



Donors Call the Shots in HIV/Aids Sector

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Large international donor agencies have become major players in Africa's response to the HIV/AIDS pandemic. Despite talk of 'partnering' with their recipients, they have usually called the shots.

Unsurprisingly, considering the millions of dollars in play, the donors have insisted on high levels of transparency and accountability from recipients and have punished perceived corruption or mismanagement by hasty withdrawals of funds.

But after several breaking news stories in recent months, the conduct and accountability of donors themselves has come under similar scrutiny.

Reports in late 2006 said a USAID audit of President Bush's Emergency Plan for AIDS Relief (PEPFAR) had brought to light shoddy record-keeping, in which large numbers of beneficiaries were miscounted.

Next came revelations by the Los Angeles Times that the Bill & Melinda Gates Foundation had invested heavily in the pharmaceutical companies responsible for pricing life-prolonging antiretroviral drugs out of reach of most Africans.

In February 2007 it was the turn of the Global Fund to Fight AIDS, Tuberculosis and Malaria, when The Boston Globe newspaper revealed that an internal investigation had found the Fund's outgoing executive director, Richard Feacham, guilty of making extravagant use of his business expense account.

These stories may signal that the days of donor agency impunity are numbered. The Washington-based Centre for Global Development is researching HIV/AIDS funding in a project called the ['HIV/AIDS Monitor'](#), which is investigating the widely varying practices of three major donor agencies: the US President's Emergency Plan for AIDS Relief (PEPFAR), the Global Fund and the World Bank's Multi-Country HIV/AIDS Program (MAP). Local researchers in four countries receiving aid - Ethiopia, Mozambique, Uganda and Zambia - will look at how programmes are designed and implemented, funds are delivered and managed, and what impact they have on local health systems.

"Donors have really been stringent about how their money is used, but what's interesting is that we know very little about whether donors [agencies] are using money effectively," said project director Nandini Oomman. "Part of our goal is to make donors more accountable and more open."

Such initiatives are vital, not only for informing the American and European public about how their tax dollars are being spent, but for raising questions that recipients in Africa are rarely in a position to ask.

Partners or Dictators?

Most African nations depend heavily on donors to respond adequately to HIV/AIDS epidemics that have overwhelmed their own budgets. In Malawi, 55 percent of the health budget comes from donor agencies, most of it earmarked for HIV/AIDS programmes. But a 2005 study of the impact of Global Fund grants on the health system found that the Fund's focus had not always been in line with national programmes and priorities, and had actually hampered government efforts to decentralise health services.

"Donors claim they're looking for partnerships with governments but that patently isn't the case," said Prof Alan Whiteside, director of the Health Economics & HIV/AIDS Research Division at the University of KwaZulu-Natal in South Africa. "For governments, it can be a real issue of relative powerlessness, because they're reliant on donor money."

The Washington-based Center for Public Integrity, a nonprofit research organisation that concentrates on ethics and public service issues, recently looked at the practices of PEPFAR and concluded that instead of partnering with and empowering local stakeholders, the agency's overly "simplistic and narrow" framework for dealing with the epidemic had resulted in a prescriptive approach to allocating funds. Investigators cited PEPFAR's insistence on the ABC (Abstain, Be Faithful, Condomise) approach to prevention, with particular emphasis on A and B.

The US Global AIDS Coordinator, Dr Mark Dybul, responsible for implementing PEPFAR, described the ABC approach as evidence-based, and a continuation of policies in place before PEPFAR came into existence in 2003.

But Dean Peacock, former country director for the South African office of EngenderHealth, a nonprofit agency working to improve the quality of reproductive health and family planning services in developing countries, a recipient of PEPFAR funding, insisted that there was no evidence to support the abstinence approach.

"Part of [donor agency] accountability is not just how resources are used, but how the ideology behind it fits with the context."

Peacock, now co-director of Sonke Gender Justice, a South Africa-based nongovernmental organisation (NGO) advocating for gender equality to reduce the spread of HIV, shares the view of many experts that the promotion of abstinence and fidelity is often too simplistic in the African context of gender violence and inequity, in which many women are not in a position to negotiate the terms and conditions of sex.

Ideally, organisations should challenge donor agencies when funding came with strings attached that did not match their mandates, but in reality this rarely happened. "If you're sitting there as a programme director, and you've got someone's salary on the line, it's very difficult to say 'no' to funding," said Peacock.

"There is a sense of being held to ransom," agreed Denise Hunt, executive director of the AIDS Consortium, an umbrella organisation of South African AIDS service organisations. "People are wary to speak out because they're reliant on those funds."

More Money than Capacity

Part of the apparent reluctance of donors to partner with local organisations and governments stems from the very real lack of capacity in many countries to manage large sums of donated cash.

