



# Making HIV and AIDS financing work for children

## Providing for children affected by HIV and AIDS\*

The global HIV and AIDS crisis is reversing development gains and has the potential to cause social, political and economic instability. The pandemic is not only threatening the well-being of future generations, it is also having a devastating effect on the lives of millions of children today.

This briefing considers the financial response to HIV and AIDS and analyses the performance of child-specific HIV and AIDS spending targets. Save the Children argues that without an urgent and substantial increase in financial support to respond to the needs of children affected by HIV and AIDS statistics such as the following will continue to mount.

- **An estimated 15 million children have been orphaned by AIDS.<sup>1</sup>**
- **Estimates of the number of children who may be orphaned due to AIDS-related death are as high as 25 million by 2010.<sup>2</sup>**
- **Every day 1,400 children die from an AIDS-related illness.<sup>3</sup>**
- **Less than 5 per cent of children in clinical need have access to life-saving anti-retroviral treatment (ART).<sup>4</sup>**

- **There are 2.1 million children under 15 infected with HIV<sup>5</sup> – with 1,800 new child infections occurring each day.<sup>6</sup>**
- **Ninety per cent of HIV positive children are infected through failure to ensure that existing prevention treatment is provided to all pregnant women who are HIV positive.<sup>7</sup>**

Generations of children are growing up whose right to education and health, to protection and care, is being challenged by HIV and AIDS, thus curtailing their capacity to develop as adults.<sup>8</sup> National governments must be reminded of their commitment to international agreements which recognise the rights of children affected by HIV and AIDS, including:

- **The United Nations Convention on the Rights of the Child – General Comment on HIV/AIDS (2003)**
- **The UN Declaration of Commitment on HIV and AIDS (2001)**
- **The Millennium Declaration and Millennium Development Goals (2000)**
- **The G8 Gleneagles Communiqué (2005)**
- **Declaration of the UN High Level Meeting on HIV and AIDS (2006).**

Political commitments must be demonstrated by sufficient and sustained funding of programmes to

\* Children affected by HIV and AIDS is a comprehensive term covering the prevention, treatment, care and support needs of children. It is used throughout this report, apart from when referring to specific donor interventions targeted at orphans and vulnerable children (OVC).

prevent new infections among children, treat HIV positive children with life-saving drugs, care for children with appropriate responses and support households that include and/or are led by affected children. Securing sustained political commitment to resource HIV and AIDS activities remains a challenge, which is compounded by an inability to establish clear baselines regarding whether and how existing funding initiatives are meeting their targeted ends. This briefing raises concerns about the scarcity of data regarding:

- **the overall allocation of funds targeted to combat HIV and AIDS**
- **how much of these funds are targeted towards children**
- **the actual expenditure that directly benefits affected children.**

## Disbursement of HIV and AIDS funding

There has been a gradual mobilisation of resources to respond to the urgent needs resulting from the AIDS pandemic. Analysis of past disbursement data shows that an estimated US\$6.4 billion in overseas development assistance, including by G7 members, was targeted at HIV and AIDS control and mitigation activities between 2001 and 2004.<sup>9</sup> Table 1 provides an overall indication of what governments reported spending on HIV/AIDS to

the Organisation for Economic Co-operation and Development (OECD) Development Co-operation Directorate (DAC), the key forum of major bilateral donors.

While these figures provide an indication of recent disbursements, there are limitations.

- The figures are compiled from governments with different classifications and tracking systems for HIV and AIDS expenditure.
- National-level reporting varies in the amount of detail on the composition of spending, ie, the amounts targeted at prevention or treatment, care and support. Also, while donors may report on the percentage of spending targeted at benefiting children affected by HIV and AIDS in their national reporting, these figures are not reflected in composite reporting.

Disbursements from donor governments form a major part of international resources but governments in countries affected by HIV and AIDS also allocate varying proportions of their budgets. Households and people living with HIV are also paying a large burden of the share of HIV and AIDS-related costs because of user fees for health services, but out-of-pocket expenditure is rarely captured and thus cannot be reflected in national spending analysis.

