.1b remaining, \$400m is requested for research, TB and malaria, leaving \$700m for AIDS in

¹ "Financial resources for HIV/AIDS programs in low- and middle- income countries over the next five years" UNAIDS 13th meeting of the Program Coordinating Board, December 2002.

² \$900m = \$450m new assistance + \$300m MTCT for the 14 countries + at least \$150m in existing bilateral AIDS assistance.

all other countries. In other words, the Administration's argument presumes that only \$700m could be effectively absorbed in the rest of Africa and the world. While DATA supports the targeted focus on these 14 hard-hit countries, three-quarters of Africa is left from the list as are countries such as Russia, China and India. These are countries with tremendous needs and large untapped capacity which the National Intelligence Council has identified as second wave countries where the rise of HIV/AIDS is likely to have "significant economic, social, political and military implications."³ The Administration's plan would flatline spending in the rest of the world at \$700m annually while epidemics in these countries are projected to escalate exponentially over the next few years.

3) \$2b fails to utilize the growing capacity of the Global Fund to Fight AIDS, TB and Malaria

While the Administration has expressed some level of concern regarding the management of an additional \$1b expenditure, the good news is that the programming mechanism already exists. The Global Fund to Fight AIDS, TB and Malaria is proving a trustworthy mechanism for programming these resources to complement bilateral programs. Global Fund grants are programming resources while further pushing the capacity envelope by dedicating 40% of resources towards increasing human and physical infrastructure in recipient countries. The Fund expects almost \$3b of high quality applications by the end of 2004—one third of which would effectively and efficiently utilize the additional \$1b. U.S. pledges through 2003 represent 33% of the Fund's pledges. To maintain that ratio and still allow the full \$1b to be programmed through the Global Fund, DATA and other advocacy groups are working with international non-US donors to ensure that a full \$2b is raised from other sources so that the U.S. may expend the full \$1b without exceeding a 33% share of contributions.

4) In order to make sure capacity constraints don't slow us down in the future, we can build more capacity

The above argues that we can spend \$3b effectively within the current capacity landscape but the President has committed the U.S. to do more than just work through existing capacity. With inspiring words, he has charged us with investing in expanded infrastructure capacity.

*"We will set up a broad and efficient network to deliver drugs to the farthest reaches of Africa, even by motorcycle or bicycle. We will train doctors and nurses and other health care professionals so they can treat HIV/AIDS patients. Our efforts will ensure that clinics and laboratories will be built or renovated and then equipped. Child care workers will be hired and trained to care for AIDS orphans, and people living with AIDS will get home-based care to ease their suffering."*⁴

We know there is untapped capacity on the ground right now, waiting for the resources needed to utilize it. To ensure that capacity does not become more of a hindrance to expenditures in the future, we must invest more up front and then use the newly trained health care workers and rebuilt systems to program even more services and drug delivery.

³ "The Next Wave of HIV/AIDS: Nigeria, Ethiopia, Russia, India and China" National Intelligence Council September 2002.

⁴ Remarks by the President in Announcement of the New Coordinator of U.S. Government Activities to Combat HIV/AIDS Globally, 2 July 2003

In summary, \$3b can be spent effectively. That is the factual argument. The more difficult questions is –why should \$3b be spent in 2004? The answer is because by spending the extra \$1b in 2004, the U.S. will save millions of lives and billions of dollars

If allocated in accordance with spending patterns identified by the Global Fund to Fight AIDS, TB and Malaria, the additional \$1b could:

- ✓ prevent an additional 1.6 million people from contracting HIV/AIDS in the first year of the program and
- ✓ treat 400,000 people who would otherwise die within 24 months

These enhanced prevention efforts alone would save the international community the \$1b it would eventually cost every year to put these individuals on ARV therapy not to mention costs such as training the teachers and civil servants to replace those who died from AIDS and caring for the children orphaned when their parents die from AIDS.