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Round table 4
International funding and cooperation

Global funding for HIV/AIDS programmes is too small, too slow, too fragmented, and comes with high transaction costs. Global cooperation is growing, but remains piecemeal and is sometimes at odds in substance with country priorities. UNAIDS estimates that a basic HIV/AIDS programme in all developing countries would cost at least $9.2 billion per year — six times the current level of investment. To turn back the epidemic and reduce its impact, funding from all sources needs to increase substantially, new partners need to be enlisted, and a country-centred approach needs to become the norm.

A. Issues

1. *Political commitment and demand from developing countries.* To what extent have developing countries assigned HIV/AIDS high priority in their development programmes and budgets or in their requests for external support? Where political commitment has been present, has it translated into adequate financial commitment? Few national HIV/AIDS programmes have sufficient scope, authority, and resources to underpin an adequate absorptive capacity in the countries receiving assistance. Do these factors create disincentives for donors to increase their commitments?

2. *Commitment by donors in the context of declining official development assistance (ODA).* Overall external aid declined throughout the 1990s to a new low as a share of donor countries' collective gross domestic products. Although the *proportion* of ODA committed to HIV/AIDS grew during this time, this growth was largely offset by the overall *decline* in aid. Estimates remain uncertain, but it seems likely that developing countries and their partners will invest about $1.5 billion on HIV/AIDS efforts this year. UNAIDS forecasts that a basic programme of prevention, care, support and treatment in all developing countries would cost about $9.2 billion per year by 2006. This estimate does not include the cost of improving the health infrastructure in developing countries, an important ingredient for a successful response. Can this goal be met? Do HIV/AIDS demands have sufficient political weight to catalyse net real increases in ODA?

3. *Support for country strategies, systems, and programmes.* A large share of support for HIV/AIDS still takes the form of discrete projects, which often have their own priorities, timetables and reporting requirements. To what extent is the effectiveness of HIV/AIDS programmes undermined by these methods of delivery? How extensive is the involvement of national AIDS authorities? Are projects generally consistent with national priorities and procedures? Has

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adequate programme support been available to help countries to design and implement multisectoral strategies, and coordinate the many sources of external aid?

4. *Global funding mechanism to mobilize contributions and support global public goods*. To what extent does the lack of a widely accepted global funding mechanism complicate partnerships, limit contributions from foundations and smaller donors, create the potential for gaps and overlaps in funding, and increase transaction costs? Could such a fund play a helpful complementary role in supporting country-level activities and investments at the cross-country and global levels?

5. *Mechanisms to involve, and channel resources to, communities and civil society*. Communities are on the front lines of the response to HIV/AIDS. Greater involvement of communities and civil society will be essential to scaling up national responses to HIV/AIDS. How many countries have mechanisms for strategically involving communities and civil society or channelling resources to them in sustained and accountable ways?

B. Recent progress

1. The past year has brought a sea change in the political context of the global response to HIV/AIDS. At a political level, more developing countries than ever before have publicly addressed the epidemic, and many have increased their own investments. Three landmark sessions with heads of Government have taken place in the past six months alone: in Africa, Asia, and the Caribbean. In external funding, many bilateral and multilateral donors have increased their contributions substantially, and a host of foundations and private sector entities have made major new pledges. The international community has also made considerable progress towards establishing a global fund for HIV/AIDS and global health issues. The epidemic now tops the international agenda.

2. With regard to cooperation, the past five years have seen progress. At the international level, the founding of UNAIDS in 1996 has brought about unprecedented collaboration and consistency in the support of the United Nations system (including the World Bank) to affected countries. The Millennium Summit development goals, which include HIV/AIDS targets, have been very widely endorsed — the first time that measurable goals for the epidemic have been globally agreed. At the regional level, a number of partnerships have arisen in the past few years, including the Caribbean Regional Task Force on HIV/AIDS (comprising CARICOM and a host of regional institutions and United Nations agencies), the West Africa Initiative, and the International Partnership Against AIDS in Africa (comprising Governments of African States, UNAIDS co-sponsors, multilateral organizations, and the private sector). Important specialized partnerships have also been formed among Governments, international agencies, bilateral agencies, vaccine manufacturers, research and public health institutions, technical agencies, foundations, and private firms.

3. This is, in short, the threshold of a new era of global cooperation against the epidemic. The challenge now is to convert this mounting interest rapidly into broader partnerships and new resources.