**Table 1. Development aid for HIV/AIDS activities 2001–2004 in \$US millions<sup>10</sup>**

Country	2001	2002	2003	2004
Canada	2	41	27	68
France	4	73	37	185
Germany	15	14	45	65
Italy	16	14	3	6
Japan	7	18	33	193
UK	11	35	359	403
US	461	540	1,056	1,056
<b>Total: G7 members</b>	<b>516</b>	<b>735</b>	<b>1,561</b>	<b>1,976</b>
<b>Total: OECD DAC members</b>	<b>597</b>	<b>1,011</b>	<b>2,061</b>	<b>2,731</b>



The private sector, including multinational and national corporations, foundations and individual philanthropists also constitute sources of funding for local, national and global responses to AIDS. Civil society, including HIV and AIDS programmes of international and national non-governmental organisations and community-based organisations have also mobilised significant resources.

**HIV and AIDS resource needs estimates**

The outcomes of the UN High Level Meeting on AIDS in June 2006 included an endorsement of the need to dedicate US\$23 billion annually to HIV and AIDS.<sup>11</sup> This was not accompanied by a commitment to mobilise these resources nor was there recognition of the existing resource gap. UNAIDS previously provided an indication of the amount required to adequately respond to the HIV and AIDS pandemic for the years 2006 through 2008 and suggested that US\$55.1 billion would be needed, as detailed in Table 2.

While these estimates provide a baseline on which to set expenditure targets, there are limitations to them, including the following.

- **The estimate for orphans and vulnerable children (OVC) does not represent the**

**overall resources needed to respond to children affected by HIV and AIDS. A percentage of the prevention and treatment and care estimates must be allocated to children.**

- The figures for treatment used a baseline of 50% coverage beginning in 2006. This assumed that the World Health Organization/UNAIDS initiative to get three million people on ART by the end of 2005 would have reached its final goal. Less than half that number, only 1.3 million, were accessing ART by the beginning of 2006.
- There is no evidence that these estimates took children’s access to ART into account. Due to inadequate development and marketing of paediatric ART formulations, they are far more expensive and thus would skew the estimates.
- The methodology for determining the resource estimates for OVC are based in part on “the number of children needing support multiplied by the coverage (the percentage receiving support) and multiplied by the unit cost of providing the service”.<sup>13</sup> A thorough estimate of varying costs of services was attempted in sub-Saharan Africa but a global estimate is yet to be established and fees vary widely, even within a country.

**Table 2. Global HIV and AIDS resource needs 2006–2008<sup>12</sup>**

US\$ billions	2006	2007	2008	Total 2006–08
Prevention	8.4	10.0	11.4	29.8
Treatment and care	3.0	4.0	5.3	12.3
Orphans and vulnerable children	1.6	2.1	2.7	6.4
Programme costs	1.5	1.4	1.8	4.7
Human resources	0.4	0.6	0.9	1.9
<b>Total</b>	<b>14.9</b>	<b>18.1</b>	<b>22.1</b>	<b>55.1</b>



## Estimates of available resources

Based on known financial pledges, UNAIDS estimates that US\$8.3 billion was available in 2005; \$8.9 billion is available for 2006 and \$10 billion will be available for 2007.<sup>14</sup> These estimates include announced pledges but are undermined by factors such as:

- concern that these commitments do not necessarily lead to increased aid being disbursed to developing countries, with aid remaining volatile<sup>15</sup>
- failure to include other sources that would contribute to the overall expenditure on HIV and AIDS, such as out-of-pocket expenditure.

While these estimates might be regarded as considerable in comparison to the projected spending on other public health and social development concerns, they have to be considered against the overall need for HIV and AIDS financing. UNAIDS estimates that **an \$18 billion resource gap remains over 2005–2007.**

## Child-specific HIV and AIDS spending targets

Donor governments have increasingly recognised the importance of a focus on children affected by HIV and AIDS both in policy frameworks and expenditure. The 2005 G8 Summit produced agreement among members to: “ensure that all children left orphaned or vulnerable by AIDS are given *proper support*”.<sup>16</sup> It can be argued that children make up the greatest percentage of the population affected by HIV and AIDS in high-burden countries with a very large population under age 18, especially given that one adult death has an immediate impact on one or more children in their family or community.

