



Testimony

Before the Subcommittee on National Security,
Emerging Threats, and International Relations,
Committee on Government Reform, House of
Representatives

For Release on Delivery
Expected at 1 p.m. EDT/EST
September 6, 2006

GLOBAL HEALTH

Spending Requirement Presents Challenges for Allocating Prevention Funding under the President's Emergency Plan for AIDS Relief

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Highlights of [GAO-06-1089T](#), testimony before the Subcommittee on National Security, Emerging Threats, and International Relations, House Committee on Government Reform

Why GAO Did This Study

The U.S. Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 authorizes the President's Emergency Plan for AIDS Relief (PEPFAR). It promotes the ABC model (Abstain, be faithful, or use Condoms); recommends that 20 percent of funds appropriated pursuant to the act be spent on prevention; and requires that, starting in fiscal year 2006, 33 percent of prevention funds appropriated pursuant to the act be spent on abstinence-until-marriage activities. The Office of the U.S. Global AIDS Coordinator (OGAC) oversees PEPFAR and administers the Global HIV/AIDS Initiative (GHAI) account, the main repository for PEPFAR funds. For our April 2006 report, GAO reviewed PEPFAR prevention funding trends; described the PEPFAR strategy to prevent sexual transmission of HIV; and examined related challenges.

The report recommended that the Coordinator collect and report information on the effects of the abstinence-until-marriage spending requirement and use it to, among other things, assess whether the requirement should apply only to the GHAI account. OGAC agreed to collect information but disagreed with applying the requirement only to certain funds; GAO modified the recommendation. GAO also suggested Congress use the information to assess how well the requirement supports the Leadership Act's endorsement of both the ABC model and strong abstinence programs.

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To view the full product, including the scope and methodology, click on the link above. For more information, contact Gootnickd@gao.gov.

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What GAO Found

As GAO reported in April 2006, PEPFAR prevention funding in 15 focus countries increased by 55 percent between fiscal years 2004 and 2006, rising from about \$207 million to \$322 million. During this time, the prevention share of PEPFAR funding in these countries fell by about one-third, in accordance with the Leadership Act's recommendation that 20 percent of funds appropriated pursuant to the act support prevention.

The PEPFAR strategy for preventing sexual transmission of HIV/AIDS is largely shaped by three elements—the ABC model, the abstinence-until-marriage spending requirement, and local prevention needs. In addition to adopting the ABC model, OGAC developed guidance for applying it—for instance, that prevention interventions should be integrated and responsive to local needs and cultural norms. To meet the 33 percent spending requirement, OGAC mandated that country teams (PEPFAR officials in the field) spend at least half of prevention funds on sexual prevention and two-thirds of those funds on abstinence/faithfulness (AB) activities. OGAC permitted certain country teams to seek exemptions from this policy. OGAC also applied the spending requirement to all PEPFAR prevention funding as a matter of policy, although it determined that as a matter of law it applies only to funds appropriated to the Global HIV/AIDS Initiative account.

GAO also reported in April 2006 that OGAC's ABC guidance and the abstinence-until-marriage spending requirement, while valued by country teams, have presented challenges to most teams. First, two-thirds of focus country teams told us that ambiguities in some parts of the guidance led to uncertainty about implementing the model; OGAC officials commented they were clarifying the guidance for country teams. Second, although several teams indicated that they value the ABC model and noted the importance of AB messages, some teams also reported that the spending requirement can limit their ability to design programs that are integrated and responsive to local prevention needs. Most country teams reported, either in structured interviews or exemption requests, that fulfilling the spending requirement, including OGAC's policies implementing it, presents challenges to their ability to respond to local needs. Seven focus country teams—primarily those with smaller PEPFAR budgets—received exemptions from the requirement, allowing them to dedicate less than 33 percent of prevention funds to AB activities. In general, the nonexempted teams are spending more than 33 percent of prevention funds on AB activities, and OGAC should just meet the overall spending requirement for fiscal year 2006. However, to meet the abstinence-until-marriage spending requirement, teams have in some cases reduced or cut funding for certain prevention programs, such as those to deliver comprehensive messages to certain populations. OGAC's decision to apply the spending requirement to all PEPFAR prevention funds may further challenge country teams' ability to address local prevention needs.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss HIV prevention efforts funded under the President's Emergency Plan for AIDS Relief (PEPFAR).

In January 2003, citing the need "to meet a severe and urgent crisis abroad," President Bush announced PEPFAR, a \$15 billion, 5-year initiative to combat the global HIV/AIDS epidemic through prevention, treatment, and care interventions. The U.S. Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003¹ (Leadership Act), which authorizes PEPFAR, endorses using the "ABC model" (Abstain, Be faithful, or use Condoms) to prevent the sexual transmission of HIV. The act also provides for the establishment of an HIV/AIDS coordinator within the Department of State (State) to lead the U.S. response to the HIV/AIDS epidemic and oversee all U.S. efforts to combat HIV/AIDS abroad, including administering an account—known as the Global HIV/AIDS Initiative (GHAI) account—containing funds appropriated pursuant to the act. The act recommends that 20 percent of the appropriated funds be dedicated to HIV/AIDS prevention and requires that, beginning in fiscal year 2006, at least 33 percent of these prevention funds be spent on abstinence-until-marriage programs. State's Office of the U.S. Global AIDS Coordinator (OGAC) has defined five HIV/AIDS prevention program areas—abstinence/faithfulness (AB), "other prevention," prevention of mother-to-child transmission (PMTCT), safe medical injections, and blood safety—and defined abstinence-until-marriage programs as AB activities.

My remarks will focus on three areas, as discussed in our report issued on April 4, 2006:² (1) trends and allocation of PEPFAR prevention funding, (2) the PEPFAR strategy for preventing the sexual transmission of HIV, and (3) key challenges associated with applying this strategy.

My observations are based on the work of our GAO team over the previous year. For this project, our team conducted structured interviews with U.S. agency officials responsible for managing PEPFAR in all 15 PEPFAR focus

¹Pub. L. No. 108-25.

