



**The Global Economic Crisis
and HIV Prevention and Treatment Programmes:
Vulnerabilities and Impact**

Executive Summary

ARGENTINA

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During the second halves of 2008 and 2009, the Argentinean economy experienced, after over four years of growth at rates of around 8% of their annual GDP, a deceleration in the activity, associated with the effects of the international crisis and internal factors with conflicting allocation interests. Nevertheless, the GDP increased by 6.8% in 2008 and is expected to grow by approximately 1.5% in 2009, although there is the threat of an impending recession. In 2008 the high increase in export prices had a positive impact on national revenue but also caused tension in connection with the processing of the effects of revenue allocation. The excess in the trade balance represented 3.3% of the GDP. Conversely, there were important capital transfers abroad from the private sector, which are decreasing reserves.

The unemployment rate remained low compared to past levels, although labour market conditions worsened, with drops in employment in the manufacturing industry towards the end of 2008 and in the first months of 2009. According to official indicators, retail prices increased 7.2% in 2008. However, there is a lack of confidence regarding the integrity of these indicators, and they are assumed to be undervalued. The international crisis found the country without high volumes of debt and with liquidity. These circumstances moderated the initial financial impacts of the crisis, although some external and internal elements of uncertainty impacted asset markets, limiting significantly the access to market financing for the public sector.

The external crisis and the poor harvest in rural areas implied deep and negative repercussions in the flows of funds for international trade in the country. The real adjustment of the economy showed a significant decrease in investment. With these signs of low activity levels, the government has searched for mechanisms to sustain internal demand levels. At the national level, tax revenue continues to grow, though at a slower pace than in previous years. The fiscal situation is alarming, due to the deterioration in the balance primary results at all government levels. At the consolidated provincial level, various analysts predict a deficit during the next few months, which will compromise the financing possibilities in the context of the world restriction and limitations to access to credit on the part of the Argentina government. In connection with the exchange policies, since mid-2008 the administration of the exchange rate was made on grounds of implications of higher peso depreciation. The dollar value increased by approximately 20% between June 2008 and June 2009.

Argentina's HIV/AIDS-related programmes are essentially financed with funds from the national treasury. Among the current financial assistance programmes is the Public Health Essential Functions and Priority Programmes (PHEF) project, financed through a World Bank loan. The country does not rely significantly on foreign donations, except for resources from the Global Fund, which ended in 2008.

The crisis has had a reduced impact on HIV/AIDS programmes, although there have been budget cuts and sector prioritizations. The resources available for the National AIDS Programme have been reduced, which has had a greater impact on prevention programmes for injecting drug users, men who have sex with men, sex workers, and voluntary counselling and testing. The remaining programme initiatives have maintained their expected activity. In connection with the future crisis impact, if the intensity remains, there is no expectation of a drastic reduction in expenditures for HIV/AIDS-related programmes, either in the short or medium term, at national government levels. This situation is more compromised in the provinces, where the conflict of sector interests is more intense.

Diagnostic, treatment, care and support activities have so far not been significantly affected, in global terms, by the economic crisis. In 2009 we expect an increase in the medication-assisted population of 10% and to intensify condom distribution. Funds for second-line drugs were reduced in 2009 and in the last couple of months services related to food/nutrition for people on ART and prevention services for most-at-risk populations have been more strongly affected. In the short and medium term, it is expected that this will affect access to ART. With respect to the future impacts of the crisis, the experience indicates that the cut is in the third sector financing, which implies pair work. We therefore anticipate a reduction in targeted programmes for injecting drug users, men who have sex with men, sex workers and young people.

In 2009, there was no significant impact on prevention activities since, despite the yearly decrease of 5 million USD from the Global Fund ending in 2008; actions continued developing from previous years. Argentina showed up at the new round of the Global Fund. If eligibility criteria are not met, there will be no other significant donors financing these activities. Under these circumstances, it will be necessary to find alternative sources of financing, such as the national treasury and international institutions.

The current private contributions include funds from certain international organizations which are financing HIV-related activities (mainly prevention) through civil society organizations. Besides, external financing is actually available and largely in use. The treatment programs are protected. There even exists a clear growing trend to increase government resources by adding prevention initiatives.

In general, in 2009 there was an abandonment of programmes addressed to the most vulnerable populations. The main potential implications of the crisis for beneficiaries can be summarized as: i) increased impoverishment and deepening of the problem of compromised indigent people; an increase in the number of people turning to sex work in order to meet their basic living needs; and greater risk of virus transmission; ii) discontinuation of treatment; iii) life projects of people being thrown away, and iv) higher risk of mortality for socially marginalized groups.

Poor economic conditions are also affecting the mobility of people living with HIV and AIDS, although this has so far not reach critical levels. There are currently no government social protection programmes for this population group, though some more extensive social protection programmes include people living with HIV/AIDS among their beneficiaries.

In summary, although it seems that the risk of the crisis profoundly impacting the HIV-AIDS sector is unlikely, the government has not taken any direct action to address the potential threats posed by the economic crisis. Despite the presence of certain crisis mitigation actions – though discontinued and isolated – there is no integrated plan which brings together the different sectors and government levels, or the non-government actors working in the sector.

Government actions:

- Proactive responses have so far involved mainly the industrial and financial sectors and have not yet extensively addressed the provision of social services.
- Even though the development of the crisis is being regularly monitored, there are no specific initiatives to address the impact of crisis on the HIV/AIDS sector.

Main recommendations:

- Pave the way in the search and production of strategic information related to HIV, in order to support the decision-making process based on evidence.
- Improve planning processes.
- Strengthen the prevention actions needed to bring the disease under control – which in turn will result in economic and financial benefits as a result of lower demand for future resources to assist the infected people.
- Speed up provision process involving delivery of medication and supplies.
- Focus on the interventions to the most vulnerable groups.
- Promote the development of cooperation initiatives, such as horizontal south-south activities, which can provide technical support in times of crisis.