The following analysis focuses on donor governments who have made political commitments to spending targets to meet the needs of children affected by HIV and AIDS. Both the United Kingdom and the United States of America, respectively the

largest and second largest donors for HIV and AIDS, focus on the need to provide for the support of orphans and other vulnerable children and have each set a 10% spending target. Ireland has set a 20% target to ensure that their interventions are beneficial to children affected by HIV and AIDS. Data provided by these three governments differs based on reporting requirements and the ability to engage with this piece of research.

## United Kingdom

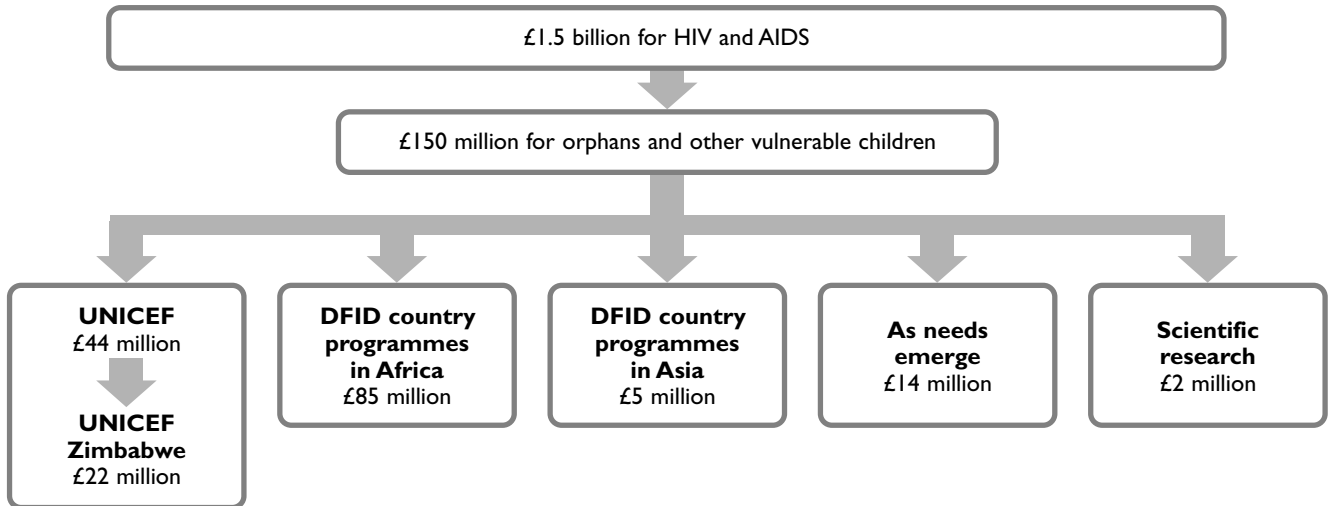
The UK government commits resources to fighting the effects of the HIV and AIDS pandemic through interventions led by the Department for International Development (DFID). HIV and AIDS resources are channelled through DFID’s country programmes, multilateral institutions and funding initiatives and research programmes. It has been estimated that approximately 4% of the UK’s multilateral aid and 5% of its bilateral aid is spent on HIV and AIDS.<sup>17</sup>

The UK government set out its plans for enhanced HIV and AIDS programmes in its strategy *Taking Action*, published in July 2004. To accompany the strategy, the UK pledged £1.5 billion for HIV and AIDS interventions from fiscal years 2005 through 2008. This includes expenditure targets of £450 million in 2005/06, £500 million in 2006/07, and £550 million in 2007/08.<sup>18</sup> **Of the £1.5 billion, DFID has made a commitment to target £150 million, or 10%, to programmes that meet the needs of orphans and other vulnerable children.** The information that has been made available by DFID on the potential breakdown of this pledge is detailed in Table 3.

