Evaluation of the United Nations Declaration on HIV/AIDS resource targets

ABSTRACT

This study evaluates the targets of the United Nations Declaration on HIV/AIDS Resource Targets, the attainment of which are premised on promoting three fronts: reduction of material and services costs, increased efficiency in access to and management of funds, and the channeling of new funds. Data were derived from studies of National Accounts of HIV/AIDS in Latin America and the Caribbean and from the recent available literature on the global dynamics of HIV/AIDS resources. The economic concept of global public good occurs throughout the text. The article discusses factors that constrain funding, and thus compel the adoption of new strategies in Brazil. The issues addressed include: difficulties in maintaining the downward tendency in the cost of items related to the HIV/AIDS epidemic, the incorporation each year of thousands of persons needing antiviral therapy, the rise in patient survival and increased diagnosis for the control of HIV/AIDS transmission. It is concluded that, in order to guarantee additional resources to combat the epidemic, the discussion on funding must necessarily focus on both the share of AIDS support for the Brazilian Ministry of Health, and, more importantly, on an increase in health funding as a whole. The recognition that HIV/AIDS control contributes to the global public good should facilitate increases in development assistance from international funding sources.

INTRODUCTION

The targets discussed in the financial resources chapter of the United Nations Declaration on HIV/AIDS Resource Targets deserve special attention because, without adequate funding to address the dynamics of this epidemic, other targets can be compromised.

Generally, targets emphasize the need to secure additional funding to combat HIV/AIDS. This is particularly relevant in countries where governmental capacity for financial assistance is low. Although it is necessary, relying solely on channeling new funds can be insufficient, given the nature and dimensions of the HIV/AIDS problem.

There are three basic economic strategies that can be adopted to reduce financial limitations in the provision of HIV/AIDS actions and services:

a) reducing the cost of material and services, thereby allowing for the redirection of funds to other areas;

b) increasing the efficiency of accessing and using funds in order to increase total funding; and

c) channeling new funding, thereby increasing the volume of nominal resources.

The present article evaluates and proposes action strategies in these three areas as a means to reduce the gap between financial need and the resources available to combat HIV/AIDS in Brazil.

Moreover, the scope of the targets discussed in the Declaration of Commitment of the United Nations General Assembly on HIV/AIDS (UNGASS) requires from Brazil specific actions and commitments. Thus, the degree to which the targets can guide public policies for the control of HIV/AIDS in the country will also be evaluated.

ANALYSIS OF THE UNGASS TARGETS

The 11 targets set forth in the Resources Chapter of the Declaration of Commitment of UNGASS are analyzed in an aggregated manner. Through this, an attempt was made to answer the question: How to secure sufficient funding to combat the HIV/AIDS epidemic (Target 1) and, more specifically, how to guarantee annual resources of US$ 7 to 10 billion for countries of low and medium per-capita income in 2005, as established by Target 2?

In answering this question, some targets are more closely associated with the behavior of international funding sources. In this group, the following parameters were analyzed: commitments related to increased free HIV/AIDS assistance and official development assistance (ODA) as a whole (Target 3); and support for the Global Fund for AIDS, Tuberculosis and Malaria (Target 9). Also discussed in relation to Target 3, are the extent of ODA contributions relative to the Gross Domestic Product (GDP) of developed countries (Target 5) and the ways to reach these levels (Target 6). Additional resources derive from debt-forgiveness initiatives for highly indebted countries and the cancellation of official bilateral debt (Target 7). Finally, public funding and the commitment to gradually increasing the percentage of national budgets committed to HIV/AIDS (Target 4) were evaluated separately.

The remaining targets were also analyzed in the work. Targets 10 and 11 relate to funds available from international organizations that can assist countries in training schemes to combat the epidemic. Target 8 addresses the necessity of additional investments in HIV/AIDS research.