"There's more money committed to the AIDS response than there is capacity to disperse it in Botswana," commented Daniel Motsatsing, executive director of the Botswana Network of AIDS Service Organisations (BONASO).

The same is true in many countries, where weak health systems often cannot expand at the same pace as donor-inflated budgets.

A 2005 report on the potential for corruption in the HIV/AIDS sector by anti-corruption organisation Transparency International, noted that the "performance" of a grant is often assessed by how rapidly it is disbursed, providing an incentive to donors and recipients to allocate money carelessly, or even to siphon off significant amounts without anyone noticing.

Many donors had tried to solve the problem by running costly parallel systems that either imported 'experts' or recruited scarce local talent.

The Global Fund broke new ground by setting up 'Country Coordinating Mechanisms' (CCMs) of local stakeholders to oversee its grants, but after evidence of corruption surfaced in Uganda and Chad, and of poor performance in Nigeria, the Fund has had to rethink its 'hands-off' approach and invest more in strengthening the capacity of the CCMs. "I think it was a rather idealistic approach to take - there wasn't an organised network of technical and managerial assistance available," said spokesperson Jon Liden.

Global health commentator Laurie Garrett is among those who have argued that donors should focus on strengthening public health systems instead of "stove-piping" large amounts of aid into HIV/AIDS programmes.

"Stovepiping tends to reflect the interests and concerns of the donors, not the recipients," wrote Garrett, adding that "efforts to combat HIV/AIDS have so far managed to bring more money to the field, but have not always had much beneficial impact on public health outside their own niche."

Liden disagreed, arguing that AIDS, tuberculosis and malaria dominate health systems in many African countries, and that tackling them inevitably benefited public health more broadly.

Keeping Promises

Most donors commit to five-year funding cycles, leaving recipients in a constant state of uncertainty about the future of their organisations and beneficiaries. Even when a commitment has been made, it can take several months for the money to arrive.

"Their own inefficiency becomes your crisis," said Denise Hunt of the AIDS Consortium, noting that it was not uncommon to receive funding late while the deadline for spending it remained the same. "I'm in a situation now where I'm going to have to give a donor some money back because it wasn't spent by the deadline, but if it had been, it would have been spent recklessly."

An even bigger problem was donors who failed to honour pledges. In the HIV/AIDS sector, "[the importance of] predictability is huge", said Whiteside, especially when it came to antiretroviral treatment programmes, which had to be sustained uninterruptedly and indefinitely.

This means ensuring that the amounts received matched commitments, and that administrative fees and other deductions were taken into account.

Peacock said it was common practice for US-based international NGOs receiving PEPFAR funding to charge 30 percent of their grants to overheads, plus 15 percent to administration, thus spending nearly 50 percent of their budgets on ill-defined organisational costs that often included plush offices in New York and Washington.

With "bloated executive salaries, well in excess of what President Mbeki earns, for flying around the world, business class,

and dropping in on the developing world to offer prescriptive 'technical assistance' devoid of any substantive understanding of local realities", he added.

According to a US Congressional report, at least two-thirds of US foreign aid never leaves the United States. The money is used to pay for American salaries, American-made vehicles, office expenses and other 'overheads'.

Dybul conceded that some international NGOs had inappropriately allocated items as US-based overheads and had under-used local expertise and capacity: "We're now requiring line items to separate out [American] overheads and putting language into grant contracts that requires international organisations to start turning over what they're doing to local organisations."

Lack of Coordination

Besides unpredictability and the programme planning challenges this created, donors have different disbursement cycles, and the lack of coordination between them extends to different reporting formats and administrative procedures. The resulting administrative burden takes significant time and resources away from the core business of smaller NGOs, especially when they receive funding from several donors.

Poor communication between donor agencies can also lead to project duplication or even competing programmes. "Donors really need to start talking to each other about coordinating their efforts," said Oomman. "But the incentives for that are not great."

Liden agreed: "Everyone wants the kudos of the quick result, so it's difficult to argue that one donor should do the more visible stuff while another does the back-office stuff."

Nevertheless, Liden, of the Global Fund, and Dybul, of PEPFAR, both claimed to be working towards greater coordination. "Everyone we know has the same goals," said Dybul. "In some places the Global Fund is supplying ARV drugs and PEPFAR is supplying the training and infrastructure to deliver them."

The Global Fund's highly transparent model of posting details of all of its grants on a publicly accessible website has also reduced the possibility of duplication while increasing accountability. "It is scary to expose your work to the scrutiny of the entire world," commented Liden. "But it has engendered very constructive debates about how best to use funds for development."

Recipients are also starting to recognise the need for greater advocacy in their relationships with donors. Hunt advised local NGOs to view such relationships as "a two-way street", and to be more selective about whom they accepted funds from, "because it can't come at any cost".

"In some cases," agreed Peacock, "we should just say, 'no, we can't do this'."

[This report does not necessarily reflect the views of the United Nations]