In principle, children affected by HIV and AIDS are a high priority for DFID. By co-hosting the third Global Partners Forum on Children Affected by HIV and AIDS and maintaining leadership through the Inter-Agency Task Team, DFID has demonstrated commitment to addressing the difficulties faced by children affected by HIV and AIDS in accessing prevention, treatment, care and support.



**Table 3. 2005–2008 UK HIV and AIDS pledge targeted for children<sup>19</sup>**



While the 10% spending target for orphans and other vulnerable children is impressive, it must be considered in relation to available expenditure data. DFID’s reporting on disbursements for HIV and AIDS before 2004, when the expenditure targets were set, did not include breakdowns on the composition of their spending, such as what percentage was allocated to prevention, treatment, care and support. Thus, there are concerns that there are not mechanisms in place to track the amounts spent to meet the needs of orphans and other vulnerable children.

Concurrently, there are concerns that DFID’s HIV and AIDS expenditure reporting has conflated spending on sexual and reproductive health programming. The inclusion of a wider scope of interventions is regarded as misrepresenting the amount actually targeted at HIV and AIDS.<sup>20</sup>

Information to demonstrate DFID’s disbursements for orphans and other vulnerable children from financial year 2005/06 has not been made available.<sup>21</sup> Without systems in place to show how the 10% target has been disbursed, DFID’s financial commitment to children affected by HIV and AIDS remains rhetorical. Initial findings from DFID’s internal evaluation of *Taking Action* have

underscored the fact that they are not sufficiently capturing the scope of their work, and thus efforts are underway to enhance management systems to be able to better monitor spending.<sup>22</sup>

### **United States of America**

The US President’s Emergency Plan for AIDS Relief (PEPFAR) was launched in January 2003 to combat the AIDS pandemic in 15 focus countries. The initiative aims to: support treatment for two million infected people; prevent seven million new infections; and support ten million people infected and affected by HIV, including orphans and vulnerable children (OVC).<sup>23</sup>

Under the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (PL108-25) the US government was authorised to spend **\$15 billion between fiscal years 2004–08** for global HIV/AIDS. Each year the US Congress decides how much will be allocated; thus far it has been reported that: \$2.2 billion was spent in 2004, \$2.5 billion was spent in 2005, and \$3.2 billion is available for 2006. The US government has requested \$4 billion for 2007. Based on these allocations, \$3.1 billion is necessary in 2008 to meet the \$15 billion target.<sup>24</sup>



Under PEPFAR, the US government should annually allocate 55% on treatment, 20% on prevention, 15% on palliative care and **10% (\$1.5 billion) for OVC**. Analysis of available disbursement data shows that the actual amount the US government spent on OVC has **fallen short of the 10% target**. In 2004, the US government reported spending \$36,322,000<sup>25</sup> on OVC, which is just **1.55% of the 2004 budget**. In 2005 it spent marginally more for OVC, \$62 million,<sup>26</sup> **only 2.5% of the 2005 budget**.

The Office of the Global AIDS Coordinator, which manages PEPFAR programmes, has indicated that in some cases funding of paediatric treatment can be attributed to the 10% earmarked for OVC rather than to the 55% earmarked for treatment services. There are concerns that attributing paediatric treatment services to the OVC budget rather than the treatment budget reduces the already limited resources available for vital care and support programmes for children affected by HIV and AIDS. At the same time, the US is not budgeting sufficient amounts to meet paediatric treatment needs.

US law PL108-25 mandates that from fiscal years 2006 through 2008, **not less than 10%** shall be expended for assistance for OVC, of which at least 50% shall be provided through non-profit, non-governmental organisations, including faith-based organisations, that implement programmes at community level. The modest amounts that have been reported thus have not demonstrated a prioritisation of children affected by HIV and AIDS as part of PEPFAR's efforts.

