Aidspan

Independent observer of the Global Fund

COVID-19 UNDERMINES LOW- AND MIDDLE-INCOME COUNTRIES' ABILITY TO FINANCE THEIR HIV RESPONSES

The COVID-19 pandemic has had devastating health, social and economic impacts since it emerged in December 2019. Millions have lost their lives, most countries' economies have contracted, and many have lost their source of income and plunged into poverty.

These social and economic impacts of COVID-19 have set the HIV response back by decades, especially in low- and middle-income countries (LMICs). Shrinking economies have undermined countries' ability to finance their HIV responses as countries channeled their resources to COVID-19. Widening gender, education, and economic inequalities brought on by the pandemic have also increased HIV-related vulnerabilities and led to poorer disease outcomes as the pandemic curtailed access to HIV testing and treatment services.

Economies contracted owing to COVID-19 containment measures

COVID-19 containment measures, including border closures, partial or full lockdowns, brought economic activity to a near-standstill. As a result, the global economy contracted by 3.3% in 2020, with variations across the regions and countries. Latin America and the Caribbean (LAC) was the most affected region with a 7% decline in gross domestic product (GDP). In comparison, the economy shrank by 1.9% in sub-Saharan Africa, the worst in recent decades, and by 1.5% in Asia.

Declines in tax revenues and increases in government spending have forced LMICs to borrow to soften the hit on their economies, heightening the debt crises. For instance, Kenya's debt grew by 17% between March 2020 and March 2021. The country joined the list of the more than 40% of low-income countries in debt distress or at high risk. Some have high HIV burdens and are heavily donor-dependent for their HIV

responses: Zimbabwe (with an HIV prevalence of 12.8%), Mozambique (12.4%), Zambia (11.5%), and Kenya (4.5%). These countries face a difficult choice between their debt service obligations and the financing of social sectors, including health and specifically the HIV response. Fortunately, low-income countries have access to debt suspension initiatives to lessen the burden of debt service payments amid the COVID-19 pandemic.

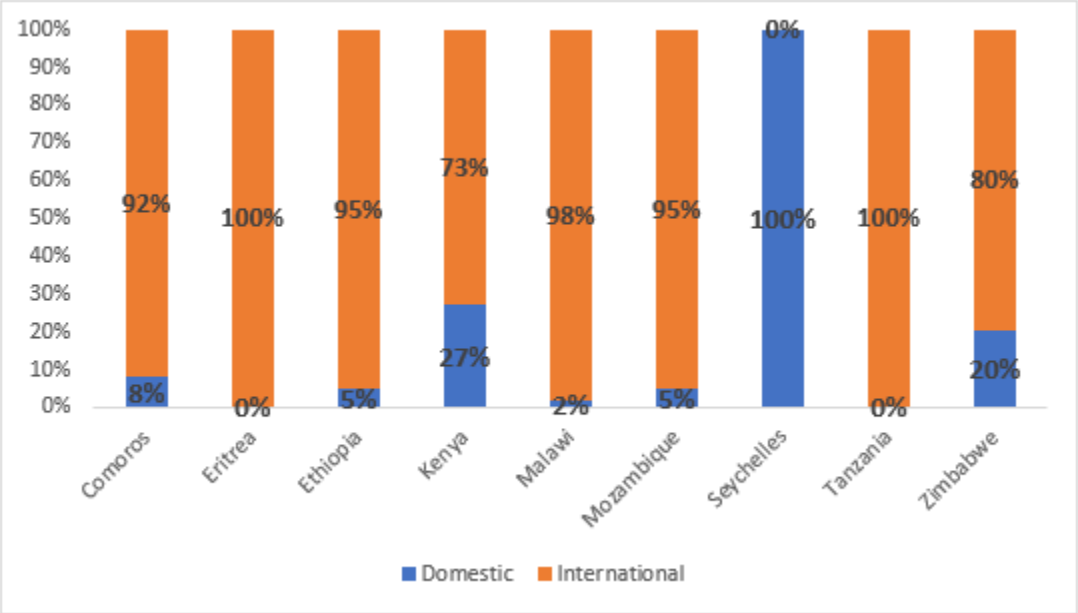
An example is the Group of Twenty (G20) Debt Service Suspension Initiative (DSSI), which has delivered more than $5 billion in relief to more than 40 eligible countries. However, this amount represents only a tiny fraction of the overall debt owed and was limited to the G20 countries. These countries may also have to meet debt payment obligations to private and multilateral lenders.

