

## **An exploratory analysis of HIV and AIDS donor funding in South Africa**

### **Budget Brief No. 155**

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#### **Executive summary**

Funding of HIV and AIDS interventions has been increasing over the years, both in the public sector and in donor assistance. Donor funding for HIV and AIDS in South Africa is channelled through bilateral aid to government departments and direct funding to NGOs from international aid agencies. However, funding to NGOs is particularly difficult to track because there is no centralised reporting mechanism in place for all international aid to the NGO sector.

To monitor donor financial commitments for HIV and AIDS in South Africa, the national Department of Health (DOH), through funding from the United Nations Development Programme (UNDP) and the United Nations Theme Group on HIV and AIDS (UNTG), has developed a database referred to as a 'Donor Matrix'. The Donor Matrix is aimed at monitoring donor funding for health services by listing donor funds in a form of commitments, disbursements, objectives, activities and implementing bodies. However it is difficult to compare donor efforts against government initiatives since donor information is based on financial commitments, not actual allocations or disbursements, and is often reported over multiple years.

The Organisation for Economic Cooperation and Development conducted a detailed analysis of HIV and AIDS foreign aid commitments to developing countries for 2000 to 2002.<sup>2</sup> The analysis indicated that South Africa was amongst the top five countries that received the largest shares in total HIV and AIDS commitments. Of the total HIV and

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<sup>2</sup> UNAIDS/OECD. *Analysis of Aid in Support of HIV/AIDS Control*. July 2004.

AIDS commitments, Zimbabwe, Kenya, Nigeria and South Africa received 18%, 11%, 13%, and 8% respectively. According to the OECD 2000 - 2002 report, the 8% for HIV and AIDS to South Africa formed 99% of health-related donor aid in the country.

Using this OECD data to compare public-sector [or government earmarked] HIV and AIDS funds with donor funds for 2000-2002, government budgets increased by 99% in nominal terms from 2001 to 2002, while donor funds simultaneously increased by 101%. In proportional terms (in the context of progress in public sector budgeting), donor funding as a share of total earmarked HIV and AIDS spending fell slightly from 44% in 2000 to 40% in 2002. From a regional perspective, however, other countries are relying more on donor sources for HIV and AIDS funds than on domestic revenue. For example, in 2001, 90% of HIV and AIDS funding in Mozambique came from external bilateral and multilateral donors.<sup>3</sup>

DOH's donor matrix indicates that the US government will provide, via various agencies, the largest amount of donor funds for HIV and AIDS programmes in South Africa amounting to \$126.4 million (R886 million) over a six-year period (2001-2006).

With regard to the Global Fund for AIDS, Tuberculosis and Malaria (GFATM), 55% (\$35,509,531) of the total approved grants (\$65,030,986) to South Africa had been disbursed as of end of April 2005. The total includes funds allocated to KwaZulu-Natal (\$26,741,529 for round 1), two approved projects for loveLife (\$12,000,000 and \$2,354,000 for round 1), the Western Cape government (\$15,521,456 for round 3), and the National Department of Health (\$8,414,000 for round 2).

Reportedly spending of bilateral donor funds for HIV and AIDS is slow as compared to spending of government funds. There are two main reasons for this. Firstly, it is reported that donor funding is provided as ring-fenced resources which are made available for very specific purposes and objectives. Typically ring-fenced or earmarked funds come with strict conditions to be satisfied when spending the money. Although earmarked funding is beneficial in ensuring that new and critical projects are funded, donor funds may hinder or clash with national government priorities, leading to decreased flexibility for implementers when spending on vital local priorities.

Secondly, spending of donor funds is slowed by a weak health system and insufficient capacity of the government to use the money. Increased government and donor allocations for HIV and AIDS without improved capacity to spend, challenges the overall strength of the health system. Given that provision of HIV and AIDS services in the public sector depends on the overall ability of the health sector to provide all health services, absorption capacity is increasingly becoming the issue for HIV and AIDS spending in South Africa, rather than availability of resources. *For this reason the donor community should be able to invest in capacity building in the government system to ensure that the resources they inject into the government are utilised effectively and efficiently.*

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<sup>3</sup> Guthrie, G. and Hickey, A. Eds. 2004. Funding the Fight: Budgeting for HIV and AIDS in Developing Countries. AIDS Budget Unit – Idasa. Page 80.

## **1. Introduction**

HIV and AIDS is a major threat to civil society, government and the private sector in South Africa. Comprehensive interventions are required to fight the impact of HIV and AIDS in South Africa as in other developing countries which are affected. However, resources tend to be insufficient given the burden of the epidemic on health and other social services. In South Africa, government has committed itself to fight HIV and AIDS through the social sector's National Integrated Plan (NIP) for Children Infected and Affected by HIV and AIDS. Through its three components the NIP utilises conditional grants to provinces to realise national HIV and AIDS priorities.<sup>4</sup> However provinces are also expected to allocate more money for HIV and AIDS implementation from their own budgets. Such provincial allocations are important in supplementing the conditional grants from national government and to ensure that services not covered in conditional grants are also delivered.