²GAO, *Global Health: Spending Requirement Presents Challenges for Allocating Prevention Funding under the President's Emergency Plan for AIDS Relief*, [GAO-06-395](#) (Washington, D.C.: April 4, 2006).

countries³ (focus country teams). This structured interview tool was designed, tested, and reviewed in consultation with our methodologist to ensure the validity and reliability of our analysis. Our team also reviewed key PEPFAR documents, such as country teams' operational plans, and interviewed U.S. based officials from the key agencies responsible for implementing PEPFAR—State, the U.S. Agency for International Development (USAID), and the Centers for Disease Control and Prevention (CDC)—as well as representatives of several nongovernmental organizations based in Washington, D.C. In July 2005, the team visited four PEPFAR focus countries—Botswana, Ethiopia, South Africa, and Zambia—that it had selected using a set of objective criteria, such as level and focus of PEPFAR funding. Finally, the team reviewed information from five additional PEPFAR country teams that receive at least \$10 million in U.S. government funding for HIV/AIDS.⁴ We conducted this work in accordance with generally accepted government auditing standards.

Summary

As we reported in April 2006, PEPFAR prevention funding⁵ in the 15 focus countries rose significantly between fiscal years 2004 and 2006, while the proportion of total PEPFAR funding dedicated to prevention declined. PEPFAR funding in these 15 countries rose from \$207 million in fiscal year 2004 to \$322 million fiscal year 2006.⁶ At the same time, prevention funding as a share of total PEPFAR funding in the 15 focus countries declined from 33 to 20 percent, consistent with the Leadership Act's recommendation

³The 15 PEPFAR focus countries are Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam, and Zambia. Officials in these countries spoke with us with the understanding that individual respondents and the countries where they serve would not be named in our discussion of the structured interviews.

⁴These countries are Cambodia, India, Malawi, Russia, and Zimbabwe. Each of these teams is required to submit an operational plan to OGAC each fiscal year, starting in fiscal year 2006.

⁵For the purposes of this testimony, and in our April 2006 report, PEPFAR prevention funding is defined as funding appropriated to four accounts in the 15 PEPFAR focus countries, as well as bilateral HIV/AIDS funding in the five additional PEPFAR countries. Funding data for fiscal years 2004 and 2005 are actual, while funding data for fiscal year 2006 are planned funding as of March 15, 2006.

⁶Data that OGAC reported to Congress in April 2006 regarding fiscal year 2006 planned PEPFAR prevention funding differ from these figures, primarily because OGAC's reported prevention funding included costs not reported in previous fiscal years as program area funds. These costs include, in part, certain strategic information and management and staffing costs.

that 20 percent of funds appropriated pursuant to the act be spent on prevention. For fiscal year 2005, focus country teams reported allocating varying amounts for prevention programs, including those designed to prevent sexual transmission of HIV—AB and “other prevention.” We found that challenges and inconsistencies in country teams’ categorization of funding for certain ABC programs and some broad sexual transmission prevention activities, such as programs aimed at reducing stigma associated with HIV, result in some limitations in the reliability of reported allocations for sexual transmission prevention.

The PEPFAR strategy for preventing sexual transmission of HIV is largely shaped by three elements—the ABC model, endorsed by the Leadership Act; the Leadership Act’s abstinence-until-marriage spending requirement; and local prevention needs in the PEPFAR countries.

- *ABC model.* OGAC adopted the model and identified key principles to guide country teams’ implementation of it—stating, for example, that prevention interventions should be responsive to characteristics of the epidemic of the country. OGAC’s guidance regarding the ABC model also outlined the types of activities that can be funded through PEPFAR and directed country teams to emphasize different components of the ABC model for various target populations.
- *Abstinence-until-marriage spending requirement.* The PEPFAR sexual transmission prevention strategy reflects the Leadership Act’s requirement to reserve at least 33 percent of prevention funds appropriated pursuant to the act—starting in fiscal year 2006—for abstinence-until-marriage programs. To ensure compliance, OGAC established policies in August 2005 directing 20 PEPFAR country teams⁷ to dedicate at least 50 percent of prevention funding to sexual transmission prevention activities (50 percent policy) and 66 percent of that amount to AB activities (66 percent policy). OGAC also allowed country teams, especially those with smaller budgets or more concentrated epidemics, to request exemption from these policies. Finally, OGAC applied the spending requirement to all PEPFAR prevention funding as a matter of policy, although it determined that, as a matter of law, the requirement applies only to funds appropriated to the GHAI account.

⁷These 20 teams are the 15 focus country teams and the 5 additional teams that receive at least \$10 million annually in U.S. government HIV/AIDS funding.

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- *Local prevention needs.* Working within the parameters of the ABC model and the abstinence-until-marriage spending requirement, country teams design prevention programs that respond to the countries' prevention needs.

OGAC's ABC guidance and the Leadership Act's abstinence-until-marriage spending requirement have presented several challenges to country teams.

- Lack of clarity in the ABC guidance has created challenges for a majority of focus country teams. Although a number of teams told us that they found the guidance clear or easy to implement, 10 of the 15 focus teams cited instances where elements of the guidance were ambiguous and confusing, leading to difficulties in its interpretation and implementation. We reported in April that OGAC officials told us they were working to clarify confusing components of the guidance, including distributing to country teams a document to address concerns teams had identified.
- Satisfying the Leadership Act's abstinence-until-marriage spending requirement presents challenges to most country teams. Several focus country teams indicated that they value the ABC model as an HIV/AIDS prevention tool and noted the importance of AB messages, particularly for certain populations. However, about half of the focus country teams told us that meeting the spending requirement can undermine the integration of prevention programs. Further, 17 of the 20 PEPFAR teams required to meet the requirement, absent exemptions, reported either in structured interviews or exemption requests that it presents challenges to their ability to respond to local epidemiology and cultural and social norms. Ten of these 17 teams (including 7 focus country teams) requested and received exemptions, citing a variety of constraints related to meeting the requirement, such as reduced PMTCT spending and limited funding for prevention messages to high-risk groups. The remaining 7 teams, which did not meet OGAC's proposed criteria for submitting exemption requests, also identified specific program constraints related to meeting the requirement, such as reduced funding for prevention programs aimed at HIV-positive individuals. Having approved 10 requests for exemption, OGAC should just meet the Leadership Act's 33 percent requirement for fiscal year 2006 by effectively requiring teams that do not request exemptions to, in most cases, spend more than 33 percent of prevention funds on AB activities. However, these teams must sometimes reduce or cut funding for certain prevention programs, such as programs to deliver comprehensive ABC messages to populations at risk of contracting HIV. The analysis in our April report showed that nonexempted country teams' allocations of planned prevention funds to "other prevention" declined by approximately \$5 million—from about 23 percent in fiscal year 2005 to

about 18 percent in fiscal year 2006. At the same time, exempted country teams' allocations of planned prevention funds to "other prevention" increased by approximately \$700,000 between fiscal years 2005 and 2006, remaining at about 21 percent of their total prevention funding in each fiscal year. Finally, OGAC's decision to apply the spending requirement to all PEPFAR prevention funding, rather than only to prevention funding in the GHAI account, may further constrain some country teams' ability to respond to local prevention needs.

