

WAKING THE LION: DEVELOPMENT OPPORTUNITIES IN AN EMERGING AFRICA

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Waking the Lion: Development opportunities in an emerging Africa

Africa has entered an exciting era of growth and progress—a Renaissance that glitters with hope and new opportunities.

Africa is now among the fastest-growing economic regions in the world. Its collective GDP was USD \$1.6 trillion in 2008, roughly equal to Brazil's or Russia's.¹ This is due in large part to political will: government actions to end conflicts, improve macroeconomic conditions, and create better business climates.

Today, 40% of Africans live in cities, a portion similar to China and larger than India. There are 52 cities with over 1 million people in Africa—the same number as in Western Europe.²

Africa's labour force is projected to reach 1.1 billion by 2040, overtaking China's and India's, and its revenue collection, in the form of taxes, is rising impressively.³

Household spending on the continent reached a combined USD \$860 billion in 2008, comparable to Brazil and more than India or Russia. This is projected to rise to \$1.4 trillion over the next decade if real GDP continues to grow at its current pace. The middle-class African consumer is a growing force: The number of households with discretionary income—defined as greater than USD \$5,000, is projected to rise by 50% over the next 10 years, to 128 million.⁴

A moment ripe with opportunity

As Africa assumes its rightful place on the global stage, it is offering the world new perspectives on emerging debates and perennial problems. It is looking beyond traditional partners to forge equitable relationships in the global South.

African voices are presenting new alternatives for their countries to take ownership over health and development resources, to invest for greater returns and to share responsibility.

I am here to talk about the future. I am here to talk about this singular moment ripe with opportunities. AIDS is one of these opportunities.

African countries have learned that investing in AIDS is not only the right thing to do, it is the *smart* thing. It is like putting money in the bank. Averting disability and deaths from AIDS

UNAIDS' vision: Zero discrimination. Zero new HIV infections. Zero AIDS-related deaths.

results in higher productivity in factories, farms and office buildings; fewer orphans needing support; and lower costs of medical care for AIDS-related illness.

It should be no surprise that the upward, optimistic trend in Africa's growth parallels the success of the AIDS response. Our work over the past three decades has generated unmatched global solidarity in terms of financing, and has transformed those resources into results for Africa.

Thanks to smart investments, more than 4 million Africans now benefit from treatment, living resourceful, productive lives and raising solid families. And because we have invested in prevention strategically over the past decade, the rate of new HIV infections has dropped by more than one-quarter in 22 African countries.⁵

The AIDS response is a proven engine that accelerates gains across the development sectors, from improving maternal and child health to mitigating poverty and hunger, and it has long been a launching pad for innovation in science and social progress that benefits whole communities and countries.

In addition, AIDS funding has strengthened health systems, lowered tuberculosis rates and spawned models for chronic disease care across Africa's villages—among other beneficial outcomes.

But today, across the globe, two people are infected with HIV for every person starting treatment. That is more than 7,000 every day—about half of them children and young people.⁶

If we do not break this trajectory now, soon, we will never contain the costs of AIDS to countries. That window will close. And we will face the prospect of abandoning the 6 million people we have placed on life-saving treatment and the 16 million AIDS orphans—creating a recipe for social and political unrest.

But if we do maintain our investments—if we roll up our sleeves and leverage Africa's new political and economic realities to deliver the change that will finally end new HIV infections and AIDS-related deaths—we will see measurable social and economic returns.

- In the worst-affected countries, AIDS reduces the GDP by around 1.5% per year; over 25 years the economy would be 31% smaller than without the epidemic.⁷
- Studies of East African businesses have shown that absenteeism from HIV/AIDS can account for 25% to 55% of company costs.⁸
- By 2020, Malawi's agricultural workforce will be 14% smaller than it would have been without HIV. In Mozambique, Botswana and Zimbabwe, it may decrease by more than 20%.⁹

And if we increase our commitments to evidence-based prevention and innovative treatment—delivered through highly efficient systems at the community level—we can potentially halt this epidemic for good.

Economic benefits of ownership

If we maintain the status quo, the AIDS resource needs of sub-Saharan Africa are likely to double by 2015. So how, during this time of global economic belt-tightening, do we sustain and even increase investments in prevention and treatment?

The answer will be found in ownership. When countries own their AIDS response, they can control how funds are raised, allocated and spent. They can actively manage their future.

We have seen what happens when countries take ownership and financial control over their AIDS response.