This work relied on data from National HIV/AIDS Accounts for Latin America and the Caribbean. These consist of the systematic, periodic and exhaustive accounting of spending and funding flow relating to the control of the HIV/AIDS epidemic. It aims to determine: the sum of resources destined to the prevention and treatment of AIDS; the sources (public and private, national and international) that provide funding; the institutions that channel and manage the resources (as well as those that benefit from them); the programs developed; and the outlay.

The study used information available in the recent literature (1999-2005) concerning the global flow of HIV/AIDS resources. In this respect, the scarcity of standardized data on funding and expenses for HIV/AIDS, as well as their discontinuity, negatively impact the efficiency of spending and decision-making at the national and international levels.

As will be seen throughout the article, the proportion of the HIV/AIDS contributions shared among public and private, national and international sources is not solely conditioned on the availability of resources. This also depends on the perception of decision-makers concerning costs and benefits associated with the prevention and treatment of HIV/AIDS. This question is clearly related to the need for international collective action to fund and promote global public goods.

A global public good is understood to mean any program, policy or service that transcends national and regional boundaries. Although there is common appeal in its benefits, there is no interest in sharing its burdens by members of the group.
The prevention and treatment of AIDS should be considered global public goods, as both have a role in controlling the epidemic. Arguably, treatment cannot be disassociated from prevention programs because, as was noted previously, it has a substantial impact on the transmission of HIV and on understanding the serological status of the population.

For these reasons, the concept of global public good permeates this analysis and, furthermore, should occupy a privileged position in HIV/AIDS funding debates conducted in national and, primarily, international forums.

A study from the World Health Organization (WHO) Commission on Macroeconomy and Health suggests that when nations cooperate, the product is inferior to the interest of both individual countries and the group as a whole.

**ANALYSIS OF FUNDING SOURCES**

According to the United Nations Joint Programme on HIV/AIDS (UNAIDS), spending for combating HIV/AIDS in countries of low and medium per-capita income totaled approximately US$ 4.7 billion in 2003. Although representing an increase of 20% in relation to 2002 and 500% relative to 1996, these outlays are still considerably short of what is needed.

Estimates suggest that funding on the scale of about US$ 6.3 billion was needed in 2003. UNGASS calculated that an investment of US$ 9.2 billion would have been necessary in 2005 for prevention, monitoring and treatment of HIV/AIDS. The Macroeconomy and Health Commission of the WHO estimated a need for funding of between US$ 13.6 and 15.4 billion in 2007 and of between US$ 20.6 and 24.9 billion in 2015, depending on eventual cover and costs. Therefore, according to these estimates, in less than fifteen years funding to combat HIV/AIDS will need to increase fivefold.

The agreed values included in Target 2 (US$ 7 to 10 billion) are lower than the estimates proposed by UNGASS and those of the Macroeconomy and Health Commission. For this parameter, amounts represent the minimum total allocation for HIV/AIDS expenditures in 2005.

According to UNAIDS data, 34% of 2002 funding was contributed by the seven wealthiest (G-7) countries; 18% from national resources (including family outlay); 11% from the World Bank; 11% from the private sector; 7% from foundations and NGOs; 4% from the Global Fund; 5% from the United Nations; and 10% from donors of the Development Assistance Committee (DAC) of the Organization for Cooperation and Economic Development.

As discussed previously, international donors have increased their relative contributions to the fight against HIV/AIDS in recent years. According to UNAIDS, these funds accounted for approximately half of 2003 HIV/AIDS funding. In low and medium per-capita income countries, HIV/AIDS funds generally originate from international sources. This fact highlights the importance of these funds, and the modest contributions from other sources, for defraying costs in poor countries.

In relation to public funding of HIV/AIDS programs, data suggest there has been a significant reduction in the contribution from national governments in recent years: from 49% in 1996 to 24% in 2003. Two hypotheses may explain this apparent decline: methodological differences across studies or a significant increase in recent international funding. The latter may result from the implementation of the Global Fund and of the Multi-Country AIDS Program (MAP) of the World Bank and the increase in bilateral donations.

According to an UNAIDS study conducted in 58 countries, a relative reduction was observed in HIV/AIDS spending by national governments in spite of a tendency for increased contributions in absolute terms. This suggests that increased funding from other sources has gradually replaced the efforts by national governments.