Shrinking economies will undermine countries' ability to fund their HIV response

HIV financing across LMICs already fell short of the financing needs before the COVID-19 pandemic. The pandemic is now likely to widen this financing gap as LMICs grapple with the ongoing COVID-19 pandemic and rebuilding their economies. As a result, these countries are likely to become more dependent on external aid to finance their national HIV responses, increasing the current dependency on external aid among certain countries. A review of HIV resources for countries in East and Southern Africa, whose 2019 HIV expenditures data were available, showed countries with among the biggest burdens of HIV are heavily donor-dependent (Figure 1).

However, foreign aid has declined as donor economies prioritize their domestic COVID-19 responses and economic recovery. For instance, the United Kingdom (UK) has made massive aid cuts totaling over $6.3 billion (£4.5 billion), leading to numerous program closures in 2021, including in key areas like heath. Overall, the UK cut bilateral funding to Africa by 66% (to £764 million), and the Indo-Pacific region by 68%. Prior to the pandemic, international HIV assistance declined by nearly 10% from 2015 to 2019.

Figure 1: Source of HIV expenditures for several East and Southern Africa countries



Source: UNAIDS Data 2020

The pandemic will also derail the transition to self-reliance

As countries' economies grow and the disease burden falls, countries were expected to transition to

domestic support for their national responses. Unfortunately, the pandemic is also likely to derail plans by countries, particularly upper-middle-income countries, especially those in Eastern Europe and Central Asia (EECA) and Latin America and the Caribbean (LAC), to transition away from external support for responses, including support from the Global Fund.

Countries that have transitioned away from Global Fund support have reported numerous challenges post-transition, including a resurgence of the diseases and erosion of the gains made under the Global Fund support. The pandemic is likely to magnify transition and post-transition challenges.

If countries do go ahead and transition during this economic recession, they are likely to transfer the burden of paying for HIV care to individuals and households. This could deter access and adherence to HIV treatment and other services. For instance, the economies of some of the countries scheduled to transition away from Global Fund support already record high out-of-pocket spending on health, for example, Armenia (84% of current health expenditures) and Sri Lanka (51%).

Individuals' ability to pay for HIV services also curtailed

User fees and out-of-pocket payments (OOPPs), including the purchase of anti-retroviral treatment, transport costs, and costs related to opportunistic infections, also account for a fraction of the total available resources, in addition to government and external contributions. Before the COVID-19 pandemic, OOPPs, such as diagnostic tests, consultations, and medicines for opportunistic infections, hampered access to HIV services.

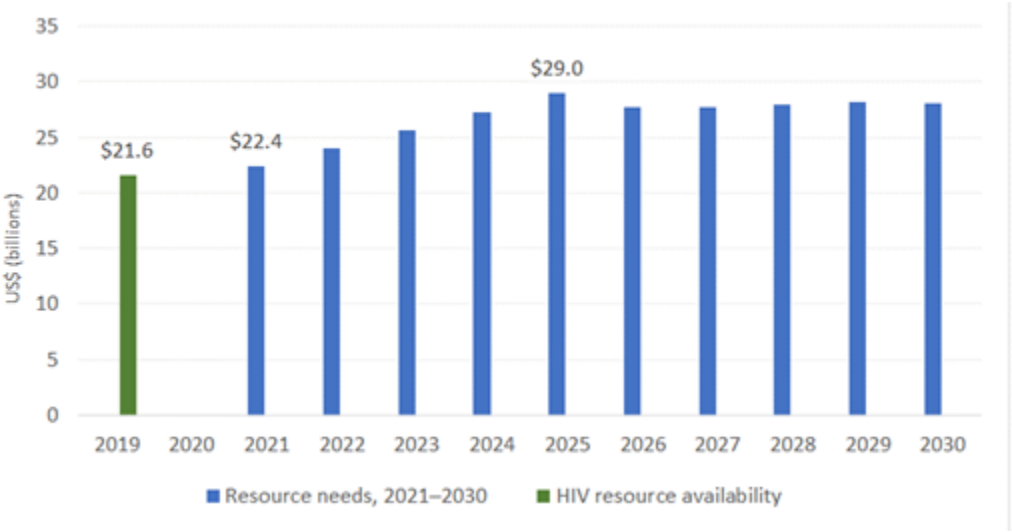
Job losses and the subsequent loss of medical insurance coverage or reduced incomes have greatly affected individuals' ability to pay for health care, including HIV services. Currently, there are limited data on what proportion of HIV funding comes from OOPPs. However, previous reports have documented evidence of high OOPPs , including the Dominican Republic, Nigeria, and the People's Democratic Republic of Lao. In addition, existing data show that OOPPs make up substantial proportions of health expenditures in all regions, and in some LMICs, OOPP spending accounts for more than 60% of health expenditures. There is a risk that the more vulnerable populations, including key populations, adolescent girls, and young women, will not be able to afford HIV prevention, treatment, and care options.