In addition to government resources, large amounts of money are channelled to South Africa for HIV and AIDS interventions from donor agencies. Many donor agencies mobilise resources to provide humanitarian relief by supporting HIV and AIDS programmes in developing countries. In South Africa, like elsewhere in the region, donor funds are vital to provide additional resources to national government revenue given the magnitude of the HIV and AIDS epidemic. Nevertheless, with or without donor funds, countries need to plan, budget and coordinate properly to develop effective responses to HIV and AIDS. Equally important is donor planning and coordination to avoid duplication, competition and/or clashes in national and donor interests.

This brief will firstly unpack donor funding issues in South Africa by describing challenges in tracking donor funds going to HIV and AIDS in South Africa. Secondly, it will outline the role of the National Department of Health in donor coordination for HIV and AIDS in the country. Thirdly, it will provide a brief analysis of the Organisation for Economic Co-operation and Development (OECD) report on development aid for HIV and AIDS in developing countries. Fourthly, it will give an update on grants to South Africa from the Global Fund to Fight AIDS, TB and Malaria (GFATM). The last section will look at examples of HIV and AIDS donor assistance in South Africa, and offer concluding recommendations.

## **2. Challenges to monitoring donor flows and spending donor funds**

In South Africa, HIV and AIDS interventions have been largely funded by public sector budgets. The large reliance upon public sector funds for South Africa's HIV and AIDS response helps to ensure sustainability of programmes and enhance proper and proactive government planning, budgeting and management of the resources required for HIV and AIDS. Thus, the government needs to rigorously monitor these processes so

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<sup>4</sup> Education's Lifeskills HIV and AIDS Programme; Social Development's Community and Home-Based Care Services (CHBCS) and; Health's Comprehensive Plan for HIV and AIDS Management, Prevention, Treatment, Care and Support.

as to increase effectiveness and efficiency of its HIV and AIDS spending. With regard to donor spending, the Department of Health has shown progress in the fight against HIV and AIDS by developing the Donor Matrix of foreign aid. The main purpose of the matrix is to monitor donor funding for health services, by listing donor funds, commitments, disbursements, expenditure, objectives, activities and implementing bodies.<sup>5</sup>

With donor aid forming a large part of a response to the epidemic, it is important to monitor funding flows between donors and government agencies as well as implementing NGOs. However, it is difficult to compare donor efforts against government initiatives since donors usually provide information on financial commitments to HIV and AIDS programmes, rather than on actual allocations or disbursements. Notably the National Treasury is trying to organise and regulate donor activities in the country so that donor efforts are integrated with government efforts. For this to happen, the National Treasury has developed Official Development Assistance (ODA) Guidelines under the auspices of the International Development Cooperation (IDC).

The key challenge to monitoring resources coming from aid agencies is the lack of readily available and up-to-date information; it takes years before financial records are consolidated and made available by the donor community. In addition, donors also channel resources directly to service providers - NGOs, CBOs, FBOs and research institutes. Information on these direct flows is not comprehensively or necessarily collected by government. The OECD (2004) reports, furthermore, that the variety of statistical and resource distribution formats used by donors makes it difficult to monitor and coordinate their grants to governments and NGOs.

In addition to challenges of monitoring donor inflows, government also experiences challenges with actual expenditure of donor funds. The health department indicated that the majority of the money provided to the health department is reserved for HIV and AIDS programmes (approximately 80%). This information is consistent with the OECD report that showed that HIV and AIDS received 99% of health-related aid to South Africa overall between 2000 and 2002. Challenges encountered by DOH<sup>6</sup> include the following:

- There is difficulty in spending the donor funds and large amounts get refunded to the donors.
- Donors provide information on amounts committed without providing up-to-date information on actual disbursements and spent amounts.
- The donors' practice of committing funding for longer periods, e.g. 4 to 5 years, makes it difficult to follow up to see how much money should have been disbursed and when.

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<sup>5</sup> Information sourced from a meeting with Ms. Malefetse, Director: International Health Liaison, National Department of Health. 13 August 2004.

<sup>6</sup> Information sourced from personal correspondence with Ms. Nelly Malefetse, Director: International Health Liaison, and Dr. Rose Mulumba, Director: HIV/AIDS, NDOH.

Furthermore, as stated earlier, donor funds tend to be difficult to utilise due to strict guidelines which may not be in line with government priorities. Often donor funds are used as an add-on to the resource envelope already available for public sector programmes. In addition, it takes years for donor funding information to be synchronized. For example, the OECD 2004 report could only provide information for 2000-2002 since information for later years was not yet available. This challenges national and provincial governments and the NGO sector to look more broadly at their budgetary processes to report on donor funds they receive. *From a financial management perspective, it would make good business practice to have donor aid monies reported in the national budget.* One of the reasons for this is that donor aid forms a large part of national resources to be utilised on HIV and AIDS, so they need to be recognised and reported accordingly. This would ensure that transparency and accountability are extended to donor as well as government money.