In our April 2006 report, we recommended that the Secretary of State direct the U.S. Global AIDS Coordinator to collect and report to Congress information from the country teams about the spending requirement's effect on their prevention programming and use that information to, among other things, consider whether the Leadership Act's abstinence-until-marriage spending requirement should be applied only to funds appropriated to the GHAI account. We also suggested that, in light of this information, Congress should assess the extent to which the spending requirement supports the Leadership Act's endorsement of both the ABC model and strong abstinence-until-marriage programs. In responding jointly to a draft of our report, State, USAID, and the Department of Health and Human Services accepted our recommendation to collect information from the country teams regarding the spending requirement's effects on their HIV sexual transmission prevention programming. They disagreed with our draft recommendation to consider whether the Leadership Act's spending requirement should be applied solely to funds appropriated to the GHAI account. We modified the second recommendation to recommend that they consider this policy change after collecting information on the effect of the spending requirement.

Background

Each day, an estimated 13,400 people worldwide are newly infected with HIV; more than 20 million have died from AIDS since 1981. HIV is transmitted both sexually (through sexual intercourse with an infected person) and nonsexually (through the sharing of needles or syringes with an infected person; unsafe blood transfusions; or the passing of the virus from mother to child through pregnancy, childbirth, or breastfeeding). The majority of HIV infections worldwide are transmitted sexually. About two-thirds of the estimated 40 million people currently living with HIV/AIDS are in sub-Saharan Africa where, according to the Joint United Nations

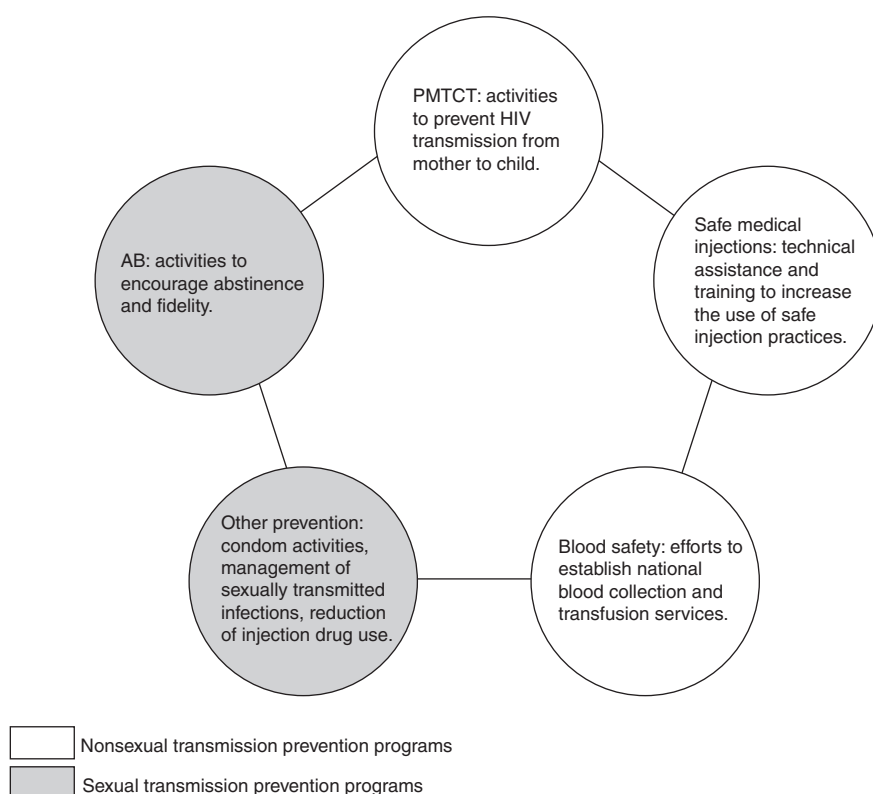
Programme on HIV/AIDS, adult HIV prevalence averaged 7.4 percent in 2004.⁸

As the entity responsible for developing the U.S. global HIV/AIDS strategy and administering PEPFAR, OGAC has defined five prevention program areas—abstinence/faithfulness (AB), “other prevention,” prevention of mother-to-child transmission (PMTCT), blood safety, and safe medical injections. These areas are divided into two groups: those aimed at preventing sexual transmission—AB and “other prevention”⁹—and those aimed at preventing nonsexual transmission—PMTCT, blood safety, and safe medical injections. (See fig. 1.)

⁸HIV prevalence represents the percentage of the adult population that is estimated to be HIV positive. Estimates of HIV prevalence are often based on surveillance of pregnant women in prenatal clinics or population-based surveys.

⁹In its Second Annual Report, released to Congress in February 2006, OGAC began referring to these activities as “condoms and related prevention activities.”

Figure 1: PEPFAR Prevention Program Areas



Source: GAO analysis of OGAC's fiscal year 2006 Country Operational Plan Guidance.

AB activities encourage abstinence until marriage, delay of first sexual activity, secondary abstinence,¹⁰ faithfulness in marriage and monogamous relationships, reduction of sexual partners among sexually active unmarried persons, and social and community norms related to the above practices. “Other prevention” activities include the purchase and promotion of condoms, management of sexually transmitted infections (if not in a palliative care setting), and messages or programs to reduce injection drug use and related risks.

¹⁰According to OGAC, secondary abstinence activities encourage abstinence for youths who have already engaged in sexual intercourse.

