



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

Executive Summary

DOMINICAN REPUBLIC

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The Dominican Republic is a medium income country, whose main activity generating foreign currency is tourism, followed by the remittances from Dominicans abroad. In the last decades it has seen a high economic growth which has produced substantial increases of per capita income. However, there are many socioeconomic differences in the population, with a high concentration of income in higher groups, which translates in relatively poor socioeconomic indicators, high levels of unemployment, a large informal sector and a high percentage of the population living in poverty. The internal economic crisis aggravated the situation due to a systemic failure of the banking system by a hundred percent devaluation of the national currency in 2003. From 2004 onwards, the exchange rate has stabilized and the economy began to recover until year 2009, when the international economic crisis began to impact the national economy.

The strong reliance of the Dominican economy on the exterior makes it extremely vulnerable to external shocks. In 2009, all macroeconomic indicators reflect the impact of the world crisis, by reducing the foreign currency income in tourism, remittances and exports of goods. This has affected the balance of payment and government revenues and has translated in a reduction of the social spending jeopardizing the limited contributions made by the government to finance the National AIDS Response. Remittances have reduced by 5% during the first semester in 2009. An aggravation of this reduction could limit household funding to attend illness.

The HIV prevalence in the DR is not too high (between 0.8 and 1.2%) and has been decreasing over the last few years as a result of prevention efforts carried out by the government with international funding. But the country shares the island with Haiti, the poorest country in the Western hemisphere and with the highest prevalence rates in the Caribbean region, making Hispaniola the island with the highest prevalence of the Americas. The DR has a heavy Haitian migration, which increases its vulnerability to the epidemic.

The financing of the national response is highly dependent on external funding. The funds provided by the government have increased over the last few years, but not substantially. The finalization of a WB loan and the time elapsed between two phases the Global Fund support resulted in the standstill of many activities, which has encouraged the perception among key stakeholders that the economic crisis endangers the sustainability of financing for the national response.

However, new funding from the Global Fund is about to initiate and the country also has approved PEPFAR funds from the United States Government which will be assigned mainly to prevention. In that connection, the country has secured international financing for the next few years, which contrasts with the perception of the NGOs. As expressed above, this was the result mainly of the standstill of COPRESIDA while the new GF donation actually began execution.

Subsequently, the great challenge at this time is to secure an increase in public funding to rely less on international resources. This is very difficult to achieve at this time, given the decline in public income as a result of the international crisis.

In the long run, the response to this situation is to include PLHIV in the family health insurance, where treatment is currently explicitly excluded. This requires studies to support their inclusion in the Basic Health Plan for those PLHIV who pay taxes and fiscal impact studies for members of the subsidy plan. It is not clear when this decision is going to take place but the national HIV/AIDS authorities and PLHIV groups are actively requesting this solution from the national government.

The main recommendations to confront the financial crisis and reduce the impact on the HIV programmes are the following:

- reduce the dependency on external resources of the national response by including PLHIV in the family health insurance, once the studies on the financial feasibility have been completed, including a long term fiscal impact;
- utilize part of the funds the country has negotiated with international organizations to strengthen the health system in general, including specialized services in HIV and AIDS to national provider networks;
- provide technical assistance to service providers to make service provision more efficient and cost effective.

Other important recommendations are associated with maintaining prevention programs, particularly those addressed to children and adolescents; strengthen the monitoring and evaluation systems, especially towards the achievement of one agreed and unified system; and finally, modify priorities in the implementation of public funding to benefit the national response.