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HIV/AIDS

USAID and U.N. Response to the Epidemic in the Developing World





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**National Security and
International Affairs Division**

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The Honorable Benjamin Gilman
Chairman, Committee on International Relations
House of Representatives

The Honorable Jim McDermott
House of Representatives

This report responds to your request that we review the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) prevention activities of the U.S. Agency for International Development (USAID) and the Joint United Nations Programme on HIV/AIDS (UNAIDS). Specifically, we examined (1) the contributions USAID has made to the global effort to prevent AIDS and the methods USAID uses to provide financial oversight over its AIDS prevention activities and (2) the extent to which UNAIDS has met its goal of leading an expanded and broad-based, worldwide response to the HIV/AIDS epidemic.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this report. We will then send copies of this report to the Secretary of State, the Administrator of USAID, the Director of the Joint United Nations Programme on HIV/AIDS, and to other appropriate congressional committees. We will make copies available to others upon request.

Please call me at (202) 512-4128 if you or your staff have any questions. Major contributors to this report are listed in appendix V.

A handwritten signature in cursive script that reads 'Benjamin F. Nelson'.

Benjamin F. Nelson
Director, International Relations
and Trade Issues

Executive Summary

Purpose

The Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) epidemic is spreading rapidly throughout the developing world, where over 90 percent of the 30 million people living with the disease reside. In these countries, the epidemic has begun to erode gains in health, child survival, education, and economic development.

Since the mid-1980s, the U.S. Agency for International Development (USAID) and the United Nations have established efforts to address the epidemic. USAID primarily uses private voluntary organizations to implement HIV/AIDS prevention activities in developing countries. In 1996, the United Nations reorganized its HIV/AIDS program in response to donor concerns that the U.N. effort was too heavily focused on the medical and public health aspects of the disease and did not sufficiently address the social, economic, and developmental issues affecting the spread of HIV/AIDS. In light of the importance of these efforts to address the HIV/AIDS epidemic in the developing world, the Chairman, House Committee on International Relations, and Representative Jim McDermott asked GAO to examine USAID and U.N. programs. This report examines (1) the contributions USAID has made to the global effort to prevent HIV/AIDS and the methods USAID uses to provide financial oversight over its HIV/AIDS prevention activities; and (2) the extent to which the Joint United Nations Programme on HIV/AIDS (UNAIDS) has met its goal of leading an expanded and broad-based, worldwide response to the HIV/AIDS epidemic.

Background

UNAIDS and the World Health Organization (WHO) estimate that over 30 million people were living with the HIV infection at the end of 1997. Most people living with HIV/AIDS reside in the developing world—two-thirds live in sub-Saharan Africa—where the disease continues to spread rapidly. According to the UNAIDS Secretariat, the number of new infections increased from 3.1 million in 1996 to 5.8 million in 1997. International donors contribute about \$250 million a year to support HIV/AIDS prevention activities in the developing world. The United States has been the largest single donor, contributing \$117 million a year, through USAID and in support of the U.N. HIV/AIDS program.

USAID and the United Nations have been important contributors to the fight against HIV/AIDS since the mid-1980s. While both the United Nations and USAID have sought to reduce the spread of the epidemic, they have somewhat different, yet mutually supporting, roles and objectives. As a bilateral agency, USAID works in partnership with governments, other

donors, and private organizations to support research and implement HIV/AIDS interventions in countries. The U.N.'s role is in advocating, mobilizing, and coordinating the international response worldwide in addition to managing HIV/AIDS activities in 152 countries.

USAID began its HIV/AIDS assistance program in 1986, when very little was known about the epidemic or how to fight it. USAID's initial efforts primarily consisted of research on the causes, extent of the problem, and ways to prevent the disease's spread and of short-term technical assistance to more than 74 countries. In the 1990s, Congress began appropriating more money specifically to combat the HIV/AIDS problem, and it was elevated to a USAID priority for planning and budgeting. USAID developed an agencywide goal to reduce the number of new HIV infections by identifying and applying interventions to prevent HIV transmission. It designed targeted programs to meet this goal and, by 1997, USAID was directly supporting major HIV/AIDS programs in 28 countries. USAID relied heavily on cooperative agreements¹ with the private sector to implement its program. Under the terms of these agreements, the primary financial oversight responsibility is on the funding recipient.

The U.N. efforts to address HIV/AIDS began in 1987 under the auspices of WHO. WHO provided technical and financial support to fight the epidemic worldwide, primarily focusing on the medical and public health aspects of the disease. By the early 1990s, the United Nations and donors agreed that a more comprehensive approach was needed. On January 1, 1996, UNAIDS replaced WHO's Global Program on AIDS in an attempt to draw upon the experience and skills of all U.N. agencies.

UNAIDS is composed of six U.N. agency cosponsors² and a Secretariat, which is the coordinating unit. When forming UNAIDS, the cosponsor agencies agreed to increase resources devoted to HIV/AIDS activities; to mobilize resources for HIV/AIDS in affected countries, including increased private sector involvement; and to coordinate with other cosponsor agencies at the country level. The UNAIDS Secretariat was expected to (1) advocate increased political and financial support for HIV/AIDS activities; (2) develop a framework for measuring the performance and objectives of HIV/AIDS activities; (3) organize entities at the country level—called “theme

¹A cooperative agreement is a funding mechanism used by a federal agency to transfer funds to an organization to support an agency program.

²UNAIDS consists of the following six agencies: the United Nations Children's Fund (UNICEF); the United Nations Development Program (UNDP); the United Nations Population Fund (UNFPA); the United Nations Educational, Scientific and Cultural Organization (UNESCO); WHO; and the World Bank.

groups”—as the forum for coordinating U.N. efforts; and (4) provide technical support and information to theme groups on what activities work best to facilitate development and implementation of national HIV/AIDS strategies. The biennial budget for the UNAIDS Secretariat in 1996-97 was \$120 million, of which the United States contributed \$34 million, or about 28 percent.

Results in Brief

Despite the continued spread of HIV/AIDS in many countries, USAID has made important contributions to the fight against HIV/AIDS. USAID-supported research helped to identify interventions proven to curb the spread of HIV/AIDS that have become the basic tools for the international response to the epidemic. Applying these interventions, USAID projects have increased awareness of the disease; changed risky behaviors; and increased access to treatment of sexually transmitted diseases and to condoms, which have helped slow the spread of the disease in target groups.