### **3. The Organisation for Economic Cooperation and Development (OECD) Report - 2004**

Monitoring donor funding is as important as monitoring government funds and expenditure on HIV and AIDS interventions. As mentioned earlier, monitoring donor funds is difficult and the donor funding systems are equally complex. However, the OECD has attempted to analyse donor assistance from an HIV and AIDS viewpoint.<sup>7</sup>

The OECD, through its Development Assistance Committee (DAC) and UNAIDS, conducted a detailed analysis of foreign aid commitments to developing countries from 2000 to 2002 for health, education, development and HIV and AIDS-related activities. The first limitation on this analysis is that it only reports on commitments made by donor countries, not on actual disbursements. The second is that it uses information only from OECD Development Assistance Committee countries.<sup>8</sup> Because resources sourced from outside the DAC countries are not included in the analysis, the report therefore might not provide a complete picture of donor funds to South Africa. Nevertheless, key funders such as Australia, Canada, Denmark, the United Kingdom, the United States and the European Community are among the OECD DAC countries included in the analysis.

Despite these limitations, the OECD analysis for 2000 - 2002 provides the most up-to-date data published on HIV and AIDS donor aid. It indicates how much money was committed to each recipient country and what part of the total aid was earmarked for HIV and AIDS. According to the report, from 2000 to 2002 South Africa received 2.2% of the *total aid* flowing to developing countries for HIV and AIDS. Only five countries received larger shares. Nigeria and Kenya received the largest shares of 5.6% and 3.8% respectively. "As regards the share of aid to HIV and AIDS control in total commitments

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<sup>7</sup> UNAIDS/ OECD, July 2004.

<sup>8</sup> UNAIDS / OECD (2004: 3) lists Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal Spain, Sweden, Switzerland, the United Kingdom, the United States and the European Community (EC).

by recipient, Kenya, Nigeria, South Africa and Zimbabwe were again topping the list at 11%, 13%, 8% and 18% respectively".<sup>9</sup>

According to OECD data, in 2000, 99% of all the health-related aid to South Africa reported by the OECD DAC was spent on HIV and AIDS control programmes, including HIV and AIDS prevention, education, care for orphans and vulnerable children, treatment of STDs and prevention of mother to child transmission (PMTCT). In 2000, of the donors included, USAID contributed 45.4% of the total aid targeted for HIV and AIDS. The European Union and the United Kingdom followed with shares of 17.2% and 10.5% respectively in committed aid. However, in 2001 and 2002 the United States government outpaced other aid agencies by donating 60% and 39% respectively of the total reported HIV and AIDS aid to South Africa. In 2002 the United Kingdom, through its Department for International Development (DFID), committed 25% of the total HIV and AIDS aid to South Africa, followed by the European Community, which committed 20% for that year.

**Table 1: Comparative summary of donor and public-sector funds earmarked for HIV and AIDS (2000–2002)**

	US\$ millions			Nominal growth	Nominal growth
	2000/01	2001/02	2002/03	2000/01–2001/02	2001/02–2002/03
Donor earmarked HIV and AIDS funds according to OECD*	24.11	26.37	53.08	9.4%	101.3%
Government earmarked HIV and AIDS funds **	30.97	39.96	79.46	29.0%	98.8%
Total earmarked HIV and AIDS funds (donor plus government)	55.08	66.33	132.54	20.4%	99.8%
Donor aid as a share of total HIV and AIDS earmarked funds	43.8%	39.8%	40.0%		

Sources: OECD/UNAIDS, 2004; Hickey et al, 2003: 32 & 111;<sup>10</sup> National Treasury - Division of Revenue Bill 2003: 67; National Treasury – Estimates of National Expenditure 2004: 406; Idasa calculations.

\* Donor funds did not yet include PEPFAR and GFATM commitments.

\*\* Government funds include total conditional grants and allocations to the national health department; 2002/3 also includes new discretionary allocations from provinces' own health budgets (sourced from the Equitable Share), based on Idasa research and interviews with provincial officials. 2000/1 and 2001/2 figures do not include these as provinces had not yet started recording direct spending from their own budgets. ZAR converted to US\$ at these rates: 2000/01 - 6.94:1, 2001/02 - 8.6:1, 2002/3 - 10.52:1.

<sup>9</sup> UNAIDS / OECD, 2004: 27.