These studies highlight the unequal distribution of these funds. According to UNAIDS (1999), the proportion of contributions from national governments to the fight against the HIV/AIDS epidemic is substantially higher in Eastern European countries (79%) and Latin America (67%) than in Sub-Saharan Africa, where it is 9%, and in the Caribbean, where it is 8%. Of the 64 countries included in this study, Brazil and Thailand were responsible for half (36% and 14%, respectively) of all the reported national outlays.

In Brazil, HIV/AIDS control is primarily sustained by public investment. Between 1997 and 2000, funding from federal and regional governments has remained relatively stable. As was shown in the National Accounts study, the flow of public resources accounted for 75.6% of the total AIDS funding in 1998 and increased slightly to 79.7% in 2000.

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Interestingly, a decline was observed in relation to federal resources allocated for AIDS as a proportion of Gross Domestic Product (GDP). In 1999, federal AIDS expenditures represented approximately 0.079% of Brazilian GDP, declining in subsequent years to 0.06%, 0.055% and, finally, to 0.05% (2004). Thus, a decrease of 36.7% was observed in HIV/AIDS spending as a proportion of GDP between 1999 and 2004. These data indicate that HIV/AIDS outlay has increased at levels inferior to the growth of Brazilian GDP during this period and was also inferior to the international average.

In absolute cost, the federal public expenditure for HIV/AIDS was of R$943.9 million in 2001 and R$800.2 million in 2002, which represented 3.7% and 3.2% of the total Ministry in Health spending in actions and services (excluding payments for retirees and debt services). Preliminary estimates reveal that, in 2003, these expenses were of R$853 million, which was equivalent to 3.14% of the total Ministry of Health (MH) spending. Thus, as a percentage of MH expenditures, the cost of AIDS control, although declining, comprises a significant proportion of the budget.

Purchases of anti-retroviral medication represented 78.1% and 63.2% of all HIV-related resources allocated by the federal government in 2001 and 2002, respectively. This spending equaled approximately 60% of the nearly R$ 840 million appropriated by the MH to strategic medication in 2000, and approximately 20% of total spending for pharmaceutical assistance in Brazil during this same year.

TARGETS ASSOCIATED WITH THE BEHAVIOR OF INTERNATIONAL FUNDING SOURCES

In this group, some targets apply to efforts by some countries to contribute funds to low per-capita income nations. The budgetary limitations of medium per-capita income countries, as is the case with Brazil, restrict their capacity to provide funds or material donations and it is thus unrealistic to expect a significant contribution from these countries. Therefore, the largest share of contributions needed to reach this target falls to developed countries.

This argument does not exempt developing nations (such as Brazil) from their declared commitments, but rather induces them to act primarily to suggest and monitor: collective actions, policies to be implemented by developed countries, strategies to be adopted by multilateral organizations and programs that provide technical assistance. In this respect, Brazil has been deeply involved internationally. This engagement has resulted in significant progress in fighting the epidemic and promoted cooperation with less-developed countries.

Other targets are associated with international funding commitments that can be provided to Brazil. In such cases, it is up to the Brazilian government to explore ways to better conform to the eligibility criteria for reception of these resources. This does not imply that completion for resources should exist with countries severely affected by HIV/AIDS and without financial conditions to confront its costs. Rather, Brazil should adapt to the eligibility criteria for international funding grants and loans allocated to poverty and, primarily, those targeting unequal distribution of income. This will focus attention on the country’s needs, and thus induce a regional increase in available resources.

International HIV/AIDS funding may, initially, seem to be a generous handout to poor countries. However, a more detailed analysis shows that the increase in international contributions has been extremely small. Despite a confirmed rise, official assistance for poverty reduction, through which the majority of international resources directed to HIV/AIDS are channeled, represents only 0.24% of the Gross Domestic Product of donor countries.