Under the terms of cooperative agreements with private implementing organizations, USAID managers are expected to closely monitor projects, but the major responsibility for internal financial management and control rests with recipient organizations. USAID's financial oversight primarily consists of conducting pre-award evaluations of prospective funding recipients, reviewing quarterly expenditure reports, and requiring audits. Officials from USAID's Office of the Inspector General said that there were no indications of systemic problems from audits conducted.

In its first 2 years of operation, UNAIDS has made limited progress in achieving its goal of leading a broad-based, expanded global effort against HIV/AIDS. While available information indicates that spending by the cosponsors has not increased, data are not yet available to measure UNAIDS' progress in increasing spending by donor countries, the private sector, or affected countries.³ Moreover, theme groups, the forum for coordinating U.N. efforts in the field, have had a difficult start and, in some countries, cosponsor agencies are just beginning to work together. Finally, the UNAIDS Secretariat has not been successful in providing technical assistance and other support to facilitate theme group activities and has only recently begun to establish a framework for developing performance measures for the U.N.'s HIV/AIDS programs. Despite UNAIDS' limited progress in meeting its broader coordination and resource mobilization objectives,

³Throughout this report, reference to U.N. funding for HIV/AIDS activities is limited to the six cosponsoring agencies and the Secretariat.

GAO observed innovative activities that were implemented by cosponsor agencies.⁴

Principal Findings

USAID Funded Development and Implementation of Effective Interventions

The interventions developed, in part, by USAID-supported efforts, have become the basic tools for HIV/AIDS prevention. They are

- information, education, and counseling to raise awareness of the threat of HIV/AIDS in an effort to promote behavior changes, such as abstinence, that will reduce risk;
- treatment of sexually transmitted diseases which, if untreated, can facilitate transmission of the HIV virus; and
- promotion of increased condom use through condom “social marketing,” or advertising the availability and appeal of using condoms.

In elevating HIV/AIDS prevention to an agency priority, USAID devised a strategy that relies on development and application of interventions in target groups based on specific country needs. Programs in countries GAO visited focused on the high-risk groups that spread the disease and used proven interventions to change behavior and reduce the chance of infection.

These interventions have been proven to have an impact on HIV/AIDS because they result in behavior changes that reduce the risk of disease transmission. However, it is difficult to determine the link between a particular activity or program and reductions in the incidence of HIV/AIDS because of the long incubation period for the disease; a person can be infected as a result of activity from 7 to 10 years previously. Thus, in addition to blood testing to measure the impacts of its HIV/AIDS activities in target groups, USAID also relies upon proxy indicators, such as behavioral change. Public health experts agree that the proxy indicators used by USAID are reasonable indicators of changes in HIV incidence.

GAO’s review of internal and external evaluations, conducted by technical experts from the public and private sectors and academia, and other data collection efforts, as well as discussions with representatives of high-risk groups, found that USAID projects have increased knowledge of HIV, changed risky behaviors, and increased access to treatment for sexually

⁴GAO conducted fieldwork in the Dominican Republic, Honduras, India, the Philippines, and Zambia.

transmitted diseases and to condoms, thus helping slow the spread of the disease in targeted groups such as commercial sex workers. Evaluations conducted for USAID's largest project, the AIDS Control and Prevention Project (AIDSCAP), determined that its activities were successful in the countries where it had projects. For example, in the Dominican Republic, USAID found that commercial sex workers and tourist resort staff were the primary conduits for HIV/AIDS. USAID focused its efforts on these groups, providing information about the disease to the workers, distributing condoms, and counseling them on alternative employment options. The percentage of HIV-positive commercial sex workers at one clinic funded by USAID slowed from 5.8 percent in 1995 to 3.3 percent in 1996.

Nature of USAID's Financial Oversight

Following direction from Congress, USAID primarily relies on U.S.-based private voluntary organizations and indigenous nongovernmental organizations to implement its HIV/AIDS programs. USAID has mainly used cooperative agreements to fund these organizations' efforts. Under these agreements, project managers are expected to be substantially involved in planning and monitoring project progress; however, recipient organizations have the primary responsibility for their internal financial management and control. According to USAID officials, these agreements provide maximum flexibility to USAID and its private partners to design, implement, and change work plans without a formal process for review and approval.

USAID's financial oversight generally consists of (1) conducting pre-award evaluations to determine if a recipient has appropriate financial and management systems in place to handle the USAID financing; (2) reviewing quarterly expenditure reports submitted by the funding recipient to monitor the level of funds expended; and (3) obtaining annual external audits which, in accordance with the Single Audit Act,⁵ provide information to oversight officials and program managers on whether funding recipients' financial statements are fairly presented. The audits are also intended to provide reasonable assurance that federal assistance programs are carried out in accordance with applicable laws and regulations. The annual single audit reports of USAID's \$200 million, 6-year AIDSCAP project did not indicate any financial management or reporting problems. The Office of the Inspector General determined that there were no indications from audits conducted that systemic problems existed.

⁵The Single Audit Act of 1984 (31 U.S.C. 7501-7507), requires organizations that meet a minimum threshold of federal funding to undergo a single, nonfederal audit each year.

UNAIDS Has Made Limited Progress Toward Meeting Its Goal

UNAIDS has made limited progress toward achieving its goal of leading a broad-based, expanded global response to HIV/AIDS. Expenditure data for cosponsor agencies indicate that U.N. spending has not increased since the establishment of UNAIDS, but data are not available to measure spending from other sources. At the country level, the success of theme groups has been uneven. The UNAIDS Secretariat has not provided support to facilitate country programs.

HIV/AIDS Spending by Cosponsor Agencies Has Not Increased

Although one of UNAIDS' objectives was to increase resources devoted to HIV/AIDS by cosponsor agencies, spending on HIV/AIDS has not risen since the creation of UNAIDS. Instead, spending declined from \$337 million in 1994-95 to \$332 million in 1996-97. While UNFPA and UNDP increased spending for HIV/AIDS after UNAIDS was established and UNESCO began programming for HIV/AIDS activities, these increases were outweighed by decreased expenditures by the World Bank and UNICEF. The decline in U.N. spending for HIV/AIDS occurred despite an increase in overall spending by cosponsor agencies of 6.5 percent.