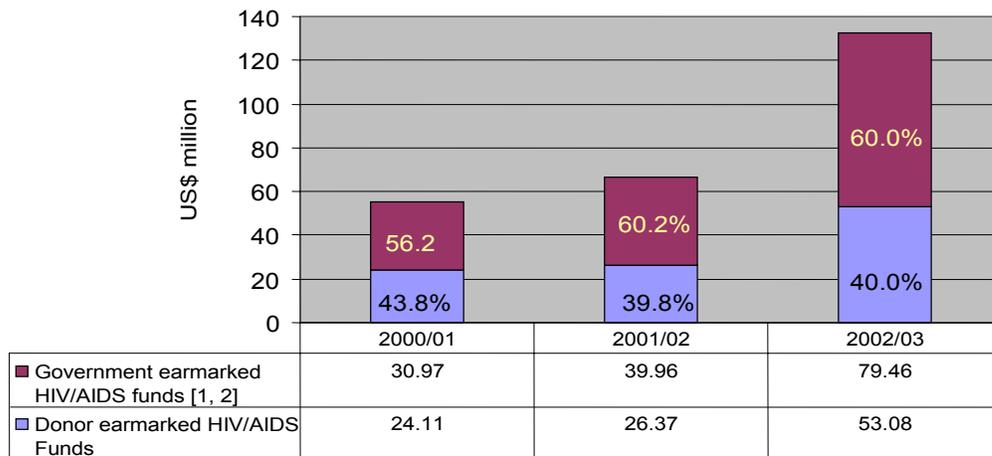
<sup>10</sup> Hickey A., Ndlovu N. and Guthrie, T. 2003. Budgeting for HIV/AIDS in South Africa: Report on intergovernmental funding flows for an integrated response in the social sector. AIDS Budget Unit – Idasa.

Using the OECD data on donor inflows for HIV and AIDS to South Africa, Table 1 compares these amounts of donor funds to Idasa’s figures on how much the South African government earmarked for HIV and AIDS from its own revenue.

Table 1 shows that as the impact of HIV and AIDS intensifies, the South African government is increasing its financial allocations to improve its response. Public-sector or government earmarked funds increased by 99% in nominal terms from 2001 to 2002, while donor funds simultaneously increased by 101% - only very slightly faster than government funds. In the context of increases in public-sector HIV and AIDS allocations, donor funding as a share of total earmarked HIV and AIDS spending dropped proportionally from 44% in 2000 to 40% in 2002. Figure 1 below illustrates this.

One may have expected the donor shares to drop to lower levels when the new government allocations for ARV treatment and increased unconditional equitable share allocations are taken into account for 2003 and beyond. On the other hand, new programmes such as the ARV treatment plan could actually boost the donor aid proportion, due to large funds being channelled to South Africa by the GFATM and other agencies. Nevertheless there is a need for rigorous monitoring, and for donor reporting systems to reflect the reality of HIV and AIDS resource allocation. A more up-to-date and comprehensive analysis is required to understand trends in donor resource allocation since 2002.

**Figure 1: Comparison of donor and government earmarked HIV/AIDS funds for 2000 - 2002**



[1] ZAR converted to US\$ at these rates: 2000/01: 6.94:1 2001/02: 8.6:1 2002/3: 10.52:1

[2] 2002/3 includes new allocations from provinces' own budgets (sourced from the Equitable Share), based on Idasa research and interviews with provincial officials. 2000/1 and 2001/2 figures do not include provincial discretionary allocations for HIV/AIDS.

Sources: OECD/UNAIDS, 2004; Hickey et al, 2003: 32 & 111;<sup>11</sup> National Treasury - Division of Revenue Bill 2003: 67; National Treasury – Estimates of National Expenditure 2004: 406; Idasa calculations.

<sup>11</sup> Hickey A., Ndlovu N. and Guthrie, T. 2003. Budgeting for HIV/AIDS in South Africa: Report on intergovernmental funding flows for an integrated response in the social sector. AIDS Budget Unit – Idasa.

It is important to note that donors provide information on commitments rather than actual disbursements, and this may provide an exaggerated picture of the actual funds coming into the country. Also, a financial commitment for a five-year project does not indicate how the commitment would be split over the years.

#### **4. Donor aid coordination in South Africa**

According to the Department of Health (DOH), the two primary donor funding channels in South Africa are bilateral aid to the departments and international aid agency funding to NGOs or other institutions receiving official development assistance (ODA).<sup>12</sup> The latter are particularly difficult to monitor, but the national DOH does keep a record of the bilateral aid (the Donor Matrix) of financial resources received by DOH for HIV and AIDS activities.

The Donor Matrix is a database of bilateral donor funds going to government's HIV and AIDS interventions in South Africa. This matrix is an important development to help correct the earlier situation where there was no record or database of donor funds for HIV and AIDS in South Africa. The donor matrix lists financial information as commitments in foreign currencies and is converted into the local ZAR currency using appropriate rates. Since donors provide monies for various programmes and varying funding periods, the matrix indicates the duration of each funding flow, including objectives as well as bodies responsible for implementation such as government departments, research institutes or NGOs.

