



Background information

The global economy is caught up in the worst crisis in a century. The 2008 financial crisis, which developed as a result of the collapse of the US stock market in the middle of last year, has meanwhile led to a global recession that has not yet touched bottom. At first the developing countries looked like uninvolved bystanders, seeing that they had very few connections with to the financial system that was in crisis. Yet it is now becoming clear that it is these very countries in the South that are experiencing the worst economic downturn in 80 years, with millions of people trapped in a downward spiral of unemployment and poverty due to loss of income. This has negative consequences for the precarious health of those groups of the population that are already at a disadvantage, especially those afflicted with HIV/Aids.

- GTZ (*Die Deutsche Gesellschaft für technische Zusammenarbeit*) estimates that 94 of the 116 developing countries have already been affected by the crisis.
- The World Bank estimates that the number of those living in extreme poverty, with less than US\$1 per day, will increase by another 53 million people by the end of this year.

Why?

The economic downturn is leading to an enormous loss of business and the cutting of jobs worldwide. This is causing a drastic rise in unemployment. The ILO (International Labour Organisation) expects that if the trend continues unchanged, at least 30 million people will lose their jobs. If things get worse, the number could rise to more than 50 million by the end of 2009. Those hit especially hard are the countries whose economies have grown particularly fast in recent years, such as Brazil, China and South Africa.

The same number of people again must expect a massive deterioration of their working conditions due to the circumstances created by the crisis: i.e. more work that endangers their health at wages slashed to below the subsistence level. That will allow the number of the working poor (earning less than US\$2 a day) to rise to 1.4 billion. Then it will no longer be one in five, but one in four who belong to the class of extremely poorly paid workers (earning less than US\$1.25 per day).

These developments are also affecting the migrant population. Even now already there is a considerable reduction in the vital sums of money emigrants transfer to their homelands, a loss of income that affects not only their own families but also

gouges huge holes in community budgets. Especially southern Asia and sub-Saharan Africa are feeling the effects. In the sub-Saharan African countries alone almost 4 million poor people stand to lose another 18 billion dollars, a decrease in per-capita income of 20%!

Hunger will increase as well – and not only as a result of this income reduction. Hunger continues to be a life-threatening factor in the countries of the South. The food crisis persists not only at the national level; even locally produced food continues to cost above-average prices. In the spring of 2009 rice cost almost 50% more and maize 43% more than the 10-year average. At the same time, as a result of the extreme reduction in the price of raw materials, investments are no longer being made in agriculture either at the local or the national levels, thus increasingly endangering food security.

What does that mean for those infected with HIV and their families?

For the affected households the loss of income means that there is less money, or no money at all, available for the necessary treatment. Treatments are not continued because the co-payment for medicines and transportation to the health-care centre are no longer affordable.

For people with HIV and Aids, having to decide whether to buy medicine or food also has fatal consequences. A sufficient amount of both is needed because during antiretroviral treatment the food absorbed by the body is metabolised much faster. Since the very beginning of the food crisis doctors have been noticing serious nutrition problems in their patients. According to the latest reports by the FAO (UN Food and Agriculture Organisation) it is especially women and children that suffer malnourishment. Yet these are the groups most strongly affected by HIV/Aids. If their basic provision with food deteriorates, their risk of infection with other diseases – from diarrhoea to tuberculosis – will rise substantially.

What effect does the crisis have on the national budgets of the countries of the South?

It is particularly the trade in raw materials that is carrying the financial crisis, which originated in the affluent North, to the countries of the South. After quadrupling between 2002 and July 2008, the price of raw materials took a drastic downturn in the middle of last year. Speculation causes great swings on the raw materials market. Since the developing countries in particular depend on a small range of exports, greatly varying prices (market volatility) mean that planning their national budgets for sustainable development is very difficult with fewer local resources at their disposal. It is especially the education and health sectors that suffer.

What the Global Economic Crisis has to Do With the Fight Against HIV and Aids



Aktionsbündnis gegen AIDS
Action against AIDS Germany

The flow of private capital has increased tremendously in recent years and has played an ever-greater role in financing for development. However, as the economic crisis wears on and exports are in decline, there has been a drastic reduction in direct foreign investment. Financial experts expect diminishing private net capital flows by up to 80% by the end of 2009. That is about US\$400 billion less than in 2007. At the same time the new debt incurred by poor countries is on the rise.



Even though official development assistance (ODA) from the international donor community has shrunk in importance compared to private investment, it is still crucial for the budgets and the healthcare systems of low-income countries. The recently announced reduction in donor funds due to the donor organisations' own decreased financial capacity, is therefore all

the more dangerous for the highly vulnerable health sector. The World Bank estimates that the donors are lagging US\$40 billion behind the development aid increases they promised in 2005. And yet, as contributory causes of the crisis, the donor countries must shoulder particular responsibility for the harm brought to the developing countries.

What does that mean for the health sector globally?

Worldwide there are about 33 million people living with HIV, most of them in threshold and developing countries. While in the year 2000 about 200,000 people were treated with antiretroviral medicines, in 2007 it was already 3 million. But this increase is much too small. According to the United Nations, in 2010 at least 10 million people worldwide will need life-saving Aids drugs. Even now, for every two Aids patients that are getting their first treatment, there are five people that are being newly infected with the Aids virus.

Even now there are still 15,000 people dying of HIV/Aids, tuberculosis and malaria every day. And still the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) is short US\$5 billion to carry out its programmes against these epidemics, and for the treatment of at least three million needy people until 2010. The repercussions of the economic crisis demonstrate that infection rates rise very quickly when the disadvantaged do not receive adequate care. The simultaneous drastic drop in public and private development

funding widens the gap between the money that is available and that which is urgently needed for prevention, therapy, treatment and care.

The disastrous links between poverty, malnourishment and opportunistic infections reduce life expectancy especially for children. The WHO (World Health Organisation) fears that as a result of the crisis global infant mortality will rise by 200,000 to 400,000 per year. If the health sector lacks the funds for comprehensive early treatment of the children infected with HIV, the prognosis may double extremely quickly.

The experts warn against a 'post-economic-crisis shock' by which negative trends in society would continue even after the actual crisis has subsided. This would affect especially the Millennium Development Goals pertaining to health (MDG 4, 5, 6). The tough progress made thus far in the fight against child and maternal deaths; and against the great epidemics, HIV/Aids, TB and malaria will be under threat for years to come as a consequence of the economic and financial crisis. Large investments beyond 2010 are called for in the health sector and for the improvement of the healthcare system. Long-term, predictable development aid for health care (for at least 5 years) is also essential.

The governments of the donor countries have proven that they can make billions available rapidly and flexibly to save their own financial institutions. In order to prevent a widening of the gap between rich and poor, healthy and ill, North and South, the donor countries must keep their promises and fulfil their obligations.

The members of the European Union should strictly comply with the promised minimum 0.51% of the gross national income by 2010 and 0.7% by 2015. The government of Germany has promised not to reduce development aid in spite of the economic crisis the country is suffering. It should do all it can to increase its support especially for the fight against the HIV epidemic so that universal access to HIV prevention, treatment and care can be achieved by 2010.

Conclusion

It has been shown that as a consequence of the global economic crisis the shortcomings of the healthcare systems in poor countries are amplified and that especially the lives of people with HIV and Aids are under threat. It is high time that the global health crisis and the HIV/Aids epidemic, which is part of it, are recognised as a wider dimension of the crisis and that political decision-makers do all they can to guarantee sustainable funding for the development of the health sector.

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