In Botswana, strong political will and leadership for the AIDS response has translated into domestic financial resource allocation covering 70% to 90% of the national need.¹⁰ And South Africa, which funds more than two thirds of its AIDS response, launched an unprecedented initiative in 2010 to test 15 million people for HIV by the end of this year, while committing US \$1 billion to the AIDS response.¹¹

I am confident that that Africa can transition decisively away from dependency and towards shared responsibility—reaping economic benefits along the way. UNAIDS will do its part by continuing to advocate for strong commitments from our global partners. And we will also support Africa to do her part to break the infection-treatment trajectory and usher in a future of *zero new HIV infections, zero discrimination and zero AIDS-related deaths*.

But let me be frank. In my discussions with donors and partners, the message has been clear: if countries do not show willingness to share the responsibility, global solidarity and external aid will most certainly falter. I know that with political will, African leaders can assert greater ownership and financial control over their national AIDS programmes.

Assume ownership by reducing costs

One road to greater ownership is to systematically improve the efficiency and effectiveness of existing AIDS and health spending, pursuing principles of value for money everywhere.

Allocate for prevention that targets most vulnerable/transmission hotspots. Accelerate measures to prevent of mother-to-child transmission of HIV, and invest in innovation like Treatment 2.0—a new approach simplifying the way HIV treatment is provided and improving access to life-saving medicines.

Consider: are you paying too much for drugs? South Africa was able to achieve a 53% reduction in ART costs when the Finance Minister intervened, doubling the number of people on treatment.¹² I urge you also to pursue a continental drug regulatory system.

Better integration of HIV funding streams with other health budgets can reap further gains in operational efficiency.

Assume ownership through new sources of revenue

Adopting innovative public financing mechanisms, like several countries in Africa are doing, can provide new or enhanced sources of domestic financing for AIDS and other health priorities. Taxes are a popular solution—on tobacco and alcohol, individual and corporate income and mobile telephone contracts, for example. Countries can get an even better return when they launch initiatives to reduce tax evasion and close tax havens.

Another source derives from Africa's new personal and corporate wealth. There are rich philanthropic opportunities to be explored with the growth in African high-income households and from Africa's increasingly powerful companies. Currently, 20 African companies have revenues of at least \$3 billion.¹³

UNAIDS has the resources, networks and expertise to work with you on all of these initiatives.

Finally, I urge you to consider who is at the heart of your work as Ministers. Why does this matter?

Your citizens matter. When a person is thirsty, she can walk to water, although it may be far away. When a person is hungry, he can plant a garden, although its yield may be small. But those who are living with HIV often must rely on a donor thousands of miles away to get their daily pill. When people depend on external sources for life-giving help, they are powerless.

Country ownership is essentially about ending global inequity.

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UNAIDS, the Joint United Nations Programme on HIV/AIDS, is an innovative United Nations partnership that leads and inspires the world in achieving universal access to HIV prevention, treatment, care and support. Learn more at unaids.org.

¹ Lions on the move: The progress and potential of African economies. McKinsey Global Institute, June 2010.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Global Report: UNAIDS Report on the Global AIDS Epidemic 2010. Geneva, UNAIDS, 2010.

⁶ Ibid.

⁷ Greener R. et al. The Impact of HIV/AIDS on Poverty and Inequality. In: *The Macroeconomics of AIDS*. International Monetary Fund, 2004.

⁸ HIV/AIDS: It's your business. Geneva, UNAIDS, 2003.

⁹ UNAIDS Report on the Global AIDS Epidemic 2006, Geneva, UNAIDS, 2006

¹⁰ Country Spotlight Botswana: "The AIDS response has been catalytic in strengthening our health system." Geneva, UNAIDS, 21 September 2010

(www.unaids.org/en/resources/presscentre/featurestories/2010/september/20100921fsmdbgbotswanaqa/, accessed 29 March 2011).

¹¹ South Africa launches massive HIV prevention and treatment campaign. Geneva, UNAIDS, 25 April 2010.

(www.unaids.org/en/resources/presscentre/pressreleaseandstatementarchive/2010/april/20100423sa_campaign/, accessed 29 March 2011).

¹² ARV tenders mean more can now access treatment. Capetown, South Africa, Health-E News Service, 15 December 2010 (www.health-e.org.za/news/article.php?uid=20033049, accessed 29 March 2011).

¹³ Lions on the move: The progress and potential of African economies. McKinsey Global Institute, June 2010.