

# Commission on HIV/AIDS and Governance in Africa



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## The Impact of HIV/AIDS on Growth and Poverty Reduction in Africa

Address by

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Development Studies Centre Dublin, Ireland 03 February 2004

Mr. Paddy Reilly, Director of the Development Studies Centre, at Kimmage Manor,

Distinguished Guests,

Ladies and Gentlemen,

Let me first say how delighted I am by this opportunity to address you today, in what is certainly a most appropriate venue.

The founders of this institution, the Holy Ghost Fathers, are renowned in many parts of Africa for their work among the poor spanning nearly two centuries.

Indeed, in some ways, all of us working in the field of development could be said to be following in their rather large footsteps.

With Ireland now President of the European Union, the timing is also opportune, as Dublin's views are shaping the EU's agenda on the critical issues of world peace and security, as well as poverty reduction in the developing world.

In my remarks this afternoon:

- I will first briefly review Africa's main development challenges and the role of international partnerships.
- I will then highlight the impact of the HIV/AIDS pandemic on the social fabric and development prospects of the continent; and
- Thirdly, I will describe the work of the Commission on HIV/AIDS and Governance in Africa, that the United Nations Secretary General Mr. Kofi Annan has convened to develop policy tools and interventions to assist African governments mitigate the impact of the pandemic on state structures and economic development.

Ladies and Gentlemen,

A little over two years ago I delivered a lecture, not too far away from here, at Number 10 Downing Street, as part of Prime Minister Blair's Millennium Lecture series.

The lecture was entitled "FULFILLING AFRICA'S PROMISE" and I used that occasion to outline what I saw as the six main development challenges facing Africa at the start of the 21st century.

At the time, I also emphasised the important role that productive international partnerships and a new development paradigm would have to play in helping Africa to tackle these challenges successfully.

I would like to reiterate them now, since they are all still very much at the heart of Africa's development agenda.

The first challenge is good governance, as the capable state is the prerequisite for development.

Good governance is its own reward. It generates popular confidence in institutions and processes of government. It builds an enabling environment for the private sector to generate economic growth, unlocking the resources to overcome poverty.

The capable state invests in human capital by providing sufficient health and education services. It is essential for making efficient use of scarce public resources. But good governance is also instrumental for effective partnerships with the international community.

Above all, good governance demands peace and security. Until our many conflicts are resolved, and the conflict-stricken societies rebuilt, we cannot set Africa on the path to development. For without peace there can be no long-term development.

I am pleased that through the tireless dedication of African leaders and with the help of the international community, the conflicts in many troubled places, such as Sierra Leone, Angola, Congo, Sudan and Liberia have come, or are now coming, to an end.

In that context, Ireland, with its significant contribution to the new UN peacekeeping force in Liberia is once again certainly showing a real commitment to a strong development partnership with Africa.

Indeed, the Irish contingent was recently involved in a daring rescue of 37 civilians captured by one of the Liberian factions.

And, I am pleased to learn from the Irish Times that although your troops are only allowed three beers per night while stationed in Liberia, "the limit hasn't caused much disgruntlement!!!"

The contribution that Ireland is making in Liberia exemplifies the kind of relationship we need to build between Africa and its partners.

Africa cannot achieve sustainable growth without a transformed partnership with the international community—a new deal based on mutual responsibility for agreed development outcomes.

To advance that goal, we at ECA, in collaboration with the OECD/DAC, have developed a path-breaking instrument for carrying out mutual reviews of development effectiveness.

The idea is to generate a constructive dialogue between African leaders and policymakers and their OECD counterparts on development progress in Africa.

The first review will take place in 2005 and will look at actual efforts on both sides: on the African side, the commitment to self-monitoring and to peer learning is the lynchpin of accountability on good governance, and indeed a cornerstone of NEPAD.

On the partner side, we will look at trends in the quantity and quality of official development assistance to Africa, as well as the coherence of partner policies on aid, trade and debt.

Too often, there is little alignment between donor support and recipient country priorities. And as the failure of the talks in Cancun demonstrates we have a long way to go. But these mutual reviews should do much to help all sides improve.

Ladies and gentlemen,

The second challenge is to reduce poverty, and that requires both economic growth and capably spent social budgets.

With 4 out of every 10 people living on less than US\$1 per day, Africa is the poorest continent, despite being one of the most richly endowed.

Overall, while the world may meet the Millennium Development Goal of cutting the proportion of people living in poverty from 22 percent today to 11 percent by 2015, Africa will likely be stuck.

We, at the Economic Commission for Africa, estimate that an average growth rate of 7 percent per year is required to lift half of the population of Africa out of poverty.

Unfortunately, our economies are still far from attaining this rate on a sustained basis.

In 2002 only 5 countries grew at 7 per cent. A total of 27 African countries grew at less than 4% and five, registered negative growth.

The third challenge is to make our societies inclusive. We must use our ethnic diversity as strength. Africa must also expand this inclusiveness to tap the potential of its women and youth.

We must create far greater educational and employment opportunities for our women and youth.

With formal employment as only a modest part of the solution, agricultural development and micro-enterprise are the real hopes.

