SIXTY-THIRD MEETING
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Statement by Dr. Y. Seyyid Abdulai
Director-General
OPEC Fund
The OPEC Fund for International Development welcomes this renewed focus on the HIV/AIDS pandemic ravaging societies in parts of our globe and stalking much of the rest of the world. It is opportune that the issue features on the agenda of this 63rd Meeting of the Development Committee. The epidemic represents a formidable impediment to the processes of sustainable socio-economic development and poverty alleviation and, thus, requires concerted, long-term structural response by the international community as a whole.

Every day, some 8,500 people are infected with the human immuno-deficiency virus (HIV); more than 36 million people, so far, have already been infected by the virus which causes the Acquired Immune Deficiency Syndrome (AIDS). Each 24 hours, an estimated 16,000 people, or one in every 20 deaths in the world, fall victim to AIDS. The death toll to date is 22 million people and rising.

Reconciled figures issued by the joint lead agencies show that 95% of current HIV infections are in the developing countries, where resources to confront the epidemic are meager: with about seven million HIV-positive people, the Asia region accounts for 20% of the world’s people living with HIV/AIDS. Since Asia is home to 60% of the world’s population, the region will come to dominate the HIV/AIDS picture in terms of the total number of people infected; in Eastern Europe and Central Asia, the number of persons living with HIV/AIDS increased over the past decade, to 700,000; the disease also poses a growing threat to Latin America and the Caribbean, with 1.4 million and 390,000 people testing HIV-positive, respectively; and in North Africa and the Middle East, 400,000 people have been infected.

Africa, however, has been, by far, hardest hit by the HIV/AIDS pandemic. While struggling to adapt their vulnerable and structurally weak economies and institutions to mounting global competition, and while grappling with the scourges of civil conflict and natural disasters, African leaders are additionally engaged in a merciless battle against HIV/AIDS. In the year 2000 alone, 2.4 million Africans were killed by AIDS. Africa is home to the majority of the least developed countries (LDCs), and has, over the years, received the largest share of the OPEC Fund’s development assistance.1

The situation is particularly grim in sub-Saharan Africa, where HIV/AIDS has become the leading cause of death, wiping out decades of progress in raising life expectancy, improving public health systems, and developing human resources. Out of the total of 5.4 million new infections worldwide in the year 2000, four million or 74% were in sub-Saharan Africa. South Africa is the worst affected country with 4.2 million HIV-positive people, the largest single-country number in the world. In the most severely battered countries, the lifetime risk of dying of AIDS is 40-50%, and life expectancy on the average is 10-17 years lower than it would have been without the disease.

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1 All told, some 25.3 million African lives have been lost since the diagnosis of the disease, a quarter of them children.
The epidemic affects more people than it infects. HIV/AIDS is taking a human toll which is not always quantifiable, not only among those who were infected, suffered from and died of the disease, but also among their families and communities. Since HIV/AIDS kills people in the most productive age groups (15-45) at the prime of their working and parenting lives, it leaves behind a new generation of orphans. Some 13.2 million children worldwide have been orphaned since the outbreak of the epidemic, 12 million of whom are in Africa, nearly triple the number of political refugees and displaced people. According to recent forecasts, there may be as many as 42 million AIDS orphans worldwide by 2010; and in some African countries, up to 10% of the children may grow up in the care of relatives or the state.

In addition to causing great human suffering and stress and orphaining millions, the HIV/AIDS pandemic is deferring many developing countries’ hopes for advancement by slowly unraveling an entire century’s hard-won gains in health and human progress. The disease puts massive pressure on public health budgets, compromising health care services for communities. In some African hospitals, about 50-70% of beds are occupied by AIDS patients, displacing others suffering from conditions that require curative attention.

HIV/AIDS endemic not only constitute a key human security issue, it poses severe health, economic and social policy concerns, liable to precipitate a crisis of development. The public sector is greatly affected by the epidemic, as health care and other social expenditures increase, revenue bases are eroded, and workers are lost. The early loss or prolonged absenteeism of qualified employees reduces productivity and the quality of services. Similarly, the private sector suffers through productivity losses and rising costs due to AIDS-related absenteeism, labor turnover, shrinking labor supply, and medical, pension, and death-related benefits.

The causal relation between HIV/AIDS, health and wealth, and economic development flows in both directions. By slowing output growth in all sectors of the economy and reducing income and wealth in households affected by the disease, the epidemic creates a vicious cycle of poverty and macro-economic degradation. It makes families poor as they try to meet the escalating costs of health care and funerals of diseased family members. Families become poorer as they try to cope with the loss of income following the death of a breadwinner, and as they sacrifice investments in human capital which, in turn, will impoverish the next generation. Workforces are depleted, agricultural output declines, and schools are losing teachers and students. As economic growth declines and food production diminishes, essential household food and health spending decrease, reducing resistance to infections and further facilitating the spread of HIV/AIDS and other diseases.