In fiscal year 2004, the U.S. Congress appropriated \$2.4 billion for global HIV/AIDS efforts, directing \$865 million of this amount to four accounts: (1) the GHAI account, which received most of the funding; (2) the Child Survival and Health account; (3) the Prevention of Mother to Child Transmission account; and (4) CDC's Global AIDS Program.¹¹ In our April 2006 report, PEPFAR funding refers to funds appropriated to these four accounts¹² for the 15 focus countries, as well as bilateral HIV/AIDS funding for the five additional countries that receive at least \$10 million in U.S. government HIV/AIDS funding. Each year, to receive country-level funding for the coming fiscal year, country teams submit budgets, or "operational plans," to OGAC outlining planned activities and the organizations that will implement them (implementing partners). These plans are subject to OGAC's review and approval. Focus country teams also receive central funding—multicountry awards that are managed by U.S. agency headquarters in Washington, D.C. For fiscal years 2004 and 2005, PEPFAR funding figures are central and country-level appropriations allocated by OGAC. For fiscal year 2006, PEPFAR funding consists of planned allocations of central and country-level appropriations.¹³

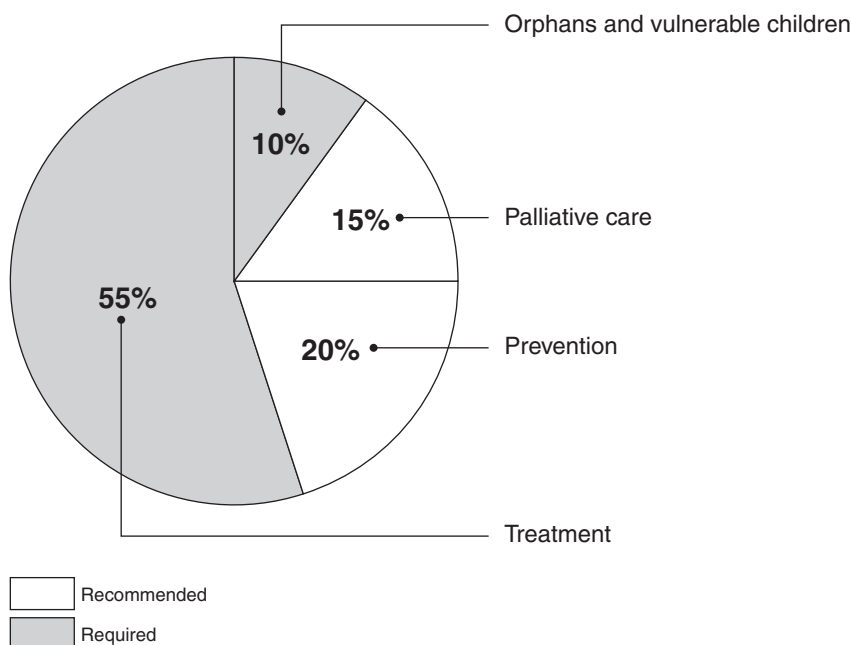
The Leadership Act specifies the percentage of PEPFAR funds to be allocated for HIV/AIDS prevention, treatment, and care for fiscal years 2006-2008. The act recommends that 20 percent of funds appropriated pursuant to the act be spent on prevention and 15 percent on palliative care for those living with the disease. The act also requires that, beginning in fiscal year 2006, at least 55 percent of funds appropriated pursuant to the act be spent on treatment and at least 10 percent on orphans and vulnerable children. (See fig. 2).

¹¹The remaining \$1.5 billion was appropriated for, among other initiatives, the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria—a multilateral public-private mechanism—and international HIV/AIDS research through the National Institutes of Health.

¹²The Prevention of Mother to Child Transmission account expired at the end of fiscal year 2004, but some country teams carried over funds from this account from fiscal year 2004 to fiscal year 2005. Therefore, for fiscal year 2006, PEPFAR funding is defined as funds appropriated to the remaining three accounts.

¹³Fiscal year 2006 funding figures change slightly throughout the fiscal year, as country teams make adjustments to their funding allocations.

Figure 2: Selected Spending Requirements and Recommendations for Fiscal Years 2006-2008 Contained in the 2003 Leadership Act



Source: GAO analysis of 2003 Leadership Act.

The Leadership Act further requires that at least one-third of prevention funding appropriated pursuant to the act be spent on abstinence-until-marriage programs, starting in fiscal year 2006. (The act also recommended this spending distribution for fiscal years 2004 and 2005.) In June 2004, OGAC notified Congress that it defines abstinence-until-marriage activities as programs that address both abstinence and faithfulness.¹⁴

The Leadership Act states that “behavior change, through the use of the ABC model, is a very successful way to prevent the spread of HIV.” The model, which the Leadership Act defines as “‘Abstain, Be faithful, and use Condoms,’ in order of priority,” is based in part on the experience of Uganda, which implemented an ABC campaign in the 1980s and observed

¹⁴Office of the U.S. Global AIDS Coordinator, *Appendix 2: The Emergency Plan for AIDS Relief: Fiscal Year 2004 Prevention Expenditures and Program Classification Criteria* (Washington, D.C.: U.S. Department of State, 2004).

a decline in HIV/AIDS prevalence by 2001.¹⁵ Although substantial debate exists about the extent to which each component of the model is responsible for reducing HIV prevalence in individual countries, there is general consensus that using the ABC model can have a positive impact in combating HIV/AIDS. In November 2004, a key consensus statement authored by leading public health experts and endorsed by more than 125 prominent figures and world leaders observed that “all three elements of [the ABC model] are essential to reducing HIV incidence, although the emphasis placed on individual elements needs to vary according to the target population.”¹⁶

The PEPFAR prevention goal is to avert 7 million infections in the 15 focus countries by the year 2010. This goal is cumulative; that is, infections averted in 2004 through 2009 will count toward the final total of infections averted by 2010. In addition, this goal is to be reached both through PEPFAR activities and through interventions by other donors and host nations. OGAC plans, over time, to estimate progress toward this goal by using a statistical model of epidemiological trends developed by the U.S. Census Bureau. This analysis will compare “expected” HIV incidence rates in particular countries with “actual” incidence rates, using those comparisons to estimate the number of infections that have been averted through PEPFAR and other prevention programs. However, it cannot attribute this change to any specific intervention or to the success of particular types of programs. The approach involves substantial challenges and the reliability of the estimates is not known, according to Census officials. Key challenges include a lack of data on prevalence rates in many developing countries and the fact that impacts of behavioral change programs can occur over a period of time. OGAC initially considered using a different methodology—the Goals model¹⁷—that links estimates of

¹⁵In 1986, the Ugandan government launched a nationwide information, education, and communication tour to encourage Ugandans to abstain from sex until marriage, remain faithful to one partner (termed “zero-grazing”), and use condoms when necessary. According to the U.S. Census Bureau and UNAIDS, national HIV/AIDS prevalence in Uganda fell from about 15 percent in the early 1990s to 5 percent in 2001.

