# SWAZILAND, HIV/AIDS AND THE GLOBAL FUND

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## SUMMARY

- The Global Fund to Fight AIDS, Tuberculosis and Malaria has provided $76.2 million in much-needed financial assistance across close to 10 years to the Kingdom of Swaziland for the execution of their HIV/AIDS programs, achieving admirable results.

- The Fund's recent audit of Swaziland, and cancellation of much-needed Round 11 funding, highlights problems with their approach to grant management in resource-limited environments.

- The Fund will need to work with recipients to improve domestic systems and recognize that conditions on the ground in recipient countries may not easily allow for importation of particular solutions to continue being effective.

Landlocked between South Africa and Mozambique, Swaziland's 1.2 million people face one of the world's worst HIV/AIDS epidemic: as of 2010, it was estimated that 26 percent of adults (15-49) were infected (NERCHA, 2010). While classified a lower-middle income country, this largely reflects the wealth of King Mswati III; the majority of the population lives below the poverty line and capacity within the country is low (Phakathi 2011; World Bank 2012). With a high burden of disease and low government capacity, Swaziland is heavily dependent on external donors such as the Global Fund to Fight AIDS, Tuberculosis and Malaria in order to finance its HIV/AIDS programs.

The relationship between the Global Fund and Swaziland, however, has been fraught with difficulties. While the Fund has invested $76.2 million in that country since 2003 and achieved much success,[1] recent events highlight the challenges that Swaziland faces as a result dependency on Global Fund financing (USAID,

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1    Among other things, Global Fund support has resulted in 68,000 people on antiretroviral therapy, 15,000 tuberculosis cases detected and treated, 70,000 bed nets distributed(The Global Fund, 2011b).

## ABOUT THE AUTHOR

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2010). This backgrounder investigates potential impacts and recommends steps forward in light of the Fund's recent audit of program finances and unexpected cancellation of the entirety of Round 11 financing.

## THE RESPONSE TO HIV/AIDS IN SWAZILAND

HIV/AIDS in Swaziland must be put into a broader public health perspective as the country is also heavily burdened by tuberculosis (TB) and some parts of the country are also burdened by malaria. TB is the most common opportunistic infection associated with HIV/AIDS. Further, malaria infection increases HIV viral load and HIV-positive patients are more susceptible to malaria. The Global Fund support in combating all three is of great benefit and it thus is little surprise that Swaziland has been able to access so much support from the Global Fund.(Abu-Raddad, Patnaik, and Kublin, 2006; Chaisson and Martinson, 2008).

With resources from the Global Fund, Swaziland has put together a competent HIV/AIDS prevention program. Under Fund operating procedures, each country that receives funding must appoint a Principal Recipient (PR) that is responsible for allocating money to Secondary Recipients (SRs) and Implementing Partners (IPs). Swaziland's PR is the National Emergency Response Council on HIV/AIDS (NERCHA), headed by Dr. Derek von Wissell. NERCHA is tasked with implementing Swaziland's National Strategic Framework for HIV and AIDS, a comprehensive strategy that is "evidence based and results focused" (Kingdom of Swaziland, 2009). The document is realistic and sets measurable targets (i.e., to reduce the annual HIV-incidence rate from 2.9 percent in 2008 to 2.3 percent by 2014) (Kingdom of Swaziland, 2009).

In previous efforts to combat HIV/AIDS the emphasis was on an emergency response instead of long-term management. Nonetheless, at present, knowledge of HIV/AIDS is relatively high, 100 percent blood safety has been achieved, prevention of mother to child transmission coverage doubled from 2005 to 2008 and a decentralized approach to bringing services to orphans and vulnerable children (OVC) was ambitiously pursued (Kingdom of Swaziland, 2009). To this end, KaGogo Centres (literally "grandmother's house") have been constructed to "mobilize and empower communities in the response to HIV" (NERCHA, 2011). These spaces have traditionally been part of Swazi culture as a neutral space for gatherings, discussions

or dispute resolution. KaGogo Centres were built by the communities themselves using local labour and materials (NERCHA, 2011).

NERCHA has demonstrated an ability to combine the needs of HIV/AIDS management with culturally appropriate responses. Current experiences with the Global Fund, however, have highlighted a disconnect between the requirements of global organizations and the realities of implementing effective programs. As von Wissellhas remarked, it is a problem of applying developed world standards against developing world capacity (IRIN, 2011). This threatens the programs that are in place as well as the ability to develop future initiatives, both within the Global Fund and elsewhere.

## 2010 GLOBAL FUND AUDIT

In 2010, the Global Fund conducted a scheduled audit of eight country programs, including Swaziland. While the audit did not reveal any cases of fraud (and thus did not entail a subsequent investigation, as was the case in Mauritania, India and Nigeria), there were some areas of concern. Of the Fund's 64 recommendations, three are worth highlighting as they demonstrate the discord between the perspectives of auditors and the reality of working in Swaziland.

One recommendation concerns weak budgetary controls, and identifies an overrun of $1,180,656 for the purchase of 38 vehicles. Inability to produce "evidence that the vehicles exist and were used to achieve Global Fund grants purposes" will result in NERCHA being required to refund the aforementioned amount (Office of the Inspector General, 2011).

Under the heading of controlling weaknesses in accounting, another recommendation notes that construction activities performed "without obtaining certification of completion of work" and other expenses without original receipts will also require repayment. Of particular concern is the discussion of KaGogo Centres, where the Fund has requested title deeds and proof they are being used to accomplish stated objectives. Specifically, the Global Fund took issue with poor specification of building materials, budget overruns and unapproved building plans (Office of the Inspector General, 2011).