Since there is some record of donor funds for HIV and AIDS in the country, it should be easier to describe the structures involved in donor funding and to track money flows, or to calculate the proportions of donor and public funding for HIV and AIDS. However, due to the nature of donor aid provided as "commitments" rather than actual disbursements, it is difficult to monitor spending of donor funds or to effectively compare public sector budgets with donor aid.

The matrix also lists commitments made from the Global Fund for AIDS, TB and Malaria (GFATM). However, commitments listed on the matrix are not consistent with the approved commitments reported in the GFATM progress reports as of end of April 2005. Official Global Fund progress reports indicate that the approved commitments for South Africa amount to \$65.030 million. Further details below will shed light on this analysis.

Once the GFATM commitments to South Africa are corrected in Table 2 below, the US government will provide the largest amount of money for HIV and AIDS programmes in South Africa amounting to \$126.4 million (R886 million) for a six-year period (2001-2006).

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<sup>12</sup> Personal correspondence with Celia Serenata, Project Manager, HIV and AIDS and TB Cluster, DOH. 30 July 2003.

Table 2 below is a summarised version of the detailed donor matrix from DOH.<sup>13</sup>

**Table 2: The Donor Matrix for HIV and AIDS financial commitments to South Africa**

Donor	Approved funding amounts in foreign currencies	Approved Funding in South African Rands	Funding period
ILO	\$170,964	R 1,196,748	2002-2007
New Zealand Aid	NZD 450,000	R 1,800,000	2003-2005
IOM	\$320,000	R 2,240,000	2003 - in pipeline
JICA (Japan)	\$495,000	R 3,465,000	2001-2006
Norway	kr 4,000,000	R 4,000,000	2000-2003
Finland	€ 653,742	R 5,229,936	2002-2005
UNDP - UNTG (CDC/UNAIDS PAF)	\$755,000	R 5,285,000	1997-2004
UNFPA	\$1,103,658	R 7,725,606	1998 - 2003
SIDA (Sweden)		R 15,000,000	2004-2005
UNICEF, UNFPA, UNDP	\$2,300,000	R 16,100,000	2003-2004
UNODC	\$2,388,900	R 16,722,300	1997-2004
UNICEF	\$4,500,000	R 31,500,000	2002-2006
DCI	€ 4,241,698	R 33,933,584	2001-2005
GTZ (Germany)	€ 5,500,000	R 44,000,000	2001-2008
UNDP	\$10,228,900	R 71,602,300	1997-2006
KfW/Germany	€ 9,000,000	R 72,000,000	2003-2005
BELGIUM	€ 10,157,305	R 81,258,440	2002-2008
Danida (Denmark)	\$17,100,000	R 119,700,000	2001-2006
CIDA (Canada)	\$24,200,000	R 121,000,000	2003-2008
AUSAID (Australia)	AUD 52,770,000	R 263,850,000	2000-2008
EU	€ 142,500,000	R 344,000,000	2000-2007
GFATM*	\$65,030,986*	R 455,216,902	2004-2005
DFID (UK)	£41,087,322	R 493,047,864	2001-2007
US Government	\$126,435,932	R 885,996,524	2001-2006
TOTAL DONOR AID		R 2,341,401,117	1997- 2008

Source: Adapted from the Department of Health's Donor Matrix as revised on 15 July 2004.

\* The Global Fund amount indicated here is sourced from progress reports on the Global Fund website as of end of April 2005. The rest of the figures are sourced from the DOH Donor Matrix as revised on 15 July 2004.

**Conversions approximated by DOH based on exchange rate on 10 June 2004**

Euro 1 = R8 (R8.05)

US Dollar 1 = R7 (R6.67)

Australian Dollar 1 = R5 (R4.62)

British Pound 1 = R12 (R12.19)

Danish Kroner 1 = R1 (R1.08)

New Zealand Dollar = R4 (R4.18)

Canadian Dollar 1 = R5 (R4.91)

<sup>13</sup> The detailed spreadsheet lists all the donors and their project line-items. Table 2 has added together all project line-items to give a subtotal for each donor.

The matrix indicates large commitments being made available for HIV and AIDS for the funding period of 1997 – 2008. This information confirms our analysis of the OECD donor funding report that indicated that HIV and AIDS was receiving approximately 99% of reported health donor funding to South Africa for the period 2000 – 2002. Ms. Malefetse – Director: International Health Liaison, supported the view that donors are prioritizing HIV and AIDS in the health sector and recommended that donors also need to refocus aid to other areas such as education and care and support for orphans and families infected and affected by HIV and AIDS.<sup>14</sup> This would mean that HIV and AIDS donor funds would need to be split among other sectors such as education and social development since HIV and AIDS is not only a health issue. This would also fulfil a realization that for the health sector to respond better to the epidemic, *multisectoral approaches* need to be planned and implemented beyond the health sector. Research has shown that for multisectoralism to be effective in responding to HIV and AIDS, integration of efforts between and within sectors is crucial. Donor aid has the potential of encouraging multisectoralism and integration if donors are willing to provide more funding to other sectors in addition to health, to be spent on HIV and AIDS programmes.