¹⁶Cates, Willard, et al. “The Time Has Come for Common Ground on Preventing Sexual Transmission of HIV,” *Lancet*, vol. 364 (Nov. 27, 2004).

¹⁷The Goals model is based on published research studies of the effectiveness of various prevention strategies and on conversion factors that translate dollars spent on a given prevention intervention into the number of infections averted. The model was developed by the Futures Group—a privately held company that designs and implements public health and social programs for developing countries.

infections averted to specific types of prevention programs carried out under PEPFAR and their spending levels. However, OGAC concluded that this model could yield misleading results and was not the best method to adopt. To acquire information about the effectiveness of specific PEPFAR prevention programs, especially in the AB area, OGAC plans to fund targeted evaluations on a very limited scale.

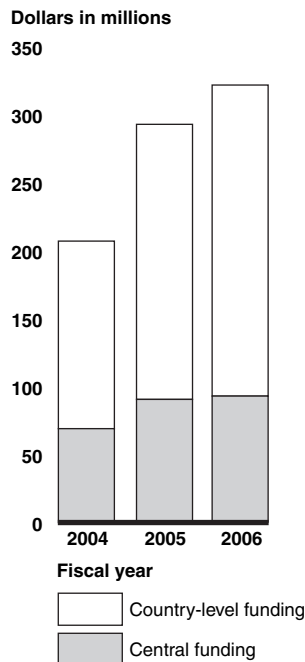
PEPFAR Prevention Funding in the Focus Countries Grew Significantly during First 3 Years

PEPFAR prevention funding increased significantly between fiscal years 2004 and 2006, while the proportion of total PEPFAR funding dedicated to prevention declined. Country teams reported varying allocations among the five prevention program areas. We found that challenges and inconsistencies in country teams' categorization of funding for certain ABC programs and broad sexual transmission prevention activities resulted in some limitations in the reliability of reported allocations for sexual transmission prevention.

PEPFAR prevention funding¹⁸ in the 15 focus countries increased by more than 40 percent, from \$207 million in fiscal year 2004 to \$294 million in fiscal year 2005. It further increased by about 10 percent, to \$322 million, in fiscal year 2006. (See fig. 3.)

¹⁸OGAC officials were unable to provide data on PMTCT central funding for prevention. While they estimated that \$6.5 million in central PMTCT funding went to prevention in fiscal years 2004 and 2005, these rough estimates are not included in our funding figures.

Figure 3: Total PEPFAR Prevention Funding in the 15 Focus Countries, Fiscal Years 2004-2006

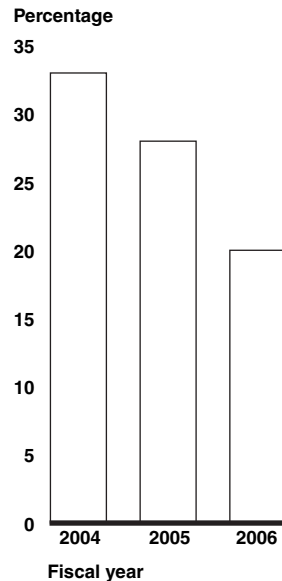


Sources: GAO analysis of fiscal year 2004 budget data provided by OGAC; OGAC's Country Operational Plan and Reporting System database; and OGAC Central Awards database.

Note: Fiscal year 2006 funding is planned funding as of March 15, 2006. Data that OGAC reported to Congress in April 2006 regarding fiscal year 2006 planned PEPFAR prevention funding differ from these figures, primarily because OGAC's reported prevention funding included costs not reported in previous fiscal years as program area funds.

At the same time, the proportion of PEPFAR funding dedicated to prevention in the 15 focus countries declined from 33 percent in fiscal year 2004 to 20 percent in fiscal year 2006, consistent with the Leadership Act's recommendation that one-fifth of funds appropriated pursuant to the act be spent on prevention. (See fig. 4.) OGAC's fiscal year 2004 operational plan predicted this decline, noting that the proportion of total PEPFAR funding allocated to prevention would likely begin to decrease relative to the proportion allocated to care and treatment.

Figure 4: Share of PEPFAR Funding Dedicated to Prevention in the 15 Focus Countries, Fiscal Years 2004-2006