Data Are Not Available to Measure Progress in Mobilizing Resources From Other Sources

One of UNAIDS' objectives was to increase spending by donors and affected countries and to increase private sector involvement in fighting the epidemic. However, the UNAIDS Secretariat is still analyzing survey data that should assist in developing a baseline to measure UNAIDS' progress in mobilizing donor and affected country resources.⁶ Preliminary data from the survey indicate that contributions from major donors⁷ remained relatively stable between 1993 and 1996 at about \$250 million a year. Data for 1997 were not available. Despite Secretariat efforts at the international level to encourage private sector involvement in the fight against HIV/AIDS, the UNAIDS Secretariat reports that private sector HIV/AIDS activities have remained limited to date. GAO's work in the field and the Secretariat's reports indicate that at the country level U.N. agencies have only made limited efforts to encourage private sector support of HIV/AIDS activities. U.N. officials offered several reasons for the lack of private involvement, including inadequate information about the impact of the disease on its workforce and the lack of government encouragement.

⁶Study on the National and International Financing of the National Response to HIV/AIDS, UNAIDS/PCB(6)/98.3 (Geneva, Switzerland: May 24, 1998).

⁷Major donors were identified by the United Nations as Australia, Canada, Denmark, France, Germany, Japan, Luxembourg, the Netherlands, Norway, Sweden, the United Kingdom, and the United States.

Difficult Beginning for Theme Groups

The UNAIDS Secretariat was expected to organize theme groups as the forum for coordinating cosponsor agency activity in the field. Cosponsor agencies were expected to work together in the theme groups to support national governments' HIV/AIDS programs. UNAIDS' surveys of theme groups and GAO's work in the field indicate that cosponsor agencies met regularly and even conducted joint projects in some countries, such as the Dominican Republic. In others, such as Honduras and India, representatives rarely met. Despite the presence of World Bank projects in three of the five countries GAO visited, the World Bank representative did not attend any of the theme group meetings. A 1997 survey of theme groups, compiled by the Secretariat after GAO conducted its fieldwork, showed that theme groups were making some progress in working together. However, in areas where the groups reported progress, such as national resource mobilization, less than half of the theme groups that responded to the survey were operating effectively. U.N. officials reported several reasons for theme group difficulties: (1) lack of guidance to agency field representatives regarding how theme groups should operate and what the scope of their mission should be, (2) lack of individual accountability for theme group success, and (3) lack of commitment to working together in theme groups because of concerns held by some cosponsor representatives about the role of UNAIDS as the organizational vehicle for the U.N. response. Officials from the UNAIDS Secretariat said that they met with cosponsor agencies in March 1998 to address these problems and develop strategies to improve theme group coordination.

UNAIDS Secretariat Has Not Provided Support Required to Facilitate Country Programs

Despite being directed by its governing board to develop a framework for measuring the performance of the U.N.'s HIV/AIDS programs within a year of UNAIDS' establishment, the UNAIDS Secretariat has been slow to create an evaluation framework. Only recently has the Secretariat: (1) staffed the evaluation unit that is charged with developing performance measures and (2) funded a survey to gather data on spending by donors and affected countries on HIV/AIDS. The survey data are necessary to measure UNAIDS' progress toward meeting its objectives. In addition, in countries GAO visited, cosponsor agency officials did not think that best practices information and technical support available from the UNAIDS Secretariat were useful. For example, U.N. officials told GAO that the best practices information was too theoretical and lacked project implementation guidance. Cosponsor agency officials also said they rarely used technical support from the Secretariat because it was not tailored to their specific needs and, in some cases, they were not aware of its availability. Secretariat officials acknowledged deficiencies in its country support

activities and have begun to develop more country-specific materials that include implementation guidance.

Recommendations

GAO is making no recommendations in this report.

Agency Comments and GAO's Evaluation

USAID, the Department of State, the Department of Health and Human Services, and the UNAIDS Secretariat provided written comments on a draft of this report. These agencies emphasized the unique and important role UNAIDS plays in the global fight against HIV/AIDS. USAID, the UNAIDS Secretariat, and State had concerns about information GAO presented on UNAIDS. The agencies' comments and GAO's detailed evaluation of them are included in the report where appropriate.

USAID shared GAO's concerns about the areas in which UNAIDS has not made sufficient progress and noted that it is working with UNAIDS to strengthen UNAIDS' role. USAID, State, and the UNAIDS Secretariat noted that UNAIDS has only been in existence for 2-1/2 years and were concerned that it may have been too early to assess the program. State also said it was disappointed at the very negative tone in the report concerning UNAIDS' activities and believed that the report did not give any credit to UNAIDS for what it had achieved. Furthermore, State said that GAO implied that U.N. agencies and the U.S. government should stop supporting UNAIDS. The UNAIDS Secretariat stated that it was pleased with the overall presentation and objectivity of the report but was concerned that GAO's presentation of USAID's and UNAIDS' programs obscured the important distinctions between them. The Secretariat also noted that it had expected a more positive perspective on the program.

GAO agrees that UNAIDS plays an important and unique role in the global response to HIV/AIDS and clarified the report to better reflect the distinction between the UNAIDS and USAID's program. While GAO recognizes that UNAIDS has been in existence for only 2-1/2 years, GAO did not evaluate the program's impact on the HIV/AIDS epidemic. In its report, GAO presents the facts as it found them to be, including areas needing improvement and areas that have worked well. In fact, the report specifically identifies UNAIDS' accomplishments, including information on innovative grassroots interventions. Also, GAO did not evaluate whether support for UNAIDS should be continued. GAO's objective, as stated in the report, was to examine the program's progress, since its inception, in meeting

Executive Summary

established objectives such as increasing resources devoted to HIV/AIDS and working together in theme groups at the country level.

