

USAID Workshop: Promoting Economic Growth in a New Era
June 29, 2004

The Challenge of HIV/AIDS: Focus on Poverty

Bruce R. Bolnick
Nathan Associates, Inc.



Yet another vicious circle for poor developing countries



Programmatic Implications?



HIV/AIDS → Poverty

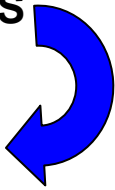


- Adverse effect on growth – *the main engine for poverty reduction*
- Devastating economic impact on poor households
 - Loss of income, production
 - Cost of care and funerals
 - Sale of assets, increase in debt
 - Less education for children
 - Short-circuit knowledge transmission
 - Hunger and malnutrition
 - Erode public and community services



Estimates for Mozambique

HIV/AIDS



Poverty

- Based on 2001 demographic analysis using 2000 prevalence estimates
 - Adult incidence: 12.2% (latest: 14.9%)
 - Rising to 17% plateau
 - 1 in 8 adults to die by 2010
 - 1 in 11 households will suffer major economic shock
- Per capita growth reduced by 0.7 % points,
- Poverty incidence 4.3 % points higher
- **830,000 additional people living in absolute poverty in 2010**



Where do such numbers come from?

Economic models as “simulation laboratories”

- Econometric analysis
- General equilibrium modeling
- Poverty analysis using household survey data
- Microeconomic and sectoral studies



Poverty → HIV/AIDS



- Malnutrition
- Less education
- Less access to prevention measures (STD treatment, condoms)
- Economic and social pressure on women



Programmatic implications



- Prevention, treatment, care
 - PEPFAR
 - Multi-sectoral approaches
- Economic and social programs
 - Weaken the transmission link to help “turn the tide against AIDS”
 - Poverty as the “mosquito”



Conclusion

- Economic and social impact studies
 - Design of cost-effective policy response
 - Design of mitigation measures
 - Catalyst for multisectoral responses
- Implications for foreign assistance?