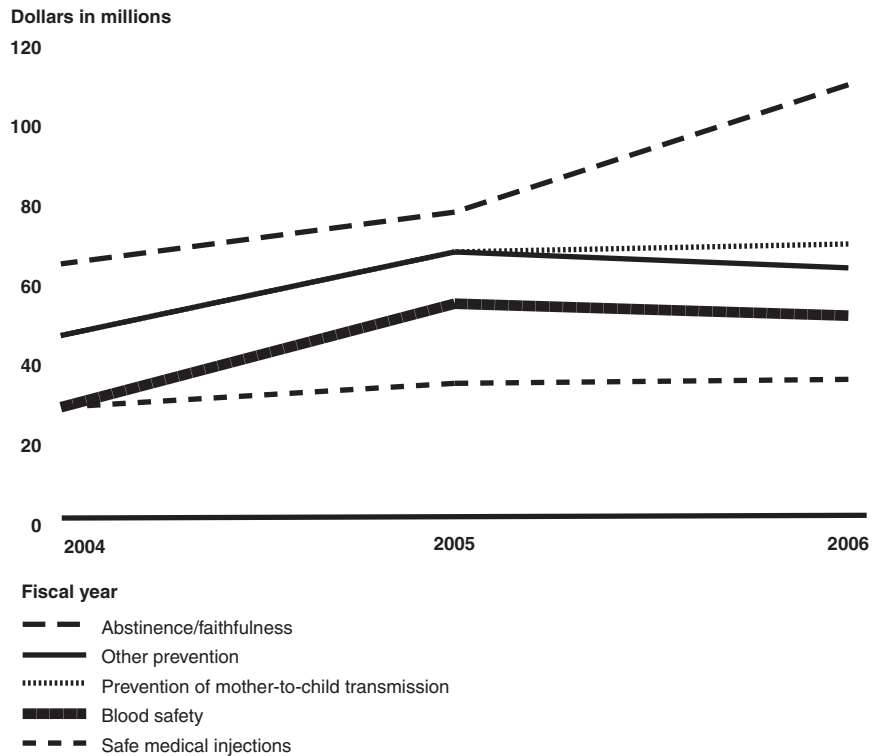


Sources: GAO analysis of fiscal year 2004 budget data provided by OGAC; OGAC's Country Operational Plan and Reporting System database; and OGAC Central Awards database.

Note: Fiscal year 2006 funding is planned funding as of March 15, 2006. Data that OGAC reported to Congress in April 2006 regarding fiscal year 2006 planned PEPFAR prevention funding differ from these figures, primarily because OGAC's reported prevention funding included costs not reported in previous fiscal years as program area funds.

The total proportion of PEPFAR prevention funding that the 15 focus country teams reported allocating to each of the five prevention programs varied to some extent across fiscal years 2004-2006. (See fig. 5.)

Figure 5: Reported PEPFAR Prevention Funding in Focus Countries, by Program Area, Fiscal Years 2004-2006



Source: GAO analysis of fiscal year 2004 budget data provided by OGAC, OGAC's Country Operational Plan and Reporting System database, and OGAC Central Awards database.

Note: Fiscal year 2006 funding is planned funding as of March 15, 2006. Data that OGAC reported to Congress in April 2006 regarding fiscal year 2006 planned PEPFAR prevention funding differ from these figures, primarily because OGAC's reported prevention funding included costs not reported in previous fiscal years as program area funds.

Challenges and inconsistencies in country teams' categorization of funding for certain integrated ABC activities and some broad sexual transmission prevention activities cause some limitations in the reliability of the allocations reported for AB and "other prevention." For example, in their country operational plans, some teams categorized integrated ABC programs entirely as "other prevention," while others divided some or all of these programs between the AB and "other prevention" categories. In addition, certain broader components of sexual transmission prevention programs that are not clearly defined as AB or "other prevention," such as activities to prevent substance abuse, may appear in either program area in the teams' operational plans. The lack of a standardized method for categorizing these programs means that, to some extent, the varied

numbers of funding reported across fiscal years may reflect the variations in categorization methods rather than actual differences.

PEPFAR Sexual Transmission Prevention Strategy Is Driven by ABC Approach, Abstinence-Until-Marriage Spending Requirement, and Local Prevention Needs

The PEPFAR strategy for preventing sexual transmission of HIV is shaped largely by three components: the ABC model, the abstinence-until-marriage spending requirement, and local prevention needs.

In adopting the ABC model, OGAC identified the following key principles that country teams should consider in developing and implementing ABC programs:

- The model should be applied in accordance with local prevention needs.
- Prevention activities should be integrated.
- Prevention activities should be coordinated with the HIV/AIDS strategies of host governments.
- Prevention interventions should be driven by best practices.

OGAC's guidance to the field states that "the optimal balance of ABC activities will vary across countries according to the patterns of disease transmission, the identification of core transmitters (i.e., those at highest risk of transmitting HIV), cultural and social norms, and other contextual factors."¹⁹ The ABC guidance also specifies the components of the ABC model that should be targeted to certain populations and sets parameters on the prevention messages that may be delivered to youths. For example, although PEPFAR funds may be used to deliver age-appropriate AB information to in-school youths aged 10 to 14 years, the funds may not be used to provide information on condoms to these youths. When students are identified as being at risk, they may be referred to out-of-school programs that provide integrated ABC information and that provide condoms. Under these rules, PEPFAR funds may be used to give integrated ABC information to youths older than 14. Other rules include the following:

¹⁹Office of the U.S. Global AIDS Coordinator, *Guidance to In-Country Staff and Implementing Partners Applying the ABC Approach to Preventing Sexually-Transmitted HIV Infections within the President's Emergency Plan for AIDS Relief* (Washington, D.C.: U.S. Department of State, March 2005).

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- PEPFAR funds may not be used in schools for marketing efforts to promote condoms to youths.
 - PEPFAR funds may not be used in any setting for marketing campaigns that target youths and encourage condom use as the primary intervention for HIV prevention.
 - PEPFAR funds may be used to target at-risk populations with specific outreach, services, comprehensive prevention messages, and condom information and provision. At-risk groups include, among others, sexually active discordant couples and those who have sex with one whose HIV status is unknown.

To meet the 33 percent abstinence-until-marriage spending requirement, OGAC issued policies in late August 2005 instructing each of the 15 focus country teams and 5 additional teams to spend at least 50 percent of their prevention funding on sexual transmission prevention and at least 66 percent of that amount on AB activities. To show compliance with the spending requirement, country teams' operational plans must isolate the amount of funding dedicated to AB activities. OGAC allows country teams to request exemption from its 50 percent and 66 percent policies. However, the guidance cautions that, in a generalized epidemic, a very strong justification is required for not meeting the 66 percent policy and adds that OGAC expects all focus country teams, particularly those with total PEPFAR funding exceeding \$75 million, to adhere to the policies.²⁰ Finally, OGAC directed country teams to apply the spending requirement to all PEPFAR prevention funding (about \$357 million in fiscal year 2006), although it determined that, as a matter of law, the requirement applies only to funds appropriated to the GHAI account (about \$322 million in fiscal year 2006).

²⁰In its fiscal year 2007 Country Operational Plan Guidance, OGAC dropped the language regarding focus teams, particularly those with total PEPFAR funding exceeding \$75 million.