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Abbreviations

AIDS	Acquired Immunodeficiency Syndrome
AIDSCAP	AIDS Control and Prevention Project
AZT	zidovudine
GPA	Global Program on AIDS
HIV	Human Immunodeficiency Virus
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
NGO	non-governmental organization
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PVO	private voluntary organization
STD	sexually transmitted disease
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USAID	U.S. Agency for International Development
WHO	World Health Organization

Introduction

The Extent and Impact of the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome Epidemic

The Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS)¹ epidemic continues to spread rapidly in the developing world, where more than 90 percent of the 30 million people living with the HIV infection live (see fig. 1.1). Moreover, the UNAIDS Secretariat recently reported that more than 90 percent of the 5.8 million new infections in 1997 (up from 3.1 million in 1996) were in developing countries (see fig. 1.2). Sub-Saharan Africa has the worst infection rate, accounting for 3.4 million new infections in 1997. In that region, 7.4 percent of people aged 15 to 49 are infected. Estimates for South and South-East Asia indicate the disease is also rapidly spreading in that region, with 6.4 million currently living with HIV/AIDS and 1.3 million new infections in 1997.

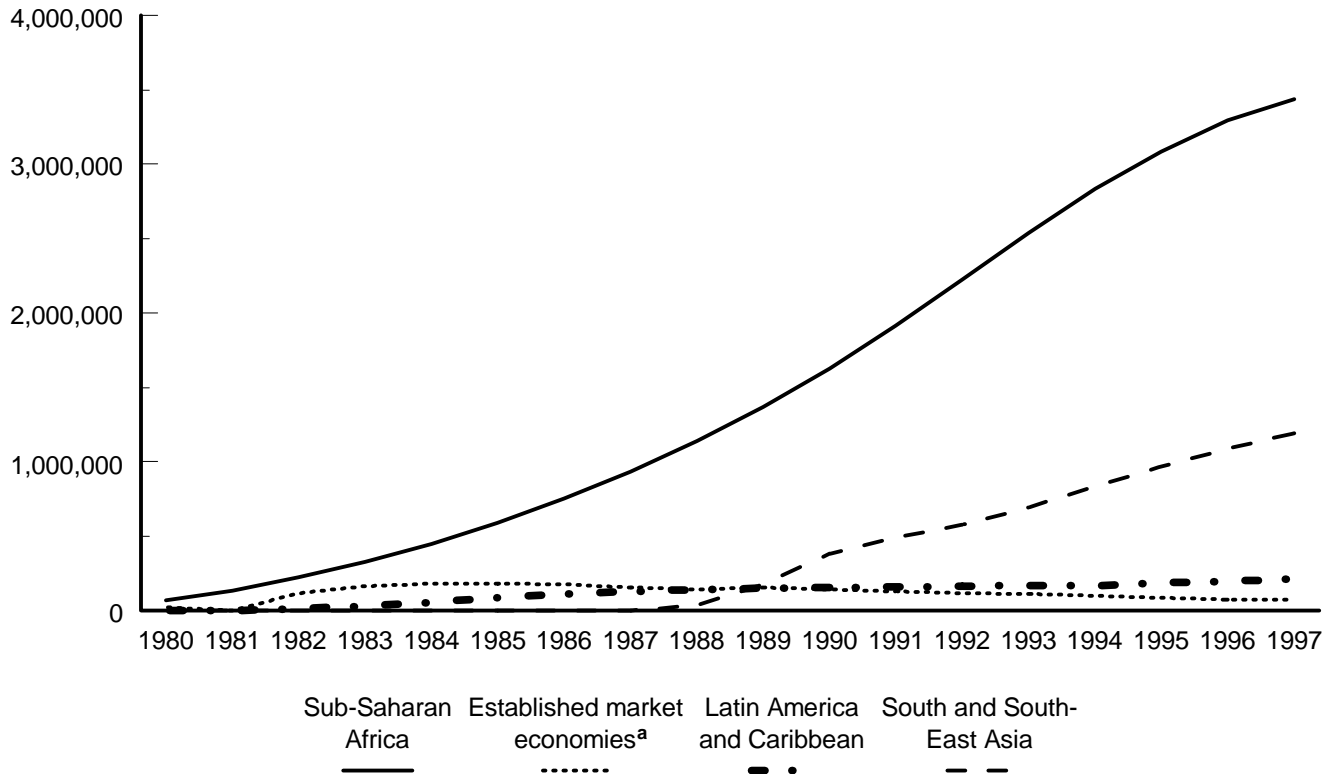
¹HIV is the viral infection that causes AIDS.

Figure 1.1: Map of HIV/AIDS Prevalence, 1997



Sources: The Joint United Nations Programme on HIV/AIDS (UNAIDS) and the World Health Organization (WHO).

Figure 1.2: Annual Number of New HIV Infections in Selected Regions, 1980-97



^aEstablished market economies include North America, Western Europe, Australia, and New Zealand.

Source: UNAIDS.

In many developing countries, HIV/AIDS has begun to erode decades of gains in health, child survival, life expectancy, education, and economic development. For example, U.S. Bureau of the Census projections for Zambia indicate that by 2010, AIDS may increase infant mortality rates nearly 60 percent higher than would have been expected without the disease. Similarly, projections for Zimbabwe indicate that by 2010, life expectancy will decline from 70 years to less than 35 years as a result of AIDS and in Uganda from 54.5 years to 35.5 years. Since the start of the

epidemic, more than 8 million children have lost either their mother or their father because of AIDS. AIDS' impact on families and public health systems is weakening economies as people in their prime working years are afflicted by the disease and governments and families divert scarce resources to care for them for extended periods of time.

The donor community is spending approximately \$250 million a year to address the HIV/AIDS epidemic in the developing world. The United States is the largest single donor, contributing \$117 million in 1997 through the U.S. Agency for International Development (USAID) that includes specific support for UNAIDS. However, HIV/AIDS poses serious challenges to the world community because of the extent of the epidemic and the cost and difficulty of changing deeply rooted traditions and behaviors that contribute to the spread of the disease: according to a study commissioned by WHO, between \$1.5 billion and \$2.9 billion would be needed from donors and affected countries annually to implement behavioral and blood safety strategies to prevent HIV/AIDS in developing countries. Moreover, other epidemics had their roots essentially in medical problems and could be addressed through biomedical remedies from public health systems. However, absent a vaccination or cure, slowing the reach of the virus must be accomplished by addressing such fundamental cultural and social traditions as the role of women, sexual practices, and inheritance laws. For example, according to USAID, tradition and laws in Kenya do not allow women to inherit property. Without skills or experience in earning money, if their husbands die, women often have no other recourse than to engage in prostitution.