The HIV/AIDS epidemic does not respect borders or class, and both the rich and the poor can contract the disease. However, poor people and low-income countries have fewer resources at their disposal to cope with the emergency and are, thus, bound to disproportionately suffer the harmful consequences. By slowly strangulating many economies and widening the gap between rich and poor, both within and among nations, the HIV/AIDS pandemic jeopardizes the international target of reducing by half the number of people living in absolute poverty by 2015.
Since HIV/AIDS has a long incubation period, the impact of the disease is gradual; its full effects are yet to be felt. Short of adequate prevention and an affordable cure, the toll will rise further, placing ever-greater demand on already stretched public health care systems.

Considering all of the above, urgent and concerted action by the international community is required. Much can be done by national governments to halt the spread of HIV/AIDS through effective policy response, public debate, advocacy and follow-up at the national level. It is now clear that HIV prevention does work. This has been demonstrated by countries in North America and Western Europe, where infection rates appear to have stabilized at the relatively low levels of 920,000 and 540,000 HIV-positive cases, respectively. Uganda and Senegal also demonstrated the same with bold national action which has stabilized or reduced infection rates.

There is a residual challenge to convince a few remnant governments of the real risk to socio-economic development (and ultimately internal security and stability) if HIV/AIDS continues to spread among their population. Governments should be encouraged to double their commitment to combating HIV/AIDS by mainstreaming relevant measures in their national and regional development policies and strategies, and by scaling up national budgets to make available the necessary resources.

Similarly, the consequences of inaction on the part of the international community should be made clear, and advocacy as well as policy dialogue and public-private partnerships intensified. There should be mass-mobilization of resources at all levels and on scales commensurate with the scope of the crisis. National governments with limited resources and capacity will not be able to meet the challenge of containing the pandemic without timely and adequate assistance by the international donor community. International action will help to mobilize resources, strengthen the health and education sectors, improve advocacy, diagnosis, and access to care and treatment, and expand prevention efforts.

Recognizing this need and conscious of the tremendous threat to sustainable development posed by the pandemic, the international community, meeting in New York, September 2000, adopted the common target of halting and beginning to reverse the spread of HIV/AIDS by 2015. This occasion was the UN Millennium Summit.

The OPEC Fund is boosting its development cooperation efforts to help meet this important international goal, pursuing greater collaboration with all relevant partners in development. In September 2000, the OPEC Fund helped finance the African Development Forum (ADF) 2000, an Africa-led initiative of the United Nations Economic Commission for Africa (ECA), working in collaboration with UNAIDS and other stakeholders. Organized under the theme “Aids: the greatest leadership challenge” in Addis Ababa, Ethiopia in December 2000, ADF 2000 served to focus global attention on Africa’s HIV/AIDS position. The forum sought to strengthen commitment and mobilize action against the pandemic at all levels.

The OPEC Fund also recently contributed to the African Summit on HIV/AIDS, Tuberculosis and other Related Infectious Diseases, sponsored by the Organization of African Unity (OAU). This Summit was just concluded (April 26-27, 2001) in Abuja, Nigeria, and endorsed a Plan of Action that will form the legislative framework for national and regional initiatives on the control of
HIV/AIDS, tuberculosis and other infectious diseases in the continent. A mechanism for implementation of, and follow-up on, the Plan of Action was also adopted.

Other high profile initiatives taken by other development finance institutions deserve support. One of such efforts is represented by the strategic plan of the World Bank on *Intensifying Action Against HIV/AIDS in Africa: Responding to a Development Crisis*. The Bank’s strategy, as it is understood, aims at raising advocacy, mobilizing resources and technical support, enhancing prevention efforts and activities to improve care, support, and treatment, and expanding the knowledge base to help countries design and manage comprehensive programs based on local circumstances and best practice.

Action has also been taken under the *Enhanced Heavily Indebted Poor Country (HIPC) Initiative* to which the OPEC Fund is a participant. Debt relief to poor countries through the HIPC Initiative is seen as a potential source of funds for use in the struggle against HIV/AIDS, particularly in Africa.

A most crucial issue still to be addressed is the problem of under-investment in research and development of an HIV vaccine that can be tailored to the strains of the virus in particular developing countries. This issue has received inadequate attention until the present, both financially and politically, mainly because developing such vaccine for people in poor countries has so far not been considered commercially viable. As a result, global research funds for HIV vaccine development have been very small, and the limited research that has been carried out has been oriented toward the needs in developed country markets.