ABC Guidance and Abstinence-Until-Marriage Spending Requirement Present Challenges for Country Teams

As our April 2006 report discusses, country teams face challenges related to both the ABC guidance and the Leadership Act's abstinence-until-marriage spending requirement. Two-thirds of focus country teams reported that a lack of clarity in aspects of the ABC guidance has led to interpretation and implementation challenges. About half of the country teams indicated that adherence to the spending requirement can undermine the integrated nature of HIV/AIDS prevention programs. In addition, most country teams required to meet the requirement, absent exemptions, reported either in structured interviews or exemption requests that the requirement challenges their ability to allocate prevention resources in accordance with local HIV/AIDS prevention needs. Finally, OGAC's policy of applying the spending requirement to all PEPFAR prevention funding, including funds not appropriated to the GHAI account, may further constrain country teams' ability to address local prevention needs.

Challenges Related to ABC Guidance

We reported in April 2006 that, although many focus country teams told us that they generally found the ABC guidance to be clear and several said that it did not present implementation challenges, 10 of the 15 focus teams cited instances where components of the guidance were ambiguous and caused confusion. First, 6 focus country teams expressed uncertainty regarding the populations that should be considered at-risk in accordance with the guidance, and 5 of these teams expressed concern that certain populations that need ABC messages in their countries might not receive them because they do not fit the ABC guidance definition of at-risk. Second, teams reported that the ABC guidance does not clearly delineate permissible condom-related activities, causing confusion about proper use of PEPFAR funds. For example, 5 focus country teams reported that, in their understanding, PEPFAR funds may not be used for broad condom social marketing, even to adults in a generalized epidemic. Third, the ABC guidance does not discuss how the age cutoff for providing condom information should be applied to groups that include youths younger and older than 15. We reported in April that OGAC officials told us they were working to clarify confusing components of the guidance, including distributing to country teams a document with some additional clarification on how to apply the ABC guidance.

Challenges Related to Abstinence-until-Marriage Spending Requirement

In several of our structured interviews, focus country teams endorsed the ABC model and noted the importance of AB messages. For example, one team told us that, because of the country's high HIV/AIDS prevalence rate, abstinence is an appropriate message for both youths and adults.

However, the abstinence-until-marriage spending requirement presented challenges to country teams' ability to implement integrated prevention programs. Because the abstinence-until-marriage spending requirement requires them to segregate AB funding from funding for "other prevention," 8 of the 15 focus country teams reported that the spending requirement can undermine their ability to design and implement programs that integrated the components of the ABC model. For example, one focus country team told us that artificially splitting programs for the military (traditionally considered an at-risk group) between AB and "other prevention" disaggregates activities that should be integrated and potentially lowers effectiveness.

In addition, 17 of the 20 PEPFAR country teams required to meet the abstinence-until-marriage spending requirement, absent exemptions, reported that the requirement presents challenges to their efforts to respond to local prevention needs. Ten of these 17 teams requested exemptions, citing a variety of concerns, such as reduced spending for PMTCT, limited funding to deliver appropriate prevention messaging to high-risk groups, lack of responsiveness to cultural and social norms, cuts in medical and blood safety activities, and elimination of care programs. The remaining 7 teams, which did not meet OGAC's proposed criteria for requesting exemptions, also identified a variety of constraints related to meeting the requirement, including difficulty in reaching certain populations with comprehensive ABC messages, limited or reduced funding for programs targeted at high-risk groups, reduced funding for PMTCT services, and difficulty in funding programs for condom procurement and condom social marketing.

The analysis in our April 2006 report showed that, with the approval of all 10 exemption requests, OGAC should just meet the overall 33 percent target for AB activities for fiscal year 2006 by effectively allowing exempted teams to spend less than 33 percent on AB programs and requiring nonexempted teams to spend more than 33 percent. Our report found that all but one of the exempted teams planned to dedicate less than 33 percent of funds to AB activities—about 23 percent on average—while,

on average, each of the nonexempted country teams planned to spend around 37 percent.²¹

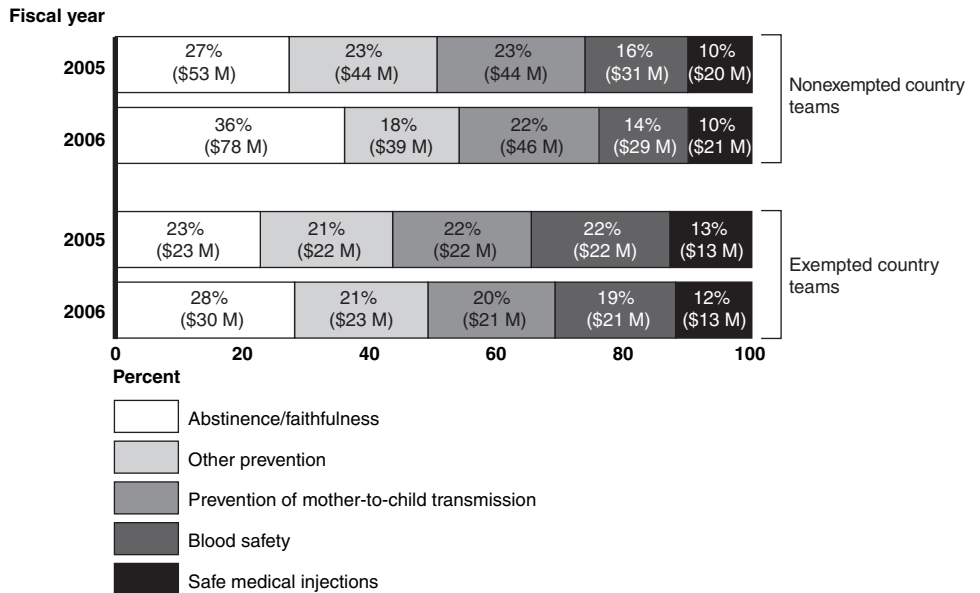
In allocating funds to meet the spending requirement, country teams are primarily limited to shifting resources among three prevention program areas—AB, “other prevention,” and PMTCT. (This limitation occurs because the overwhelming majority of funds spent on safe medical injections and blood safety are centrally awarded funds, over which the country teams have no budgetary control.) If, for example, a country team’s planned funding has less than a 2-to-1 ratio of AB funds to “other prevention” funds, the team can increase AB funding to reach the required ratio by reducing funds in “other prevention,” PMTCT, or a combination of the two. The team can also consider taking funds from the treatment and care program areas and placing them in the AB category.

