



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

**Executive Summary**

**MOLDOVA**

**October 2009**

## **ACKNOWLEDGEMENT**

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The year 2009 was marked by a recession of the Moldovan economy. The situation has been aggravated by the instability on the political arena, which has fundamentally undermined the budgetary balance for the current year.

The socioeconomic situation in Moldova during the first half of 2009 was marked by a consumer price deflation. Consumer prices fell by 1.8%, compared to the same period in 2008. In the first half of 2009, the national public budget revenues were 10.8 billion Lei, 8.1% less than in the first half of 2008. Thus, the budget deficit was 2 billion Lei. GDP has declined in real terms by 6.9%. Moldovan Leu declined considerably against the dollar. The national currency exchange rate depreciated against USD by 8.1%. According to the National Bureau of Statistics (NBS) in Moldova unemployment grew up to 6.1% in the second quarter of 2009, compared with 3% in the same period of 2008.

The activities of the National Program of prophylaxis and control of HIV and AIDS and STIs are currently supported financially by the disbursement from the state budget, including expenses for basic special means (grants and donations), external loans and sources (Global Fund, the World Bank and other donors), along with the financing from the mandatory medical insurance funds.

The main obstacles in the implementation of effective HIV strategies are the shortage of financial funds. In this context, the allocation from the state budget did not record any significant progress, having increased only by 1.5% in 2007 and 1.2% in 2008. Consequently, the insufficient resources allocated for the health sector limit the coverage, particularly of rural areas, where outdated equipment and poor infrastructure prevail together with a limited access to medicines and medical services.

The National HIV and AIDS Program budget should be an effective priority-setting management and decision making tool regarding future allocations of financial resources in accordance with the obtained results. So far, the major financial support is provided by the Global Fund, including the procurement of the laboratory equipment, diagnostic tests, antiretroviral drugs, the treatment of opportunistic infections, etc.

The sources received from mandatory health insurance funds cover overall operational costs, such as staff salaries, cost of investigations and treatment, and other expenses. Following the economic recession in 2009, the sources received from the medical insurance company declined by 15.6%, leading to decreasing revenues of 412.000 Lei. The decision of the Ministry of Finance regarding a 20% reduction of the budget for 2009 brought up additional challenges in following up the HIV response at the country level.

The Global Fund grant proposal of the Republic of Moldova in the 8th Round was approved for the initial period of 2 years (Phase I). Global Fund requested a reduction of 10% of the budget. This request came on behalf of the Global Fund Board to all country applicants, which allowed a decrease of Phase I budget from US\$ 3.059 billion to US\$ 2.753 billion and funding of all 94 submitted projects.

Finally, the financial resources currently allocated and available for project implementation cannot cover all existing needs, given that services are provided by NGOs (operational and administrative costs, salaries).

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To ensure a long term sustainability of HIV prevention programs and risk reduction among the high-risk populations in Moldova, it is important to increase the financial contribution from the state budget (which is quite modest now). It is also necessary to extend the geographical coverage of services available to increase IDU's access to HIV prevention services and to increase the number of project beneficiaries.

In April, after negotiations with the communist government, IMF announced that it could not reach an agreement on a new IMF loan. So far, Moldova has not made any amendments to the budget law, nor taken any anti-crisis measures.

**Priority recommendations:**

- To ensure that the National AIDS Program provides funds allocated proportionately to prevention programs among the population with high risk of infection.
- To use more effectively the allocations from the state budget for the implementation of the National Program on HIV and AIDS to achieve the objectives of resources reallocation and restructuring of existing infrastructure and standards of treatment.
- To develop the National Program on Prevention and Control of HIV and AIDS for 2010-2015 based on evidence-based data, applying tools of epidemiological modeling recommended by UNAIDS/WHO, which would allow a more efficient allocation of financial resources and would attract additional financial resources from the external donors.
- To achieve the intended results and objectives of the National Program it is necessary to generate additional financial resources both from the state budget and international donors.
- To ensure a regulatory framework for financing programs on harm reduction from national sources (local governments, the National Medical Insurance Company, the Ministry of Health, the Ministry of Welfare, Family and Child).