Drawing from the country's public sector budgets for HIV and AIDS, we can already see that the South African health department is given more priority in responding to HIV and AIDS. Comparatively, little government resources are made available for HIV and AIDS in other sectors, as is the case in the education and social development sectoral responses to HIV and AIDS. Donor funds could ease this imbalance.

To facilitate and strategise donor assistance for HIV and AIDS in South Africa, the national Department of Health formed a Donor Coordination Forum to facilitate communication between donors. Such a forum also serves to prevent unnecessary competition and funding duplication between donors. Overall, donor coordination can assist in shaping a common understanding and approach in donor practices operating in one country. In this way donor priorities could be more easily matched with country objectives and priorities. This should be done in line with UNAIDS's "Three Ones" Principles<sup>15</sup> which aims to ensure that national governments and partners develop strong coordinating mechanisms, partnerships and funding mechanisms that would urgently respond to and help to reduce the impact of HIV and AIDS.

With regard to government's complementary contributions to donor funding, Ms. Malefetse reported that donors often find national funding counter-contributions inadequate. "However the government provides, inter alia, offices, stipends, fees, housing, and transport, for consultants who end up consuming large amounts of donor money that is committed to the country."<sup>16</sup> Unfortunately government cannot report on

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<sup>14</sup> Information sourced from a meeting with Ms. Nelly Malefetse, Director: International Health Liaison, National Department of Health. 13 August 2004.

<sup>15</sup> UNAIDS's Conference Paper 1 – Washington Consultation 25.04.04 describes the "Three Ones" as: One agreed HIV and AIDS Action Framework that provides the basis for coordinating the work of all partners; One National AIDS Coordinating Authority, with a broad-based multi-sector mandate and; One agreed country level Monitoring and Evaluation System (Available from [www.unaids.org](http://www.unaids.org)).

<sup>16</sup> Information sourced from a meeting with Ms. Nelly Malefetse, Director: International Health Liaison,

this expenditure because it is either confused with many other departmental transactions or there is no clear synchronization of donor and government expenditures.<sup>17</sup>

## **5. The Global Fund to Fight Aids, Tuberculosis and Malaria - Amounts awarded and update on disbursements<sup>18</sup>**

Richard Feachem, Executive Director of GFATM, stated at the ninth board meeting of the Global Fund's board (18 November 2004), that as the Global Fund was turning three years old, there was an increased 'dual challenge' of making current grants work as quickly and effectively as possible and raising more money to meet the urgent need to scale up prevention and treatment in countries with acute needs.<sup>19</sup> Bua-News (19 November 2004) also reported that:

*"Roughly 60 percent of the Global Fund's committed funding is for HIV and AIDS, 30 percent for malaria, and the rest for TB. Two-thirds of the allocated funds go to countries in sub-Saharan Africa. A statement released by Global Fund explained that the approval of the new grants proposals for 2005 would raise funding requirements in that year to US 2.4 billion Dollars, with US 1.4 billion Dollars needed for the renewals of existing grants."*

The latest figures from the Global Fund Grant progress report show that 55% (\$35,509,531) of the approved grants (\$65,030,986) to South Africa had been disbursed as of the end of April 2005. The total includes funds allocated to KwaZulu-Natal (\$26,741,529 for round 1), to two approved projects for loveLife (\$12,000,000 and \$2,354,000 for round 1), to the Western Cape government (\$15,521,457 for round 3); and to the national DOH (\$8,414,000 for round 2) which has not been disbursed as of the end of April 2005.

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National Department of Health. 13 August 2004.

<sup>17</sup> Ibid.

<sup>18</sup> Details in this report have been sourced from the Global Fund's website <http://www.theglobalfund.org/en/> (Global Fund, 2005).

<sup>19</sup> Story cited in Bua-News 19 November 2004. Second Edition.

**Table 3: Update of Global Fund disbursements to South Africa as at end of April 2005**

Applicant	Principal Recipient	Round Number	Amount Requested	Approved Grant Amount	Disbursements	Balance to be disbursed
LoveLife/ Soul City	National Treasury	1	\$70,354,000	\$2,354,000	\$2,354,000 (100%)	
LoveLife	National Treasury	1		\$12,000,000	\$12,000,000 (100%)	
KZN Health Department	National Treasury	1	\$71,968,018	\$26,741,529	\$12,873,456 (48%)	\$13,868,073 (52%)
WC Health Department	National Health Department	3	\$66,509,557	\$15,521,457	\$8,282,075 (53%)	\$7,239,382 (47%)
National Department of Health	Not yet reported	2	\$25,110,000	\$8,414,000	0%	\$8,414,000 (100%)
Total			\$208,831,575	\$65,030,985	\$35,509,531 (55%)	\$29,521,455 (45%)

Source: Adapted from the Global Fund: Portfolio of Grants in South Africa; and Global Fund Disbursements. Available from [www.theglobalfund.org](http://www.theglobalfund.org).