COVID-19 will increase HIV resource needs

In March 2021, UNAIDS estimated that low and middle-income countries would need $29 billion by 2025 to get back on track to 'eradicate the virus as a public health threat by 2030', up from the $26 billion needed by 2020. Lower-income and lower-middle-income countries need $13.7 billion, most of which will come from external financing.

Figure 2: HIV-estimated expenditures, 2019, and resource needs' estimates in low- and middle-income

countries, 2021-2030



Source: End inequalities. End AIDS. Global AIDS Strategy 2021-2026

Studies conducted since the emergence of the COVID-19 pandemic predict an increase in the number of new HIV cases: in extreme cases by as much as 20-30% over one year owing to disruptions in HIV services. However, cases will also likely increase due to the added vulnerability to HIV caused by the widening gender, education, and economic inequalities, which are already driving the HIV epidemic. Millions of people particularly, adolescent girls and women, are at increased risk of infection.

Teenage pregnancies and child marriages across sub-Saharan Africa have skyrocketed, as learning was disrupted for 1.6 billion children worldwide, indicating an increase in risky sexual behavior and sexual violence. Women and girls have also been forced into transactional sex or commercial sex work (as evidenced in the Democratic Republic of Congo, Ethiopia, Uganda, and Zimbabwe) to overcome the hardships bought by the pandemic. An increase in gender-based violence (GBV) reported worldwide has also heightened the risk of HIV infection.

Getting girls to school has been a key intervention for reducing HIV among this cohort, as evidence shows that staying longer in school lowers the risk of HIV. The United Nations estimates that more than five million girls are at risk of not returning to school following the school closures. This sets the HIV response back, especially in sub-Saharan Africa, where adolescent girls and young women accounted for one in four new infections in 2019, despite making up about 10% of the total population. Moving forward, countries and global partners will need to access adequate funding to keep girls in school and empower them economically.

Conclusion

The global economy is expected to grow in 2020 and 2021 (albeit from a much smaller base) in large part due to global vaccination efforts that picked up in early 2021. The International Monetary Fund has projected that the global economy will grow by 6% in 2021 and 4.4% in 2022. The economy in sub-Saharan Africa will grow by 3.4%, while that of emerging and developing Asia will grow by 8.6% in 2021. However, critics have warned that these estimates are unrealistic.

The effects of the pandemic on the global HIV response will be felt in the next few years. As noted by the Joint United Nations Programme on AIDS (UNAIDS), the global HIV response will need a huge injection of resources to get AIDS on track to reach its 2030 goals. Countries affected should continue prioritizing the HIV response by ensuring that sustained or increased funding to the HIV response remain a priority.

In terms of increased vulnerability to HIV infection, a multilateral HIV response is crucial now, more than ever. Countries should strengthen their structural interventions, including getting adolescent girls and

young women back to school and empowering them financially; and effecting policy or legal changes that offer protection for the most vulnerable. Historical data already shows us that a purely biomedical response is not as effective a

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