## Ireland

The Irish government has steadily increased its resources to fighting the effects of HIV and AIDS. Irish Aid reported spending €28,618,821 in 2003 and €30,096,926 in 2004 on bilateral programmes that have an HIV and AIDS focus.<sup>27</sup> Irish Aid also estimates that €50 million was spent on AIDS activities in 2005.<sup>28</sup> In October 2005, Irish Aid pledged that it will spend **€100 million per year**

on HIV and AIDS and will ensure that up to **20% of this funding will be invested in interventions that benefit children**.<sup>29</sup>

Representatives of the Irish government who were consulted for this briefing shared their concerns about how they will track performance against the child-specific expenditure target.<sup>30</sup> It is difficult to ascertain from their records the volume of resources going to children affected by HIV and AIDS. They have presented the following calculations to be considered as a baseline estimate of the total spend over the period 2001–05 with an approximate total **€18.4 million**:

- €65 million was spent on HIV/AIDS in priority country programmes, ie, Uganda, Tanzania, Mozambique, Ethiopia, Lesotho, South Africa and Zambia. All of those programmes provide support to children affected by AIDS both through policy engagement and direct funding for service delivery. In these countries, Irish Aid spent at least 20% on care and support and 36% on prevention; a percentage of these activities are directed at children. A conservative estimate of how much of the overall HIV/AIDS funding in priority countries benefited children affected by HIV and AIDS is approximately **20% or €13 million**
- €2 million to UNICEF Ghana for the implementation of its Unite for Children, Unite against AIDS programme
- €3 million to UNICEF Eastern European Region for the implementation of its Unite for Children, Unite against AIDS programme, which incorporated support for most at-risk adolescents
- €400,000 through Regional HIV/AIDS Programme for Southern and Eastern Africa to Save the Children UK Southern Africa region for a project analysing the underlying causes of vulnerability to HIV for children and young people and the response in the region.



While the political commitment and holistic reach of their pledge to benefit children through HIV and AIDS interventions is welcome, Irish Aid realises that estimates of disbursements are insufficient and this is an area they are planning to improve on.

## **Making the money work for children**

Without adequate tracking systems in place to monitor the disbursement of large pledges, it remains unclear what is actually being spent on children affected by HIV and AIDS. There needs to be a co-ordinated and cohesive response from donors to mobilise, channel and track more resources to protect and promote the rights of children in the face of the AIDS pandemic. Save the Children recommends that donors:

### **Meet the targets**

There is a real problem in determining the extent to which pledges are funding interventions that benefit people affected by HIV and AIDS. This is nothing new in development practice – all too easily funding pronouncements do not show up as hard cash. Donors who have committed to explicit spending targets to meet the needs of children affected by HIV and AIDS must be able to demonstrate full expenditure of what they have announced through statistical reporting disaggregated by age and gender.

### **Spend more**

Children's needs and rights must be given greater priority within all bilateral and multilateral HIV and AIDS programmes. The pandemic continues to outpace the response. Current financing levels are insufficient and there is an urgent need to mobilise more resources while addressing the bottlenecks that prevent funds from reaching children.

Sustainable funding solutions must be developed so that comprehensive interventions can effectively address the global impact of HIV/AIDS and work to halt and reverse the course of the AIDS pandemic.

## **Protect children's rights to HIV and AIDS prevention and treatment**

A comprehensive response to children affected by HIV and AIDS goes beyond providing care and support to orphans and vulnerable children. Much more must also be done to protect children from transmission of HIV infection through prevention of mother-to-child transmission and making male and female condoms available to young people, and to save the lives of HIV positive children by providing affordable and appropriate treatment.

## **Test political rhetoric**

The devastating effect of HIV and AIDS on all lives, but especially children's lives, is indisputable and requires firm donor and national government commitment combined with dedicated and consistent resources. Donors must ensure that there is an overall benefit to children from all HIV and AIDS interventions not just through stand-alone 'children's projects'. They must be able to demonstrate that spending is allocated across a range of countries and that sector-wide interventions, such as strengthening health systems, will be of significant benefit to children affected by HIV and AIDS.

## **Address bottlenecks**

Greater investment is needed at different levels of the funding system to ensure resources reach communities and respond rapidly to children's needs. Donors must be able to utilise quicker systems for disbursement, making use of existing networks and supporting intermediary bodies to make small grants, so that a benefit to children can be realised.