If developed countries were to attain their donation commitment of 0.7% of GDP, international funding could be significantly increased: from approximately US$ 53 billion to US$ 175 billion in 2001. This would increase the availability of funds for health and, consequently, for HIV/AIDS initiatives.

The monetary value of contributions used to combat HIV/AIDS is, without a doubt, lower than the resulting benefits of their investment. The recognition that managing this disease is a global public good can further the negotiations for increased development assistance and for more favorable financing conditions, thus broadening the international contribution in the fight against the epidemic.

Poverty reduction programs have been accepted as a global public good for a relatively longer time and, consequently, already receive substantial resources. Endeavors to secure HIV/AIDS funding may benefit

*In May 2006, US$1 =R$2.10
from the disease’s close association with poverty, particularly in Brazil, where approximately one third of the population (54 million persons) is considered poor. This factor, combined with substantial unequal distribution of income, makes Brazil particularly eligible for these funds.

The recognition that the fight against AIDS is a global public good leads to another question: what is considered an equitable distribution of aid among donor countries toward this global good? Here, two Official Development Assistance (ODA) resource flows are required: traditional bilateral assistance to fund national and local initiatives and another to fund global priorities. The understanding of the geographical reach of this assistance tends to revive the role of these institutions and, consequently, attract new resources. Only in this way will it be possible to define principles and an appropriate cost-sharing model for the global public good as established by the Declaration.

An additional difficulty facing international HIV/AIDS initiatives results from the absence of dialogue between donors. This, in turn, leads to decreased efficiency in resource distribution. In some cases, funds do not reach the countries in most need and, in other instances, the delivery of funds is delayed because of requirements of the donor agencies. Thus, there is need for a critical analysis of the eligibility criteria established by international funding bodies and of the primary obstacles for delivery of these resources.

International loans are another source of frustration for recipient states. Even when a country is eligible for funds, the rigidity of financial terms often makes these resources inviable alternatives. Moreover, the interest rates to be paid by the indebted country are defined based on GDP and do not consider the type of benefit (private, national or international) that the funds will yield.

The Human Development Report of 2005* of the United Nations Development Program asserts that the world is heading toward a disaster attributable to a lack of coordinated international effort. Three mechanisms can better this situation: increased financial assistance, increased international commerce and a resolution to armed conflicts.

At issue are not only increases in funding, but also the guarantee of their long-term sustainability and the strengthening of national governments through, among other instruments, expanded commerce. Shifts in priorities relating to political questions and resulting from armed conflicts lead to inefficient and uncertain allocation of resources. These preclude proper planning for the medium to long-term initiatives that are indispensable for population health.

**TARGET ASSOCIATED WITH DEBT-FORGIVENESS**

In a 1999 estimate¹, only 8.5% of the total resources made available as a result of debt-forgiveness were allocated to health. No estimates exist of how much of this was specifically directed to HIV/AIDS programs, but it is believed that these funds could be better administered since countries with the most significant epidemics are also the poorest.¹³ The inclusion of HIV/AIDS projects in debt-forgiveness initiatives will rely on a demonstrated relationship between the epidemic and poverty and the adequate implementation of poverty-control strategies in national HIV/AIDS programs.

In this respect, the debt-forgiveness initiative for poorer countries has encountered severe criticisms. Titled Debt Initiative for Heavily Indebted Poor Countries - HIPC Initiative, this was launched in 1996 by the World Bank and the International Monetary Fund and includes the largest international creditors. Complaints include the fact that only a portion of the entire debt is forgiven and, oftentimes, the amount to be repaid is higher than the health and education expenditures of these countries.** Furthermore, the policies implemented in order to reach fiscal targets and balanced payments decrease the resources available for poverty reduction and other national social programs.

**TARGET ASSOCIATED WITH THE BEHAVIOR OF NATIONAL PUBLIC FUNDING**

The data relating to public funding in Brazil, principally by federal entities, confirms AIDS is a higher priority than other diseases. This is obvious from the proportion of the budget allocated to this illness by the MH, particularly toward expenses associated with pharmaceutical assistance.