We have a long way to go. But there has been some progress.

Fourth, Africa must harness science and technology for sustainable development. Sustainable development requires a systematic, carefully coordinated, interconnected series of policies and strategies that will improve people's lives in a progressive, irreversible, palpable manner. In that context, our most basic economic task of sustaining food security is possible only by bringing science to agriculture.

Africa has not really benefited from the Green Revolution. Yet it cannot afford to miss the opportunities that science and technology are now offering. So we may have to leapfrog that revolution-for ecological and economic reasons-and embrace the next agricultural revolution, the Biotechnology Revolution.

We need a massive scaling up of poverty-focused public sector genetic research. We need strong and open debate on safeguards, to gain public support for the results of research. And because development in Africa has so far failed to embrace modern science to solve African problems, we need to establish-or re-establish-regional centres of excellence for science and technology research.

Fifth, we must have an information-rich economy. Progress in narrowing the digital divide between Africa and the rest of the world has been much faster than was expected only a few years ago.

But few countries have given ICTs their due. Many still must deregulate information and communications. And most need to build capacities to manage the systems and content of an information-based economy.

As the experience here in Ireland over the past 20 years has shown, by championing ICTs at the highest political levels, and by creating the right environment to attract foreign investment in the IT sector, a technology led national economic transformation can take place within a generation. The lessons learnt from the remarkable success of the Celtic Tiger certainly have much to teach us in Africa.

The sixth challenge, I highlighted two years ago, was the need to free up the tremendous creativity of the private sector. As in the rest of the world, private sector development, with growing involvement in dynamic global trade and flows of foreign direct investment, must, eventually, become the main driver of higher growth and employment generation in Africa.

The challenge is for African governments to continue to put in place the policy framework to enable the private sector to flourish-including legislative and regulatory provisions and safeguards for property rights.

Ladies and gentlemen,

These challenges are not new. What is new is that we have a better understanding of the depth of the issues, grounded in a thorough knowledge base of country experiences.

What has also become clearer is that the HIV/AIDS challenge now looms larger than all others I have just mentioned. This is the subject that I want to focus on in the rest of my remarks today.

Across the board, we see how HIV/AIDS and its wider social and economic impacts are standing in the way of the sustainable development of Africa.

We are now confronting the stark reality that the suffering and death due to the pandemic will severely impact upon our ability to meet all our development goals.

As we try to do more, we are faced with a frightening erosion of our human resources. Too often, we are struggling to maintain today's limited capacity.

Ten years ago, no one could have imagined that HIV prevalence would have reached the shocking levels that it has in parts of our continent.

Last year alone, some 2.3 million Africans died of AIDS, while an estimated 3.4 million people contracted the HIV virus. This brought the total number of people living with the virus on the continent to almost 30 million - according to UNAIDS.

Depending on access to effective anti-retroviral medication these people will die in the next 5-10 years, joining the over 17 million Africans already claimed by the pandemic since the early 1980s. Already, life expectancy is dropping to levels not seen since the 1960s and the hard won gains in child survival are being reversed. This means that the worst of the pandemic's impact on our societies and economies is yet ahead of us.

For the current generation, AIDS is primarily killing those in their productive and procreative years - with profound implications for population configuration and social structures.

Earlier studies of the impacts of the pandemic on African economies indicated that it would probably reduce the GDP growth rates by between 0.4 and 1.5 per cent. This may not look extraordinary at an initial stage, but it implies that in years to come, African economies will be significantly smaller than they would have been otherwise. Thus

- A recent analysis of the Kenyan economy has indicated that HIV/AIDS could leave the Kenyan economy one-sixth smaller than it would be without a high HIV prevalence by the year 2015.
- Similarly, a recent World Bank study of South Africa has indicated that by the year 2020, the level of GDP could be lowered by 17 percent due to HIV/AIDS; while the level of per capita GDP could be lower by 7 percent.

At the heart of these projections is the fact that HIV/AIDS brings many factors together in a particularly devastating combination.

First, as I have already mentioned earlier, HIV/AIDS kills people in the prime of their working lives, destroying the human capital built up in them over the years through child-rearing, formal education, and learning on the job.

Second, ill health and death have a tremendous negative impact on agricultural productivity. The explosive combination of acute food shortages caused by weather extremes, and the HIV/AIDS pandemic, has resulted in re-thinking of humanitarian emergencies in general and in Southern Africa in particular.

Third, the sad predicament associated with the sharp increases in HIV/AIDS-related adult mortality in the continent is the rising number of orphan children, as well as an increasing number of child-headed families and households headed by grandparents. Recent estimates put the figure of orphans in Africa in the range of 13 to 15 million children. The burden of orphaning due to HIV/AIDS is weakening the extended family safety nets. To my mind, providing care, basic social services and security for this group is one of the core challenges for Africa.

Fourth, the gender dimension of HIV/AIDS is particularly disturbing. A survey in Burkina Faso, for example, showed that infection rates among young girls age 13 to 24 was five to eight times higher than among boys of the same age. In lower prevalence situations, young men usually have higher infection rates than young women; as the pandemic progresses, an increasing number of women are infected.