Our analysis found that nonexempted country teams’ allocations for “other prevention” funding declined between fiscal year 2005 and fiscal year 2006.²² For the nonexempted focus country teams, total funding for “other prevention” declined by about \$5 million from fiscal year 2005 to fiscal year 2006, falling from about 23 percent to about 18 percent of total prevention funding, while total funding for AB activities increased by about \$25 million, rising from about 27 percent to about 36 percent of total prevention funding. By contrast, in the focus country teams that received exemptions, total prevention funding for “other prevention” increased slightly, by about \$700,000, remaining at around 21 percent of total prevention funding, and total prevention funding for AB activities increased by about \$7 million, from about 23 percent to about 28 percent of total prevention funding. Figure 6 shows the allocation of prevention funds by nonexempted and exempted focus country teams for fiscal years 2005 (actual funds) and 2006 (planned funds).

²¹Because of challenges and inconsistencies in country teams’ categorization of funding for certain integrated ABC programs and some broad sexual transmission prevention activities, data on prevention allocations may reflect the variation in categorization methods rather than actual differences.

²²Some of the decline in “other prevention” funding may be due to varying methods of categorizing sexual transmission prevention programs and changes in categorization methods across fiscal years. However, the data demonstrate a common trend across the nonexempted country teams.

Figure 6: Prevention Allocations for Nonexempted and Exempted Focus Country Teams, Fiscal Years 2005 and 2006



Sources: GAO analysis of fiscal year 2005 country operational plans and OGAC's Country Operational Plan and Reporting System database.

Note: Fiscal year 2006 funding is planned funding as of March 15, 2006. Data that OGAC reported to Congress in April 2006 regarding fiscal year 2006 planned PEPFAR prevention funding differ from these figures, primarily because OGAC's reported prevention funding included costs not reported in previous fiscal years as program area funds. These percentages are reliable for understanding general trends in data rather than for precise percentage differences in program areas, because of potential differences in categorization methods.

As figure 6 shows, overall levels of PMTCT funding stayed relatively constant for both nonexempted and exempted focus country teams. Overall, the proportion of funding dedicated to PMTCT in the focus countries was about 23 percent in fiscal year 2005 and about 22 percent in fiscal year 2006. Focus countries' total PMTCT funding was \$66.3 million in fiscal year 2005 and \$67.5 million in fiscal year 2006.

Finally, OGAC's decision to apply the spending requirement to all PEPFAR prevention funding—although OGAC had determined that, as a matter of law, the requirement applies only to funds appropriated to the GHAI account—may further challenge some teams' ability to address HIV prevention needs at the local level. For fiscal year 2006, non-GHAI prevention funds amounted to about \$35 million (10 percent) of PEPFAR prevention funding—that is, about \$6 million (2 percent) of the focus country teams' planned PEPFAR prevention funds and about \$29 million (82) percent of the five additional country teams' planned PEPFAR

prevention funds. Because of OGAC's policy, some country teams are constrained from allocating non-GHAI funding to meet local needs if the allocations do not comply with the spending requirement.

Concluding Observations

In conclusion, our analysis of HIV/AIDS prevention efforts funded under PEPFAR reported in our April 2006 report showed that, although country teams consistently value the ABC model as a useful tool for preventing HIV, the Leadership Act's 33 percent abstinence-until-marriage spending requirement has presented challenges to their ability to adhere to the PEPFAR sexual transmission prevention strategy. In particular, it has challenged their ability to integrate the components of the ABC model and respond to local needs, local epidemiology, and distinctive social and cultural patterns. OGAC's application of the spending requirement to \$35 million in funds not appropriated to the GHAI account may further hamper some country teams' ability to develop locally responsive prevention programs. OGAC may be able to address some of the constraints country teams face by reconsidering this policy, but the amount of non-GHAI funding is relatively small and the underlying challenges that country teams face in having to reserve a specific percentage of their prevention funds for abstinence-until-marriage programs would remain.

Because meeting the 33 percent abstinence-until-marriage spending requirement can challenge country teams' ability to allocate prevention resources in a manner consistent with the PEPFAR sexual transmission prevention strategy, our April 2006 report recommended that the Secretary of State direct the U.S. Global AIDS Coordinator to take the following actions:

- Collect information from the country teams each fiscal year on the spending requirement's effects on their HIV sexual transmission prevention programming. This information should include, for example, the justifications submitted by country teams requesting exemption from the spending requirement.
- Provide this information in an annual report to Congress.
- Use the information collected to, among other things, assess whether the spending requirement should be applied solely to funds appropriated to the Global HIV/AIDS Initiative account, in line with OGAC's legal determination that the requirement applies only to these funds.

In commenting jointly on a draft of our April 2006 report, the Department of State/OGAC, HHS, and USAID reiterated their strong commitment to fight HIV/AIDS and also noted the importance of the ABC model in preventing sexual transmission of HIV. The agencies agreed with our recommendation to collect information regarding the effects of the Leadership Act's abstinence-until-marriage spending requirement. They disagreed with a draft recommendation regarding applying the abstinence-until-marriage spending requirement only to funds appropriated to the GHAI account, citing concerns about the effect on a unified budget approach and noting the small amount of non-GHAI funding that the focus countries receive. We modified our recommendation to recommend that they consider this policy change after collecting information on the effect of the spending requirement. However, we noted that the five additional countries required, absent exemptions, to meet the spending requirement received more than 80 percent of their funds through non-GHAI accounts.

Matters for Congressional Consideration

Given the challenges that meeting the abstinence-until-marriage spending requirement presents to country teams attempting to implement locally responsive and integrated HIV/AIDS prevention programs, our April 2006 report also suggested that Congress, in its ongoing oversight of PEFAR, should review and consider the information provided by OGAC regarding the spending requirement's effect on country teams' efforts to prevent the sexual transmission of HIV and use this information to assess the extent to which the spending requirement supports the Leadership Act's endorsement of both the ABC model and strong abstinence-until-marriage programs.

Mr. Chairman and members of the committee, this concludes my prepared statement. I will be happy to answer any questions you may have at this time.

Contacts and Acknowledgments

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