C. The Way Forward: Recommendations for discussion

1. Each developing country needs to lead its own effort against HIV/AIDS. All external partners need to work together under the country's leadership and within the rubric of the country strategy.

Experience has shown that success against the epidemic depends on strong national leadership and a well-coordinated HIV/AIDS programme designed and led by the affected country. Achieving this in more countries will require changes in both the *process* and *substance* of current approaches.

Recommendations: In process, each country needs to develop a comprehensive, multisectoral HIV/AIDS strategy in a participatory way. Partners of all types — multilateral, bilateral, civil society, philanthropic, and private — need to make the national AIDS authority the focal point for the vast majority of their support. Goals and design of such support need to be derived from the country strategy, not developed independently of it. External partners need either to provide flexible programme support or to support individual projects only to the extent consistent with

country strategies. The country and its partners should all assess progress by common results measures embodied in the national strategy. Each country HIV/AIDS programme should also establish a unified cycle for accounting, supervision, and reporting, to which all supporters should adhere. Resource flows need to be rigorously monitored.

In substance, both national authorities and their partners need to do more to integrate HIV/AIDS into national development plans and poverty reduction strategies, to build capacity to address HIV/AIDS in all sectors, and to strengthen health systems and infrastructure.

2. Developing countries need to increase their national investments in HIV/AIDS.

This is necessary both to enlarge the resources for HIV/AIDS and to signal the country's commitment, which is a prerequisite to obtaining sustained external support.

Recommendations: Developing countries need to consider all national resources as potential sources of support for HIV/AIDS efforts. These include reviewing spending priorities and increasing public financing from budgetary allocations (as part of national development plans and poverty reduction strategies), prioritizing HIV/AIDS to benefit from debt relief savings, creating subsidy schemes and revolving funds for access to care, and soliciting greater involvement of the local private sector as funding partners.

3. Official, philanthropic and private contributors need to multiply and speed disbursement of their financial and technical commitments to HIV/AIDS. Partnerships also need to expand to include more businesses and foundations.

Of the $9.2 billion needed globally, it is estimated that half to two thirds needs to come from external sources. Further, this amount covers only the direct costs of HIV/AIDS, not the substantial additional sums that will be necessary to strengthen health system infrastructures.

Recommendations: Governments, donors and NGOs all need to contribute more. In addition, new partners also need to be brought into the effort, especially from the corporate and philanthropic sectors. Leveraging such increased resources calls for broader partnerships and use of the brokerage functions of the multilateral system. To be effective, the resources for HIV/AIDS need to be additional, not diverted from other development priorities. The circular links between poverty and HIV/AIDS are well established, so it will not pay to reduce other development investments. Although the amount required is significant, it is well within the historical parameters of previous multilateral undertakings, for example the United States-European assistance initiatives of the early 1990s for the former Soviet Union.

4. Civil society should be centrally involved in global cooperation and funding.

Civil society has played a pivotal role in all countries that have had success against HIV/AIDS.

Recommendations: At the global level, representatives of civil society should be involved at all stages in design, decision-making, and implementation of cooperative undertakings. This participation should be broad-based, including persons living with HIV/AIDS and representing the voices of women, men, adults and youth. At the country level, civil society should have a direct role in AIDS governing bodies, and those bodies should channel a significant share of HIV/AIDS resources directly to the community level and to civil society organizations.

5. Conclusion of negotiations on the global fund

A well-managed global fund with strong technical guidance, accountable governance, and monitorable performance-based indicators could facilitate the global response in several ways. It could *increase overall resources* for HIV/AIDS by assuring public and private donors that their contributions would be efficiently channelled to areas of greatest need. This could also help to induce new and non-traditional donors to contribute. It could *accelerate the flow of funds* by consolidating more external support and

reducing the number of independent appraisals. It could realize *economies of scale* in procurement and certain other "bulky" activities. It could *reduce search and transaction costs* for both donors and recipients, and help to *eliminate gaps and overlaps* in funding. It could provide a steady source of funding for *global public goods*, such as research in vaccines and new prevention tools, activities along borders and truck routes, and work with refugees and other displaced persons. Finally, it could help ensure *greater equity in funding* among regions and countries.

Recommendations: Global negotiations on the proposed global fund should be brought to a successful close as soon as possible.