

Impact of aids on sub-saharan africa's economy

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Sub-Saharan Africa is the part of the world most terribly influenced by AIDS. By the end of 2004 it was estimated that twenty-six million inhabitants in Sub-Saharan Africa were suffering from AIDS. Approximately seven to eight per cent of the grown population is affected, with occurrence rates getting as high as forty per cent in a few countries.

Females are strangely infected, with adolescent girls five times more prone than teenage boys to catch AIDS. In 2004 only, two million people expired of AIDS in Sub-Saharan Africa.

However the epidemic has far stretched from its peak, since infectivity rates are still exceeded casualties from AIDS. Due to the gap between infectivity and successive death, we have until now to see the full impact of AIDS on Sub-Saharan Africa's society as a whole.

There have been differing opinions over how AIDS has affected the economic future of the African continent. Mixed messages on the true economic repercussions of the spread of the disease have contributed to a limited response, despite the inclusion of combating AIDS in the Millennium DevelopmentGoals(MDGs).

One of the least studied but most significant areas of the epidemic's impact is rural agriculture. Though long de-prioritized, rural agriculture is a source of livelihood for millions on the African continent and is now again being perceived as a crucial contributor to economic growth and development by such organizations as the New Partnership for Africa's Development (NEPAD).

Hunger, foodaid and agricultural subsidies are all key elements of the current discourse on Africa in policy circles and in the media, but few studies have assessed the impact of AIDS on agriculture to push for specific interventions to mitigate the impact of the epidemic on rural agriculture.

This disease has affected millions of people and since many of them are farmers therefore it has indirectly affected agriculture also. Since agriculture is a major source of capital for individuals and the country therefore it has affected the economy of Africa also. It seems clear that such high levels of illness and mortality will severely hamper economic performance in the most heavily affected countries.

Yet over the last decade, a number of macroeconomic studies have declared that AIDS is not having a significant impact on GDP growth. These analyses are important because they provide ammunition that allows statesmen and scholars to dismiss the epidemic as not worthy of action and funding.

In circles of power around the world, it is money that drives policy initiatives. The claim that AIDS is not impacting economic performance speaks loudly and prevents aggressive intervention. (n5)

This paper will start with an assessment of a number of the macroeconomic studies that aim to measure the impact of AIDS on GDP growth, and which contribute to the justification of a limited international response to the disease.

Macroeconomic Analysis Of The Impact Of AIDS

The assessments of the macroeconomic impact of AIDS have been largely dismissive due to the unique character of the epidemic. AIDS affects the

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poorest of the poor: those who are not recognized or measured by traditional macroeconomic indicators. (Ruxin, 2004)

As a UN report on " The Impact of AIDS" notes, " those rural people whose activities are not counted by standard measurements of economic performance and productivity are among the most vulnerable to the impact of AIDS."(Bloom, Mahal, 1997, 108)

By not fully accounting for the informal sector, the rural economy and small-scale agriculture are largely dismissed, and women, who play a large role in the informal economy and agricultural sector, are marginalized. While the macroeconomic studies assessing the impact of AIDS disregard them, in fact it is the poor, the rural and women who are most affected by the disease.

After decades of neglect by governments and abandonment by structural adjustment programs, there is a renewed focus on agriculture by international organizations and groups such as the World Bank and NEPAD. Agriculture is once again being seen as a driving force for growth in Africa.

The Comprehensive Africa Agriculture Development Programme (CAADP) released in July 2003 states that " the high economic growth rates envisaged by NEPAD cannot be realized unless farm production is significantly increased. Higher output will directly reduce hunger and bring down the cost of food imports.

It will also have wider economic benefits, from stimulating rural incomes to providing raw materials for African industry."(Harsch, 2004, 13) However, the rural areas are where AIDS is having its most devastating impact.

At a time when population growth is high relative to other emerging economies, the amount of arable land is stable, the quality of land is degrading, and output per hectare stagnant, the rural areas are under increased pressure.

Adding the AIDS epidemic into an already precarious mix of factors forces the agricultural sector into a dangerous downward spiral and threatens hopes for economic growth in sub-Saharan Africa.

Few of the macroeconomic studies specifically address rural livelihoods and agriculture. They also assess the impact of AIDS without acknowledging that, from an economic point of view, the primary impact of the disease manifests mainly among individual economic agents, i. e. individuals and households. (Booyesen, Bachmann, 2002)

As a result, these macroeconomic models often fail to allow for the effects of a number of important microeconomic impacts which are endogenous to such models. (Booyesen, Bachmann, 2002)

Though the death of an individual might only represent a minor change in GDP, the macroeconomists fail to understand the ripple effect chronic illness and death has on communities. The impoverishment of communities cascades upwards and impacts macroeconomic measures. The traditional macroeconomic research approach is not sufficient in the face of the widespread devastation of AIDS.

Microeconomic Analysis Of The Impact Of AIDS

It is vital for researchers to conduct microeconomic household-level studies on the impact of AIDS. Such analyses document the economic choices that

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households and individuals are forced to make in the face of the epidemic in terms of household composition, labor, productivity, savings and coping strategies.

It is these behaviors that will inform observers of the real impact the epidemic is having on sub-Saharan Africa and will thus serve as the basis for understanding the effect of AIDS on families, communities and the nation.

Rural Household Studies

It is clear from existing microeconomic household-level analyses that AIDS is devastating and will continue to devastate Sub-Saharan Africa's rural agricultural sector and, through it, undermines the agricultural and rural revival that many see as the basis of Africa's recovery.

As Carolyn Baylies notes, " AIDS is having a profound effect, undermining rural household production, contributing to declining agricultural output and affecting the very integrity of families and their sustainability as viable units."(Baylies, 2002, 12)

This paper will now delve into a number of the microeconomic studies, with a focus on rural agricultural household studies, to assess the house hold level impact of the epidemic and to investigate the effects that the macroeconomic analyses have largely missed.

A 2002 household impact study conducted in South Africa by Frederick Booyen and Max Bachmann explores the impact of AIDS on families in the Free State province. Researchers note that deaths in the households due to AIDS mostly occurred in individuals in their 20s and 30s.

A Rwandan study revealed that, for those that died, the average period of illness before death was 23 months: a long period during which care had to be provided and medicines sought. (Donovan, 2003) Household illness dramatically increases the dependency ratio in the home.

Booyesen and Bachmann note that the households affected by AIDS in fact have a smaller supply of labor than non-affected households, with a larger proportion of the household consisting of children and elderly persons. (Booyesen, Bachmann, 2002) Furthermore, dependency is exacerbated by the fact that many individuals return to their rural homes to receive terminal care after becoming ill. (Jayne, 2002)

The South African study also assesses the impact of AIDS on household income. The authors note that " per capita and adult equivalent income in affected households represents only between 50% and 60% of the levels of income in non-affected households."(Booyesen, Bachmann, 2002)

This dramatic drop results not only from the loss of labor of the infected individual but also from the burden of care that falls on family members. Importantly, Booyesen and Bachmann also explore the impact of the disease on expenditure levels.

AIDS significantly alters the consumption patterns of households: " per capita and adult equivalent expenditure is between 60% and 70% of the levels of expenditure in non-affected households." (Booyesen, Bachmann, 2002) Notably, affected households spend less on food than non-affected households, which has a negative impact on the health of household members.