### (i) Round 1 funding

#### **KwaZulu-Natal: "Enhancing the Care" Initiative**

The Global Fund committed a grant of \$26.741 million to a KwaZulu-Natal programme called "Enhancing the Care of HIV and AIDS infected and affected patients in resource-constrained settings". Of that total, \$12.873 million (48%) had been disbursed as at end of April 2005. Grant processes and confusion regarding country coordinating mechanisms delayed the actual transfer of the funding to South Africa. The KwaZulu-Natal grant was approved "to address gaps in the current care for HIV patients, with a focus on ten areas of care: voluntary testing and counselling, basic medical services, laboratory and diagnostic services, HIV AND AIDS clinical management, antiretroviral (ARV) therapy and new therapies, community based care, social services, care education and information dissemination, supportive care for the dying and care for the caregiver."<sup>20</sup>

#### **LoveLife: Funding for the National Adolescent Friendly Clinic Initiative (NAFCI)**

The Global Fund approved \$12 million for "strengthening national capacity for treatment, care and support related to HIV and TB, building on successful behaviour change initiatives in South Africa". 100 per cent of the approved funding (\$12 million) has been disbursed to the National Treasury as principal recipient of the grant. Funding will be used to improve service quality and management efficiency in clinics, to upgrade

<sup>20</sup> The Global Fund, 2005.

adolescent services, to strengthen referral systems between adolescent-friendly clinics (through the LoveLife National Adolescent Friendly Clinic Initiative) and LoveLife franchise holders (NGOs), and to appoint two LoveLife “GroundBREAKERS” in each clinic and train and supervise them.<sup>21</sup>

**LoveLife/ Soul City: funding for Soul City and the Institute for Health and Development Communication (IHDC)**

The total of \$2.354 million (100%) approved for the funding of Soul City had been disbursed as of end of April 2005. This funding will be used for the Soul City project, which is “a social change project which aims to make an impact on individuals and communities through edutainment – the integration of social issues (prioritised through research findings) into popular and high-quality entertainment. The program will produce two multimedia series for radio, television and print, with its key messages on HIV and AIDS reaching over 75% of South Africa’s total population.”<sup>22</sup>

**(ii) Round 2 funding**

The National Department of Health submitted a project proposal to fund a programme for reducing TB, HIV and STIs through the coordination and acceleration of the government’s plan for these infections. It includes voluntary counselling and testing (VCT) as an entry point and seeks to increase delivery of comprehensive prevention, care and support at district level. None of the \$8.414 million approved has been disbursed as of end of April 2005.

**(iii) Round 3 funding**

**Western Cape: strengthening and expansion of TB and HIV AND AIDS prevention, treatment and care programmes**

A grant of \$15.521 million was approved for this programme, of which \$8.282 million (53%) has been disbursed as of end of April 2005. The grant will be used to ensure optimal service delivery to all people with HIV and AIDS in the Western Cape by strengthening the existing response, and to expand existing treatment by providing access to ARVs for people living with HIV and AIDS in the province within the next five years.<sup>23</sup>

**6. Other examples of key donor assistance for HIV and AIDS in South Africa**

**Centre for Disease Control (CDC) Support for HIV and AIDS.** In 2001 and beyond, the CDC in Atlanta, USA committed themselves to providing significant support for HIV and AIDS programmes in South Africa. The priority areas for their support include: HIV and AIDS, business and labour; VCT; Congenital syphilis operations research; Youth HIV and AIDS programmatic support; HIV and AIDS and STD surveillance; Laboratory

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<sup>21</sup> The Global Fund, 2005.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

support; MTCT programmes; TB programme support; and other operations and programmatic support.<sup>24,25</sup>

**Australian development cooperation program (AusAID) in Africa.** Australia's development cooperation program works to reduce the spread of HIV and AIDS by funding NGOs to deliver community based HIV prevention and AIDS care programmes. This funding provides basic support to orphans, educate workers in high-risk groups, such as commercial sex workers, and to build the skills of local NGOs to contribute to community prevention.<sup>26</sup> For the period 2000 - 2008 Australian aid has committed an amount of R264 million for HIV and AIDS care programmes.