USAID and U.N. Response to the Epidemic

USAID and the United Nations first began to address the epidemic in the mid-1980s. While both USAID and the United Nations seek to reduce the spread of the epidemic, they have somewhat different yet mutually supporting roles, objectives, and coverage. As a bilateral agency, USAID works in partnership with governments, other donors, and private organizations to support research and implement HIV/AIDS interventions in the 28 countries where it has major programs. The U.N.'s role is in advocating, mobilizing, and coordinating the international response worldwide in addition to managing HIV/AIDS activities in 152 countries.

USAID Response to the Epidemic

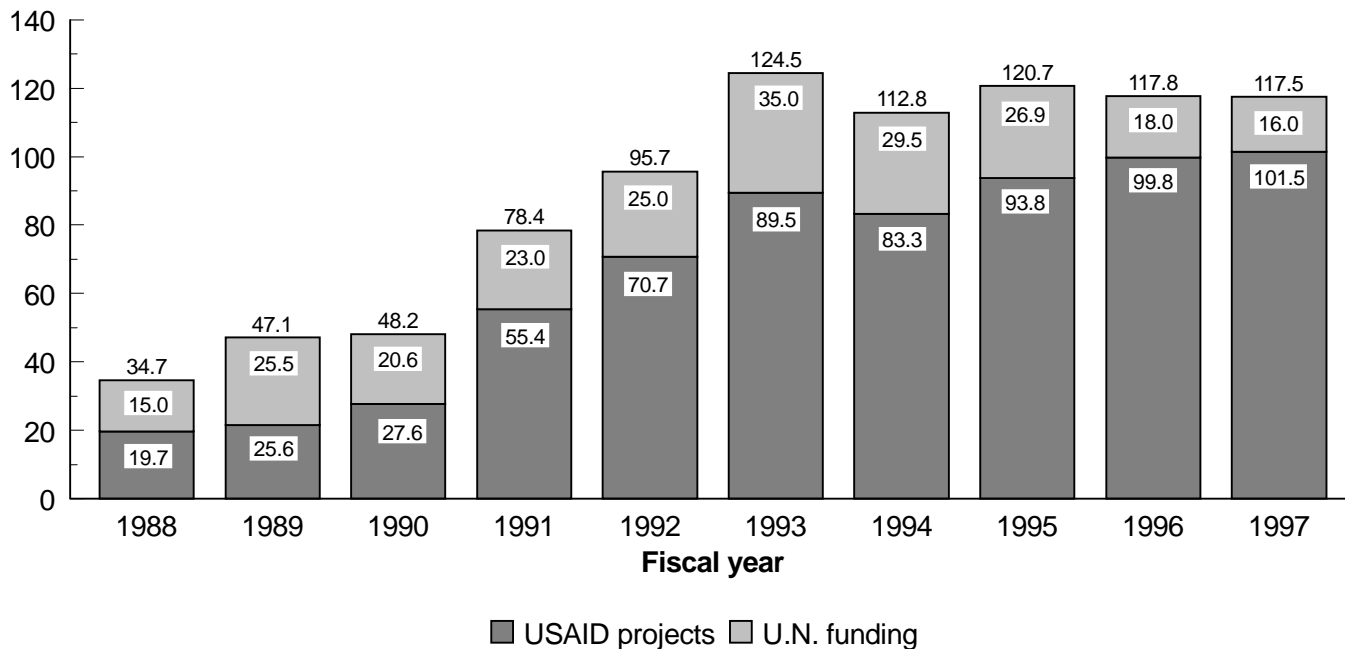
Since it began its HIV/AIDS assistance program in 1986, USAID's goal has been to reduce the incidence of new HIV/AIDS infections. In the 1980s, very little was known about the epidemic or how to fight it. As a result, USAID focused its initial efforts on understanding the causes and extent of the

epidemic and on identifying ways to prevent its spread. At the direction of Congress in 1986, USAID supported WHO's Global Program on AIDS (GPA), and it also paid for public and private research efforts and activities in the field. These field activities included operations research on interventions that prevent the spread of HIV/AIDS; surveillance and analysis of the incidence, spread, and impact of the disease; and assistance in countries' design and implementation activities. During this learning phase, USAID reported that it was the first donor to introduce HIV/AIDS prevention activities in most countries. Further, by providing short-term technical assistance to USAID missions in more than 74 countries and funding small-scale projects to prevent new infections, it educated USAID staff and host country officials about the epidemic.

By the early 1990s, USAID became more knowledgeable about the disease, and Congress increased funding for HIV/AIDS (see fig.1.3). USAID designed a strategy to focus on country-level projects that could have a measurable impact on the epidemic. From 1991 to 1997, USAID supported the AIDS Control and Prevention (AIDSCAP) project. By far the most ambitious international HIV/AIDS prevention effort ever undertaken, AIDSCAP was a worldwide program intended to help USAID overseas missions design and implement HIV/AIDS prevention projects. AIDSCAP directly managed comprehensive projects in some countries and supplied technical assistance to USAID missions as requested. USAID relied primarily on private voluntary organizations (PVO) and nongovernmental organizations (NGO) to implement its HIV/AIDS programs, both at its Washington, D.C., headquarters and in the field.

Figure 1.3: USAID Funding for HIV/AIDS Prevention, 1986-97

Dollars in millions



Note: Only U.N. grant funding was provided in fiscal years 1986 (\$1.1 million) and 1987 (\$5 million).

Source: USAID.

By 1997, USAID had incorporated the goal of reducing HIV/AIDS transmission as one of five objectives in its global health improvement portfolio and had delineated performance goals and indicators to measure its progress. Agency funding for HIV/AIDS activities had increased (to about \$125 million in 1993, leveling off at about \$117 million a year), and USAID shifted more resources to missions to develop their own comprehensive programs. Headquarters' efforts became focused on providing technical assistance as needed and supporting research. In fiscal year 1997, the majority of USAID's funds supported project activities at the country level—with major programs in 28 countries (\$81 million), followed by centrally managed

technical assistance and research support (\$20 million), and grants to UNAIDS (\$16 million).