If the UN Millennium Summit target of halting and beginning to reverse the spread of HIV/AIDS by 2015 is to be met, an HIV vaccine adapted to the needs of the poorest countries should be quickly developed to add to the arsenal of measures to fight the epidemic. Financial resources are urgently needed to accelerate activity in this area, to create a credible market through agreements that can guarantee purchase and help poor countries buy the vaccine at an affordable price, and to ensure the availability of reliable distribution networks. Ongoing initiatives that are particularly commendable in this regard are the work done by the Global Alliance for Vaccines and Immunizations, the International AIDS Vaccine Initiative, the World Bank AIDS Vaccine Task Force, the European Union, and the UN.

Anti-retroviral drugs that have extended the lives of patients in the industrialized countries are too expensive for poor country governments or families, and donors and drug companies have not yet devised ways to get the drugs to the poor who need them most at reasonable prices. Pharmaceutical companies in the developed countries charge US$10,000 to US$15,000 a year for anti-retroviral drugs though the average cost of developing a new drug is around US$500 a year.

Ways and means would need to be explored to authorize local drug producers in developing countries to reproduce patented anti-AIDS drugs and manufacture them cheaply without contravening World Trade Organization (WTO) rules. If public health safeguards are to be

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2 Brazil, which accounts for one third of the 1.6 million people living with HIV/AIDS in Latin America and the Caribbean, waived patent rights on HIV/AIDS drugs four years ago. Prices fell by more than 80% and today almost every Brazilian AIDS patient gets the drugs free of charge. However, Brazil was
guaranteed as originally provided for in the WTO agreement, a fundamental reform of the TRIPS is required, including a reduction in the 20-year period of patent protection on essential drugs, reinforced health standards, and a ban on the use of trade sanctions.

Drug therapies against AIDS first became available in the early 1990s. However, for almost a decade, the pharmaceutical industry rejected the option of lowering prices or adopting differential price schemes for AIDS-related drugs in poor countries for fear of eroding profits. A breakthrough seemed to have emerged in May 2000, when it was announced that five major pharmaceutical companies would negotiate substantial discounts for HIV/AIDS drugs in the developing countries. However, these companies have tried to keep discounts under control by negotiating differential prices in strict confidence – drug by drug, firm by firm, country by country - and only few poor people in the developing countries have actually benefited from cheaper anti-retroviral drugs. Very recently, there has been some welcome change in pharmaceutical industry’s attitude to AIDS in poor countries. At the end of March 2001, Merck & Co. agreed to cut by two-thirds the cost of two AIDS medicines in Brazil. Merck made a similar offer to Africa, and another company indicated it would sell to the continent two AIDS drugs and its HIV diagnostic test at no profit. Nonetheless, there is need to move further, as even at the new reduced prices, the cost of AIDS drugs exceeds the ability of poor countries to pay.

Pharmaceutical companies need appropriate incentives to develop new drugs and to market existing or new drugs in the developing countries at differential prices, in line with the TRIPS Accord. They would need to allow developing countries to import cheaper generic versions of such drugs. TRIPS has an opt-out clause allowing governments to issue compulsory licenses for the parallel import and manufactures of generic drugs in cases of national emergency. Pharmaceutical companies could be encouraged to sell requisite drugs at cost or below cost to donor agencies, which could then channel them on to poor countries free of charge.

Furthermore, a real need remains to improve the supply of safe blood in developing countries. Owing to the universal screening of blood before use, HIV infection through infusion of infected blood has been brought down to virtually zero in the industrialized countries. But in the developing countries, 5–10% of the HIV infection result from contaminated blood. In most of Africa, blood transfusion services required for the comprehensive screening of blood are lacking. In China, impoverished villagers sell their blood to blood traders using and re-using unsterilized needles and drips, and account for an estimated 20% of HIV infections in that country.

Considering the magnitude of the HIV/AIDS pandemic, no actor can single-handedly address the problem of its containment and impact. We all should join forces to fight the calamity. Governments, international development agencies, the private sector, the media, research subsequently sued at the WTO by the United States for having violated the Trade Related Aspects of the Intellectual Property (TRIPS) Accord, and threatened with trade sanctions under the “Special 301” Trade Provision. Similarly, a lawsuit was filed against South Africa for having issued legislation giving Health Ministers the right to override drug patents on public health grounds.
institutions and civil society organizations are called upon to redouble their efforts in this regard and make a difference by saving hundreds of millions of young lives now at risk. The OPEC Fund, for its part, intends to play its part in support of worthwhile initiatives aimed at combating the HIV/AIDS endemic in partnership with its network of cooperation agencies.