**United Kingdom Department For International Development (DFID).** DFID is working in South Africa with government, civil society and the private sector to improve their capacity to develop and implement national AIDS strategies. Three main areas of focus are prevention, care and reducing the overall social and economic impact of HIV and AIDS. Prevention includes, for example, supporting the South African government's free condom programme, promoting behaviour change and helping to improve the treatment of sexually transmitted diseases. Support for care includes providing assistance to the South African tuberculosis programme. DFID also helped to develop a 'toolkit' to strengthen the capacity of community-based organisations to provide care to HIV and AIDS sufferers. DFID's education work, for example, aims to help institutions across the sector to plan for the effects of HIV and AIDS on both educators and learners. A bulk amount of money is offered to fund Soul City project (as a prevention and education campaign).<sup>27</sup> An amount of R493 million has been committed by the United Kingdom to support HIV and AIDS work in South Africa for 2002 - 2008.

**New Zealand Aid (NZaid).** NZAid offers support for basic education, including non-formal education, and HIV and AIDS initiatives are targeted at national, provincial and community levels. Support for locally generated small-scale 'grass-roots' development initiatives in the education and HIV and AIDS sectors and in promoting sustainable livelihoods continues but is being linked to the efforts of local authorities and comprehensive multilateral initiatives. In particular, support for governance projects is being maintained, including support for indigenous partnerships.<sup>28</sup> New Zealand has committed one of the smallest amounts of aid to South Africa of R2 million for 2003 - 2005.

**Germany (GTZ) Aid.** GTZ is a development agency owned by the German government. GTZ has been present in South Africa since 1993, the end of the transition phase towards the new political dispensation. Bilateral technical co-operation between Germany and South Africa has since been continuously expanded. Focal areas reflect the core elements

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<sup>24</sup> [http://www.cdc.gov/nchstp/od/gap/countries/south\\_africa.htm](http://www.cdc.gov/nchstp/od/gap/countries/south_africa.htm)

<sup>25</sup> Department of Health. HIV and AIDS Newsletter: Newsletter from the National HIV and AIDS Programme, Pretoria. 27 March 2001. Available at <http://www.doh.gov.za/aids/newsletter/2001/0305.pdf>

<sup>26</sup> <http://www.ausaid.gov.au/country/africa.cfm>

<sup>27</sup> [http://www.dfid.gov.uk/Pubs/files/dfid\\_sa.htm](http://www.dfid.gov.uk/Pubs/files/dfid_sa.htm)

<sup>28</sup> <http://www.nzaid.govt.nz/programmes/r-africa-regional.html>

of the bilateral development co-operation strategy of the German government. They are supplemented by cross cutting issues such as poverty alleviation, social development, protection and conservation of natural resources, gender equality and, in particular, the fight against HIV and AIDS.<sup>29</sup> A commitment of R44 million has been made by Germany for 2001 – 2008.

## **7. Conclusions and recommendations on donor funding for HIV and AIDS in South Africa**

Given that donor funds constitute a large influx of funds to South Africa for HIV and AIDS, it is very important that donor-financed spending and national expenditure be synchronised to avoid duplication of programmes and improve financial accountability. The revenue from donor agencies, including the Global Fund, does not appear in the national budgets. Only the R20 million contributory payment to the Global Fund appears on the DOH 2003/4 budget vote.<sup>30</sup> Recording commitments and actual disbursements of donor aid in official budget documents would greatly improve transparency and accountability.

However, without increased investment on capacity building for government officials all the resource utilisation efforts are compromised. As stated before, the donor community should not provide funding for HIV and AIDS services *without* facilitating or improving the capacity of the government to utilise the funds. Donors should proactively invest in capacity building in the government system to ensure that the resources they provide are used effectively and efficiently.

It is commendable that the national Department of Health does maintain records of donors' financial commitment for HIV and AIDS via its Donor Matrix. However, there is still a need for improved coordination and increased utilisation of the Donor Matrix to facilitate tracking. Better coordination would also improve accountability and reduce the duplication of funding activities by different donors. It is therefore strongly recommended that SANAC and/or the Donor Coordination Unit of the International Health Liaison Directorate strengthens their role in capturing information on all the donor funds flowing into the country and keeping it up-to-date.

Because of the HIV and AIDS impact affecting South Africa, it is recommended that aid should also be directed at activities outside of the health sector, given that HIV and AIDS is not only a health issue. Such mainstreaming of donor funding in other sectors would support a real and positive change towards HIV and AIDS implementation and multisectoralism.

To reiterate, with or without donor funds, countries need to plan, budget and coordinate properly to develop effective responses to HIV and AIDS. Equally important is donor planning and coordination to avoid duplication, competition and/or clashes in national

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<sup>29</sup> <http://www.gtz.co.za/index.aspx?lang=en&country=za>

<sup>30</sup> National Treasury. 2003 Estimates of National Expenditure. Page 336.

and donor interests. In addition, proper planning is required in alignment with or for the achievement of UNAIDS 'Three Ones' Principles and other international declarations.