In 1997, USAID initiated three cooperative agreements² with several PVOS and has a fourth in process. These agreements provide up to \$290 million over 5 years for HIV/AIDS activities—about \$40 million to conduct operations research and field testing to refine and develop best practices for prevention and care; up to \$150 million for technical assistance, as requested by missions; up to \$75 million to implement programs that advertise and promote the appeal, availability, and use of condoms, as requested by missions; and about \$25 million to provide program design/monitoring and evaluation, lessons learned, and information dissemination services.

The U.N. Response to HIV/AIDS

WHO first began collecting and publishing information on HIV/AIDS in 1981. The U.N. General Assembly directed WHO to develop and coordinate the agency's first program to respond to HIV/AIDS by creating the Special Program on AIDS in 1987, subsequently renamed GPA in 1988. GPA's mission was to strengthen the capacity of governments to respond to the epidemic and to help establish national AIDS programs. WHO provided technical and financial support, ranging from \$100,000 to \$400,000 to initiate national programs. WHO is credited with making major contributions to nations' efforts against the epidemic, including protecting blood supply systems, strengthening national behavior research, and improving disease surveillance.

In the early 1990s, U.N. officials and donors increasingly recognized the need for a multisectoral response to the complex challenges of the HIV/AIDS epidemic—including the social, economic, and development issues affecting the spread of the virus. They realized that WHO's medically based response was insufficient. They were concerned that countries were dependent on GPA for operational support and, as a result, were not devoting enough of their own resources to the effort. Also, they expressed the need for better coordination and delineation of roles and responsibilities among various U.N. agencies. To address these concerns, on January 1, 1996, the United Nations replaced GPA with the Joint United Nations Programme on HIV/AIDS (UNAIDS). The 1996-97 biennial budget for the UNAIDS Secretariat was \$120 million, of which the United States contributed \$34 million, or about 28 percent.

²A cooperative agreement is a funding mechanism used by a federal agency to transfer funds to an organization to support an agency program.

The U.N.'s goal in creating UNAIDS was to lead a broad-based, expanded, worldwide effort to prevent the transmission of HIV/AIDS. UNAIDS is composed of a Secretariat and six U.N. agency cosponsors: the United Nations Children's Fund (UNICEF); the United Nations Development Program (UNDP); the United Nations Population Fund (UNFPA); the United Nations Educational, Scientific, and Cultural Organization (UNESCO); WHO; and the World Bank. Each cosponsor was expected to expand its financial support for HIV/AIDS efforts, to try to mobilize resources for HIV/AIDS in affected countries, and to coordinate with other cosponsor agencies at the country level.

Unlike WHO's role in GPA, the UNAIDS Secretariat was not expected to provide significant financial support and technical advisers to countries. Instead, it was established primarily as a coordinating body and was expected to advocate increased political and financial support for HIV/AIDS activities, to devise a framework for performance measures to be used in managing HIV/AIDS activities, to provide technical support and best practice information to help develop and carry out national HIV/AIDS strategies, and to organize entities at the country level—called “theme groups”—as the forum for coordinating U.N. efforts. Theme groups were to be composed of field representatives of U.N. cosponsor agencies. The groups were expected to work together to assist national governments develop and implement HIV/AIDS programs. As of May 1998, 127 HIV/AIDS theme groups were operating in 152 countries.

Objectives, Scope, and Methodology

At the request of the Chairman of the House International Relations Committee and Representative Jim McDermott, we reviewed the contributions made by USAID and the United Nations in designing and implementing programs to slow the spread of HIV/AIDS. Specifically, we examined (1) the contributions USAID has made to the global effort to prevent HIV/AIDS, and the methods USAID uses to provide financial oversight for its HIV/AIDS prevention activities; and (2) the extent to which UNAIDS has met its goal of leading an expanded and broad-based, worldwide response to the HIV/AIDS pandemic. We did not evaluate the program's impact on the HIV/AIDS epidemic or whether U.S. support for the program should continue.

To examine USAID's contributions to the global effort to prevent HIV/AIDS, we reviewed expert studies on the disease and interventions, and reviewed internal and external USAID project evaluations from 1995 to 1998. We compared the reported data with evidence we gathered in the field. To

view USAID efforts in the field, we chose countries in different parts of the world with both emerging and advanced epidemics. In countries with emerging epidemics, HIV/AIDS is primarily concentrated in high-risk groups, and in countries with advanced epidemics it has spread to the general population. In Latin America and the Caribbean, we visited the Dominican Republic and Honduras, both of which have emerging epidemics. USAID considers Honduras the epicenter of the epidemic in Central America because it has the highest concentration of HIV-positive people in its high-risk groups. In Asia we visited India, which has more HIV-positive people than any other country in the world, although still largely concentrated in high-risk groups, and the Philippines, which has an emerging epidemic. In Africa, we visited Zambia, which has an advanced epidemic, with about 20 percent of the general population infected with HIV. In the countries we visited, we reviewed internal USAID mission project papers and 1997 mission progress reports and observed USAID projects. To gather evidence of the effectiveness of USAID's country-level projects, we reviewed behavior surveys and available surveillance data; and met with mission directors, population, health, and nutrition officers, HIV/AIDS project officers, staff from PVOs and NGOs implementing projects, host government officials, project participants, and recipients of services, including commercial sex workers, men who have sex with men, and youth, volunteers, a condom social marketing organization, and private sector representatives involved in HIV/AIDS activities, and people living with HIV/AIDS. We visited project sites to see how interventions were implemented and to discuss the views of the recipients of USAID activities.