## Notes

<sup>1</sup> UNICEF/UNAIDS (2005) *A call to action – Children: the missing face of AIDS*, Unite for Children, Unite against AIDS campaign

<sup>2</sup> UNAIDS/UNICEF/USAID (2002) *Children on the Brink: A joint report on orphans estimates and program strategies*

<sup>3</sup> UNICEF/UNAIDS (2005) *A call to action – Children: the missing face of AIDS*, Unite for Children, Unite against AIDS campaign

<sup>4</sup> UNICEF (2005) *HIV/AIDS: Treatment for children*

<sup>5</sup> UNAIDS (2004) *Report on the Global AIDS Epidemic*

<sup>6</sup> UNICEF/UNAIDS (2005) *A call to action – Children: the missing face of AIDS*, Unite for Children, Unite against AIDS campaign

<sup>7</sup> UNICEF <http://www.unicef.org/programme/hiv/focus/mtct/mtct.htm>

<sup>8</sup> C Grainger and D Webb (2001) *Children Affected by HIV/AIDS: Rights and responses in the developing world*, Save the Children UK, London

<sup>9</sup> <http://stats.oecd.org/wbos/ViewPivot.aspx?DatasetCode=CRS+HIVAIDS>

<sup>10</sup> UNFPA/UNAIDS/NIDI (2003) Resource Flows Database

<sup>11</sup> UN (2006) Resolution Adopted by the General Assembly Political Declaration on HIV/AIDS

<sup>12</sup> UNAIDS (2005) *Resource needs for an expanded response to AIDS in low- and middle-income countries*

<sup>13</sup> J Stover, L Bollinger, N Walker and R Monasch (2005) *Resource needs to support orphans and vulnerable children in sub-Saharan Africa*, UNICEF, New York

<sup>14</sup> UNAIDS (2006) *Report on the Global AIDS Epidemic*, Geneva

<sup>15</sup> S Ndaruhutse and L Brannelly (2006) *The Role of Donors in Creating Aid: Volatility and how to reduce it*, Save the Children UK, London

<sup>16</sup> Gleneagles Communiqué (2005)

<sup>17</sup> House of Commons Committee of Public Accounts (March 2005) 'Department for International Development: responding to HIV/AIDS', Fourteenth Report of Session 2004–05

<sup>18</sup> House of Commons Debate, July 2004 'Spending Review' reply by Gordon Brown

<sup>19</sup> DFID (2005) *Departmental Report 2005*, East Kilbride

<sup>20</sup> National Audit Office (2004) *Department for International Development: Responding to HIV/AIDS*, London

<sup>21</sup> Save the Children contacted DFID throughout the drafting of this report requesting information about DFID's expenditure on HIV and AIDS interventions on children. At the time of going to press we had not received the requested information from DFID's Statistical Reporting and Support Group.

<sup>22</sup> Dialogue with DFID Social Development and Livelihoods Advisor, Global AIDS Policy Team (17 July 2006)

<sup>23</sup> PEPFAR (2006) *Action Today, A Foundation for Tomorrow*, Second Annual Report to Congress

<sup>24</sup> PEPFAR (2004) *The President's Emergency Plan for AIDS Relief: US Five year Global HIV/AIDS Strategy*

<sup>25</sup> <http://www.state.gov/documents/organization/43885.pdf> p.47

<sup>26</sup> PEPFAR (2006) *Action Today, A Foundation for Tomorrow*, Second Annual Report to Congress

<sup>27</sup> Irish AID Annual Report for year 2004

<sup>28</sup> Dialogue with Irish Aid Senior Development Specialist HIV/AIDS (10 April 2006)

<sup>29</sup> [http://www.dci.gov.ie/latest\\_news.asp?article=603](http://www.dci.gov.ie/latest_news.asp?article=603)

<sup>30</sup> Dialogue with Irish Aid Senior Development Specialist HIV/AIDS (11 July 2006)

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