



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

Executive Summary

MEXICO

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Mexico may be the country most adversely affected by what has come to be called 'the great recession' of 2008-2009. Its economy is closely linked to and highly dependent on economic activity in the USA. Flows of worker remittances to Mexico declined by 13.4 percent in the first nine months of 2009, but appear to have bottomed out. There is anecdotal evidence of a reversal of remittances as some Mexican families have started sending money to unemployed sons and daughters in Los Angeles and Washington DC.

The IMF predicts that Mexico's GDP will fall by 7.3 percent in 2009 in large part because 83 percent of Mexican exports go to the USA where unemployment exceeded ten percent by late 2009. Overall exports from Mexico are down by over 40 percent from a year earlier, leading to a current-account deficit of 1.4 percent of GDP in mid-2009. Growth of output resumed in Mexico in late 2009, thanks to high commodity export prices. In December 2009, Mexican finance authorities purchased a billion dollar insurance policy to forestall the negative revenue implications should the price of its oil exports fall below US\$57 per barrel.

Unemployment remained stubbornly high at 5.9 percent of the Mexican labor force in October 2009. The sum of federal, state, and local government revenues, down by 6.7 percent between January and August 2009, may well be down for 2009 as a whole, inhibiting public funding for health.

As part of the response to the recession, the World Bank approved a \$1.5 billion loan to support Mexico's economic policies in November 2009. A temporary work program will create 600,000 jobs in Mexico by the end of 2010. Another \$491 million World Bank loan is destined for Mexico's fight against the swine flu pandemic and includes an inoculation drive for 10 million people.

The economic stimulus appears to be working. Output grew by 7.8 percent in the July-September 2009 period. *The Economist* newsmagazine poll of economists predicts a GDP growth of three percent in 2010. Effective policies, including deficit spending, avoided a potential downward spiral. Nonetheless, the great recession will continue to impede public health programs well into 2010 on current predictions.

Implications for Public Health, HIV and AIDS Programs

Most social programs will continue to suffer budget stringency well into 2010. The 2010 budget for the prevention and care program for HIV and AIDS is projected to decline by 30.8 percent when compared to 2009, excluding ARVs.¹ Promotion of condoms and peri-natal HIV prevention programs have been curtailed by administrative delays due to doubts about fund availability that arose with the Austerity Decree of August 2009. Mass media

¹ The health secretariat buys ARVs with resources from the Fund for Protection against Catastrophic Expenses Insurance Trust, and this source lies outside the original budget of the HIV and AIDS program. These resources pay for the care of some 27,000 persons needing these drugs. For Mexico as a whole, there are over 65,000 persons on anti-retroviral therapy, 55 percent are in the uninsured population and 45 percent are covered by the Mexican Social Security Institute (IMSS) or the program for public employees (ISSTE).

campaigns, training programs, consultancies, travel, and workshops have all been curtailed for lack of funding.

CENSIDA, the national HIV and AIDS supervisory organization, is responding to funding cuts by concentrating efforts on the most cost-effective interventions for prevention of HIV. Prevention of maternal to child transmission of HIV (PMTCT) has been under-financed because of an unclear division of responsibilities that affected the availability of HIV detection tests and the timing of essential budget cutbacks. The annexation of these mother-child services to the Popular Insurance (Seguro Popular) program management and budget is expected to resolve these problems in 2010.

Interviews with the manager of the Mexico City HIV and AIDS program in August 2009 found no evidence of funding reductions there aside from limited administrative spending cutbacks. Medical attention for patients in need has so far been protected.

Some AIDS-affected patients seeking care at La Condesa clinic in Mexico City, as many as seven a day in mid-2009, have been made redundant and lost coverage under the social security institute program (IMSS). Other crisis-related phenomena include the return of migrants to Mexico from USA, as well as the internal migrants in need of attention and HAART.

CENSIDA managers believe that NGOs providing private-sector assistance to AIDS patients are beginning to suffer cutbacks. The NGO dedicated to sex workers notes that funding for its work with this key group was cut in half due to the economic crisis. Most NGOs depend on federal funds, so their funding portfolio is shrinking. The crisis is adversely affecting the capacity of communal and religious organizations to provide services as well though their contribution has been limited.

The NGO dedicated to prevention of HIV and AIDS, sexual health and sexual diversity reported to interviewers that the activities of the organization have been negatively affected by the global economic crisis. The government budget has been canceled and international help from the United Nations Fund for Population (UNFPA) has decreased. Funds that support the NGOs daily operations are down by 75 percent in 2009 as compared to 2008. The slide in the exchange rate affects the organization due to the rising peso prices of condoms, lubricants and didactic supplies.

Recommendations and next steps

Four actions, if adopted by the Mexican government, can help further to assure against a negative impact of the 'great recession' on the HIV and AIDS epidemic in Mexico:

- Diversify the funding base of CENSIDA and other AIDS programs, including NGOs;
- Mobilize additional resources for prevention, focusing on peri-natal prevention, attention to most-at-risk populations (key groups), and education about AIDS;
- Include diverse sectors as part of the response to the epidemic, especially the Ministry of Education due to the commitments included in the ministerial declaration supporting better school-based youth information programs; and

- Reallocate funding to favor NGOs including training to create prevention projects for most-at-risk populations, as well as diversification of funding sources and management.

Beyond these recommendations, resource scarcity requires that all AIDS programs adopt these specific actions: (a) Identify and fund the most cost-effective prevention interventions; (b) strengthen the capacities of NGOs who operate prevention projects; and (c) develop a system to monitor and evaluate the effectiveness of all prevention measures.