To examine the level of financial oversight USAID exercised over program activities, we reviewed Office of Management and Budget (OMB) and USAID guidance relating to the use of cooperative agreements and contracts. We reviewed several relevant contracts, cooperative agreements, and associated procurement records relating to active HIV/AIDS projects to determine whether they provided for appropriate oversight as required by federal procurement regulations and guidance from OMB and USAID. We discussed financial oversight responsibilities with USAID project managers, procurement staff, and financial management officers in headquarters and in the five countries we visited. We also reviewed the financial record-keeping and reporting requirements that USAID placed on recipients of USAID funds. In addition, we reviewed quarterly expenditure reports from PVOs from 1994 through 1997 and discussed financial reporting and selected management and accounting policies with PVO staff to determine their compliance with OMB and agency provisions. We reviewed USAID's administrative approval and payment procedures and studied recent USAID

assessments of its financial and operational oversight responsibilities with PVOS. We reviewed pre-award evaluations for four headquarters-led projects and two mission-led projects and reviewed audit reports related to the centrally managed projects in the five countries we visited. We also met with Office of the USAID Inspector General (OIG) staff to discuss their reviews of these reports and independent audit assessments.

As an agency of the U.S. government, we have no direct authority to review the operations of multilateral organizations such as the United Nations. However, throughout this review we obtained broad access to agency staff members and official information at the headquarters, regional, and country level. To determine whether UNAIDS has achieved its goal to lead an expanded and broad-based, worldwide response to the HIV/AIDS epidemic, we measured progress against criteria set forth in the U.N.'s Economic and Social Council resolution endorsing the creation of a Joint United Nations Program on HIV/AIDS, the memorandum of understanding signed by the six cosponsoring agencies, and the strategic plans of the UNAIDS Secretariat and the cosponsoring agencies. We conducted audit work at the UNAIDS Secretariat in Geneva, Switzerland, and at the headquarters of each of the six cosponsor agencies, including the Washington headquarters of the Pan-American Health Organization.

At the UNAIDS Secretariat, we interviewed officials from the Office of the Executive Director and the Departments of External Relations; Policy, Strategy and Research; and Country Support. We obtained and analyzed staffing and budget documents of the Secretariat and analyzed the scope of work for each department. We also reviewed several of the "best practices" documents produced by the Department of Policy, Strategy and Research and discussed the best practices outputs with knowledgeable officials from USAID. We interviewed officials from the cosponsor agencies charged with directing their agencies' HIV/AIDS activities and with officials from other offices and departments of cosponsor agencies that are relevant to addressing HIV/AIDS—such as WHO's Global Tuberculosis Program.

To determine U.N. spending on HIV/AIDS, we obtained expenditure data for 1992 to 1997 directly from the UNAIDS Secretariat and from the headquarters offices of the six cosponsor agencies. We also obtained agency expenditure data reported by the UNAIDS Program Coordinating Board. We did not verify the data reported by or provided directly to us from the agencies and the UNAIDS Secretariat. In attempting to determine the level of spending by the major donors and developing nations, we

reviewed preliminary data from a study on global HIV/AIDS expenditures conducted by the UNAIDS Secretariat and Harvard University's School of Public Health.³ We also met with government officials to discuss the level and type of financial support for HIV/AIDS activities and to discuss barriers to increasing resources to fight the disease. To determine the level of activity by the private sector in support of HIV/AIDS, we interviewed host government, U.N., USAID, and NGO officials in our case study countries and analyzed reports prepared by the UNAIDS Secretariat.

To gain an understanding of UNAIDS' progress in addressing the HIV/AIDS pandemic over time and issues surrounding the transition from WHO's Global Program on AIDS to the current Joint Program on HIV/AIDS, we interviewed a U.N. diplomat instrumental in the negotiations establishing UNAIDS and knowledgeable officials from U.N. agencies, USAID, the Department of State, and the U.S. Centers for Disease Control.

To determine how well cosponsor agencies work together and the types of interventions provided, we reviewed surveys of theme group participants provided by the UNAIDS Secretariat and conducted case studies of U.N. programs in the five countries we visited. While in these countries, we interviewed officials and obtained strategic planning documents from most of the U.N. cosponsor agencies active in the country; host government officials, including officials from the national AIDS program and the Ministries of Health; USAID; other bilateral donor programs; international and local PVOS and NGOs; and local activists and people living with HIV/AIDS. We also observed firsthand the intervention activities of the U.N. agencies.

We conducted our work from July 1997 through June 1998 in accordance with generally accepted government auditing standards.

³Study on the National and International Financing of the National Response to HIV/AIDS, UNAIDS/PCB(6)/98.3 (Geneva, Switzerland: May 24, 1998).

USAID Has Made Important Contributions to HIV/AIDS Prevention

USAID has elevated HIV/AIDS to an agency priority and developed a targeted strategy to achieve its objective of reducing the incidence of HIV/AIDS. USAID's main contributions have been (1) support for research that helped to identify interventions ultimately proven in clinical trials to prevent HIV transmission; and (2) implementation of projects at the country level that increased awareness of the disease, reduced risky behaviors, and increased access to treatment of sexually transmitted diseases (STD) and to condoms, which have helped slow the spread of the disease in target groups.

USAID relies primarily on cooperative agreements with PVOs to implement its programs, both at headquarters and in the field. Under the terms of these agreements, the primary responsibility for financial oversight rests with recipients. USAID's oversight consists of pre-award evaluations, quarterly expenditure reports, and annual external audits. OIG officials said that there were no indications from audits conducted that systemic problems existed.

USAID Supported the Development of Accepted Interventions

USAID has funded public and private research efforts to identify interventions that became the principal tools used in the global response to HIV/AIDS. When USAID began its program in the mid-1980s, medical experts recognized that the key to slowing HIV transmission was behavior change and that traditional medical responses were not sufficient. However, research was only beginning to identify effective interventions. USAID capitalized on expertise developed in its health and child survival programs and built upon the research conducted by WHO to test and implement interventions targeted at HIV/AIDS prevention.

With support from USAID and other donors, experts identified interventions that, when implemented in a culturally appropriate manner and combined in a coordinated effort, have been proven through clinical trials and longitudinal studies to have an impact on the spread of AIDS. They are

- information, education, and counseling to raise awareness of the threat of HIV/AIDS in an effort to promote positive behavior changes such as abstinence or reduction in the number of sexual partners, and safer sex practices;
- treatment of STDs which, if left untreated, can facilitate transmission of the HIV infection; and
- promotion of increased condom use through condom "social marketing" to prevent transmission of the virus.