While these concerns are warranted, they ignore the realities of program implementation in a resource-constrained country such as Swaziland.

Original receipts are easily lost and certification of work completion, when small local firms are involved, often proves problematic. Moreover, because KaGogo Centres are built and maintained by the local communities (in order to capitalize on their cultural relevance), ownership of the centres is retained by the community (Masinga, 2011; Wissell, 2011). To transfer ownership to NERCHA, or any other organization, would limit the value of the centres.

Most importantly, the Global Fund has emphasized transparency above results. NERCHA approaches the epidemic as a critical problem to be fought by any means necessary, and the result has been occasions where two large vehicles were budgeted for, but upon implementation, it was decided that four smaller vehicles (at a lower cost) would prove more effective (Wissell, 2011).

Indeed, modifications to original proposals to address changes in implementation seem to be difficult to coordinate with the Global Fund. While there is a mechanism in place for modifications (the Program Update Dispersion Request, or PUDR), it is problematic. According to von Wissell, modifications were noted in PUDRs, but the Global Fund did not check these against the original requests, resulting in accusations of misused funds during the official audit (Hall, 2011; Wissell, 2011).

## CANCELLATION OF ROUND 11

In November 2011, the Global Fund announced that the entirety of Round 11 funding was cancelled in its entirety due to $2.2 billion in pledged donations that were not received. This lack of money, coupled with low interest rates and currency fluctuations, has led to a situation where the Global Fund cannot offer new funding for programs.

This affects all countries that were hoping to receive Round 11 financing, but specifically, it means two things for Swaziland. The first is that there will be no opportunity to secure new money from the Global Fund until 2014 (AIDS Action Europe, 2011). While there are other funding resources, the Global Fund is one of the largest available to Swaziland, and the removal of Round 11 will potentially have serious implications for prevention efforts.

Secondly, NERCHA has invested considerable resources into developing its application for Round 11 funding. Each grant application takes months of

preparation, often in conjunction with outside (and expensive) consultants. As future applications will necessarily depend on different data and circumstances, the preparation work done for Round 11 was for naught.

## IMPLICATIONS FOR SWAZILAND

While the Global Fund audit will result in accounting improvements to existing programs, the way the audit was conducted caused many problems. In von Wissell's view, the auditors came in with a mind set of "if we can't find it, then you've stolen it" (Wissell, 2011). As one senior US employee working in Swaziland remarked, "the Global Fund has put equal value on outright embezzlement and errors of accounting." The impact of this approach can be seen in the media coverage surrounding the audit.

On October 31st, 2011, the day that the audit was released, a Swazi newspaper[2] published an article that took the Global Fund's audit and interpreted it through the lens of corruption, theft, and financial mismanagement. The Fund has stressed on several occasions this is not the case; that the audit was not followed up by a formal investigation is evidence of that. Nevertheless, accusations of corruption have the potential to paint Swaziland as a corrupt country, unworthy of grants from other donors.

The ramifications of the cancellation of Round 11 financing are more immediate and concrete. No new programs can be introduced, and while the Global Fund has a program in place to provide for existing programs, the cancellation should give governments pause when contemplating whether existing money will be available for as long as it has been promised (The Global Fund, 2011).

## POLICY RECOMMENDATIONS

The damage has been done from the removal of Round 11 and the release of the audit, but there are actions that both parties could take to help ensure that future HIV/AIDS programs do not suffer due to the complex relationship between Swaziland and the Global Fund.

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2    Interestingly, the original article appears to have been taken offline.

The first is that NERCHA should recognize that the Global Fund audit damaged its reputation, and particular attention needs to be paid to creating systems of accountability for capital purchases and construction projects. The second, and most important, is that NERCHA needs to work towards removing dependency on external agencies in areas that are critical to the Swazi population.

The problem is, of course, that Swaziland's epidemic exists within a struggling economy. The government cannot fund programs in their entirety and outside funding is required for sustainability. If the goal of the Global Fund is to contribute to fighting the epidemic in Swaziland, there are several things that they can also do to strike a balance between accountability, transparency and effectiveness.

In a low-capacity country such as Swaziland, the Fund should focus on the overall spirit and results of program implementation rather than strictly adhering to guidelines and holding recipient countries to account on original proposals. If the objective is to minimize opportunities for corruption and maximize effectiveness, then PRs should be rewarded when they pursue these objectives in good faith. This requires an element of trust and a greater level of understanding of the particular context in the country. The Global Fund should put more trust in the Local Funding Authority and the other local auditors in assessing the day-to-day operations.

The threat put to NERCHA of having to pay back $5.8 million, as recommended by the audit, not only jeopardizes the existence of current programs, but it also means that in the future NERCHA plans will be more risk-averse when proposing new programs. Future programs could be less ambitious and shy away from innovative solutions such as the KaGogo Centres. The result may be a collection of programs that gain the approval of Geneva, but are less effective on the ground in Swaziland.

The Global Fund could contribute to the continued success of NERCHA's programs by being more transparent regarding problems with funding. PRs need to weigh the options of preparing funding applications versus putting resources into program implementation. Simply knowing that there may be a problem with upcoming funding would allow the PRs to make better decisions, allocate resources effectively, and possibly pressure their governments for additional funding commitments. In short, it would make

the PRs less dependent on the Global Fund, which is an important element of ensuring that NERCHA's programs are sustainable in the long-run.

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