Fifth, The private sector is also suffering from the impact of the pandemic. Studies on the impact of HIV/AIDS on various business sectors reveal increased labour costs for employers because of low productivity, absenteeism, shortage of labour, and fewer work hours.

In other words, HIV/AIDS may pose the greatest challenge to sustained economic development in Africa. As such, understanding its implications for future development, economic policy and strategic planning demands our immediate attention.

Chairperson,

A significant number of Africa's leaders are now aware of the seriousness of the threat posed by the pandemic and are taking charge of the fight against HIV/AIDS at the highest levels.

I am certain that if our leaders continue to make strong and genuine efforts in this direction, the socioeconomic devastation that this pandemic causes can be averted.

For, leadership at the personal, community, and international levels, is absolutely necessary in order to contain this deadly disease. Critical to this process, of course, is a better understanding of the ways in which it is undermining state- society structures in Africa.

For example, we need to understand better the ramifications of mortality amongst senior government officials and its implications for the delivery of public services, economic development and national security.

Such knowledge is vital for governments charged with economic policy and planning. They need to rethink their growth and development strategies taking HIV/AIDS into account.

In short, along with efforts to minimize the number of new infections, we also need to systematically understand the core channels through which this deadly pandemic is undermining our societies and economies, in order to better design policy and programmes to mitigate against these impacts.

This entails complementing the vital work being done in the areas of prevention, education and treatment, by providing African policymakers with the tools they need to understand and respond to the governance and development implications of this pandemic.

Ladies and Gentlemen, It is for these reasons that I have just mentioned, that I became convinced of the need for a concerted effort to empower African leaders in their battle against the pandemic.

A year ago, I began to discuss with my counterparts at the head of United Nations specialized agencies, the Director of UNAIDS, the concept of a special, accelerated effort to address the governance and development challenges of the AIDS pandemic.

The support I received was encouraging. Across the UN system, including the World Bank and also the African Development Bank, it was recognized that such an initiative would fill an important gap in our collective efforts to combat HIV/AIDS.

Most significantly, United Nations Secretary General, Mr. Kofi Annan, decided to convene the Commission on HIV/AIDS and Governance in Africa (CHGA) to undertake an in depth study of these issues and to receive its report. The Commission, which I have the honour to chair, is composed of internationally distinguished individuals including Dr. Peter Piot of UNAIDS, Richard Feachem, the Executive Director of the Global Fund to fight TB, Malaria and HIV/AIDS; and Joy Phumaphi, Assistant Director General of WHO.

The core challenge confronting the Commission is to help African policy makers, through policy-relevant research and advocacy, to fully grasp the nature of the long-term development challenges posed by HIV/AIDS to their societies.

At one level, the Commission will explore and synthesize knowledge on the ways that HIV/AIDS is devastating and reshaping families, households and communities.

Another critical issue for the Commission concerns the scaling up of treatment. We are now witnessing the advent of effective and affordable anti-retroviral therapy (ART) in the developing world.

This, combined with substantially increased international funds for providing treatment and care, presents a new opportunity for responding to the epidemic in Africa.

However, as the funding for ART grows an array of new challenges arises. In that context, the moral and human rights dimension of access to drugs is leading to significant soul searching by policy makers overseeing treatment programmes where demand outstrips supplies.

Who, for example, should be given priority treatment with ART? How, for example, does a government choose between a teacher and a miner, or between a soldier and a mother when it comes to the provision of treatment and care in resource-limited settings?

The Commission will also be looking into the whole question of how to decentralize access to treatment. It will study programmes that have been introduced to provide access to ART, and to see the different roles of state institutions and infrastructures, NGOs, and local and community organizations in this process.

Additionally, there are numerous issues related to funding for AIDS. These range from donor imposed expenditure ceilings, to issues of absorptive capacity, and sustainability.

My vision is to make this Commission on HIV AIDS and Governance in Africa an “activist” Commission.

This means that it will go beyond a technical exercise in research and analysis, to also engage with policymakers and other stakeholders during its lifetime.

Ladies and Gentlemen,

Given the exceptional nature of HIV/AIDS, the work of the Commission on HIV/AIDS and Governance in Africa by itself will not be the answer.

So what else needs to be done? And who is going to do it?

Hearing that, you might now understandably ask yourselves: Can we here in Dublin really help Africa effectively address this pandemic?

Let me answer by telling you a short story. It is the story of some mischievous young boys who set out to embarrass the village wise man.

They wanted to prove that the old man was just as foolish as all the others. They went to him with a bird, and asked him if it was dead or alive. If he said it was dead, they would let the bird fly; if he said it was alive, they'd wring its neck and kill it. One way or another, the old man had to lose.

“Old man,” they said, “is this bird dead or alive?”

The old man took a good look at the boys, paused for a long time, and said thoughtfully: “Young men, it is in your hands.”

So, my friends, it is in our hands, all of us. The sustainable development of Africa is in our collective hands. Each one of us must find some way to help Africa Fulfill its Promise.

Thank you.