Although this position is unlikely to change, it is notable that from 1999 to 2002 the financial sustainability HIV/AIDS initiatives was only maintained, in relative terms, because of a 12.8% reduction in federal public outlay for combating AIDS and as a

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result of loan agreements with the World Bank, which consolidated expenses with the available budget.

Factors responsible for the reduced expenditures during these years were:

a) expenses with hospital treatments were almost 30% lower in 2002 than 1999, highlighting the success of policies promoting access to antiretroviral (ARV) medication;
b) expenses related to the acquisition of ARV medications were 23.6% lower in 2002 than in 1999, in spite of an additional 16,000 new patients in 2001. There was also an average reduction of 25% in the price of these products;
c) expenses with blood banks were 22.8% lower in 2002 than 1999; and
d) Administrative expenses relating to AIDS were 17.4% lower in 2002 than 1999.

Even if present conditions are maintained, the price reduction of costly treatment items, as was seen until 2002, will not be sustained. This decrease in spending resulted, in part, from inaccuracies in the standardized prices of services provided by the welfare system (Sistema Único de Saúde - SUS), which includes the remuneration of hospital stays, tests and blood sorting. The 13.5% inflation rate of 2001 and the stable cost of HIV diagnostic tests led to further lowering of prices in 2002.

This was also a consequence of the significant decrease in the price of antiretroviral medications (a prerequisite for the success of universal access policies*) which, among other factors, resulted from: increased domestic production of generics, importation of medications, centralized purchasing through the MH and the adoption of price regulation policies.

In this context, several factors can constrain funding. These include: difficulties in maintaining the tendency of decreasing prices, the incorporation each year of thousands of persons needing antiretroviral therapy, the rise in patient survival and the increased diagnostic testing needed to control transmission of the disease.

To confront this situation, in addition to the allocation of additional resources, new policies must be implemented that impact HIV/AIDS costs and increase the sum of resources available. The long-term sustainability of the Brazilian program for manufacturing antiretroviral medication, and generics in general, is conditioned on reducing the country’s dependence on imported pharmachemicals. This will require substantial investment for the reconstruction of the debilitated national industrial park.

Additional investment in research and development of new products that contribute significantly to HIV/AIDS spending is also imperative. The sheer size of this input is a significant obstacle to the development of medications by individual developing countries. In light of this, specialists promote the creation of a global fund for research as a means to overcome these financial limitations and address health issues particularly relevant to developing countries.

In order to reduce the price of medications, it is also necessary to exploit the flexibility inherent in the International Trade-related aspects of intellectual property rights. Government-issued licenses for new medication, for example, can reduce the expense involved in their purchase. This possibility has been endorsed in legislation and in international agreements to which Brazil is party.

In order to guarantee the allocation of additional AIDS resources, the discussion on funding should emphasize not only increased contributions by the MH, but, principally, increased health funding as a whole. In addition, Constitutional Amendment no 29 of 2000 (which modified article 198 of the Federal Constitution) should be enforced and Complementary Law no 01 of 2003 (which regulates the linkage of health funds) should be used to settle existing contentions relating to the amount and distribution of the limited federal health resources. In this way, more funding will be channeled to the fight against AIDS.

In a broader context, this discussion concerns the economic policies that recently have relegated social issues to lower priorities, a phenomenon increasingly observed in Latin America. For example, the monetary policy, which is cast in high interest rates, overly burdens debt services and compromises the use of resources in social programs.

In light of scare resources, it is crucial that investments be made in initiatives that are both cost-effective and produce few negative consequences. These programs should incorporate the relation between prevention and treatment since it is inappropriate to calculate treatment costs without also considering the impact of antiretroviral therapy in reducing HIV transmission.6
It is also important to stress transparency in the use of resources. This is contingent on the availability of reliable information on funding levels and resource flow. The periodic standardization of HIV/AIDS funding and expenditure data will streamline spending and identify, more precisely and transparently, deficits in sector and geographic resources. This will facilitate decision-making at the national and international levels.

REFERENCES


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