**Information, Education,
and Counseling**

The first intervention, attempting to change risky behavior through increased awareness, has posed a particular challenge to HIV/AIDS experts. The behaviors that result in transmission of the virus are often deeply rooted in social and cultural traditions, and people often find them difficult to discuss. For example, in some African countries, polygamous unions may force “junior wives” into prostitution to earn money. In addition, research on ways to promote change in sexual behaviors is not advanced. Even when effective approaches have been identified, they may not always be transferable from one cultural environment to another. For example, USAID’s largest HIV/AIDS program—AIDSCAP—noted the difficulty in encouraging Rwandan refugees to take individual action to change their risky behavior when they had no control over the rest of their life.

USAID supported a number of efforts to identify approaches to achieve behavioral change through clinical trials of HIV prevention counseling and testing in Africa, Asia, Latin America, and the Caribbean.¹ For example, AIDSCAP worked with the United Nations and research institutions from Kenya, Tanzania, Trinidad, and the United States to assess the efficacy of efforts intended to promote voluntary HIV counseling and testing. In 1997, USAID signed a cooperative agreement to support a 5-year, \$40-million program for operations research and field testing of interventions to further refine and develop best practices for prevention and care activities.

In the five countries we visited, USAID projects used creative approaches to increase HIV/AIDS awareness and promote behavior change. For example, in Honduras, USAID—in conjunction with UNICEF—supported youth theater groups to develop plays with HIV/AIDS-related themes. To reach out-of-school youth, USAID supported pregame mock soccer matches, where HIV Virus and Death teams battled Abstinence and Condom teams. Also, in the Indian state of Tamil Nadu, USAID targeted education efforts at truck drivers, who had been identified as key transmitters of the virus. On a field trip, we saw roadside meetings between counselors and truckers to discuss the risks of HIV transmission and demonstrate how to use condoms correctly.

**Treatment of Sexually
Transmitted Diseases**

USAID was among the pioneers in funding research to determine whether having an STD increases the risk of transmitting HIV. This research concluded that STDs, especially those that cause lesions, provide a pathway for the HIV virus to enter the body and that STDs were highly prevalent in many of the populations most affected with HIV/AIDS. As early as 1991, USAID

¹Conducted by the University of California’s Center for AIDS Prevention Studies.

reported that the risk of HIV transmission significantly increased when other STDs are present and worked with WHO to develop standardized treatments. The link between STDs and HIV transmission was eventually confirmed by the results of a 3-year trial in Tanzania. The trial concluded that increased STD treatment reduced HIV incidence by about 40 percent.

Improving STD treatment capacity was a component of USAID's AIDS prevention strategy in every country we visited. In Honduras, USAID supported the expansion of health clinic services to include treatment of STDs. Further, USAID's AIDSCAP program supported STD research in the Philippines, trained health care providers in STD treatment in India, and developed national guidelines for improved STD care in 18 other countries.

Condom Social Marketing

Another intervention developed and tested with USAID's support is condom social marketing, which relies on increasing the availability, attractiveness, and demand for condoms among target populations through advertising and public promotions. USAID projects encourage production and marketing of condoms by the private sector to ensure the availability of affordable and quality condoms when and where people need them. The development of this marketing strategy was based on USAID-sponsored research and experience that showed that people are more likely to use a condom if they were affordable, high quality, and available when and where needed. World Bank data demonstrated that condom sales increased dramatically in many developing countries after condom social marketing programs were introduced. For example, condom sales in Brazil rose from 406,000 in 1991 to nearly 27 million in 1996 after condom social marketing programs began.

Impacts on Incidence of AIDS Are Difficult to Measure

USAID, as well as UNAIDS, World Bank, and private research institutions, have noted the difficulty in determining the direct impact of interventions on the incidence of AIDS. The interventions used by USAID have been proven to affect HIV/AIDS incidence because they result in behavior changes that reduce the risk of disease transmission. However, it is difficult to determine the link between a particular activity or program and reductions in the incidence of HIV/AIDS because of the long incubation period for the disease; a person can be infected as a result of an activity from 7 to 10 years previously. USAID measures the impact of its HIV/AIDS activities in its target groups by conducting blood tests for HIV incidence but also uses proxy indicators such as behavioral change and condom sales. Public

health experts agree that these proxy indicators are reasonable indicators of changes in HIV incidence.

USAID Projects Made Important Contributions

Despite the limitations in evaluating impact, USAID can demonstrate that it has contributed to the fight against HIV/AIDS through its interventions in the countries where it had programs. For the global project—AIDSCAP—and each mission, USAID established goals and identified target groups based on country needs. To assess the countries' progress toward achieving these goals, USAID conducted internal and external evaluations and behavioral surveys, and tested people in the target groups for HIV. Data show that USAID projects increased knowledge about HIV/AIDS and how to prevent it, changed risky behaviors, and increased access to STD treatment and condoms, thus helping to slow the spread of AIDS in target groups.

Centrally Managed AIDSCAP Project

From 1991 to 1997, the goal of USAID's \$200-million global project, AIDSCAP, was to support research, help missions develop and implement HIV/AIDS programs and to provide technical assistance for mission-led programs. AIDSCAP devised and carried out AIDS prevention programs in 18 countries and supplied technical assistance to 25 other USAID programs.

Using a variety of evaluation instruments such as behavioral surveys and blood testing for the HIV virus, USAID evaluated AIDSCAP's projects and concluded that AIDSCAP's activities increased knowledge about HIV and effected a change in attitude toward those affected by the virus. In target groups in many of the countries, data indicate that AIDSCAP activities resulted in altered perceptions of individual risk and less risky sexual behaviors. For example, in the Ivory Coast, a USAID survey of 1,000 15- to 25-year olds in 30 targeted villages indicated that 47 percent had reduced their number of sexual partners in response to AIDSCAP activities. USAID also reported that more than 275 million condoms were distributed with USAID support in 1996, or approximately 27 percent of all socially marketed condoms in developing countries.

AIDSCAP implemented HIV/AIDS programs in the Dominican Republic and Honduras. Our observations on these two efforts follow.

Dominican Republic

The goal of USAID's AIDSCAP project in the Dominican Republic was to improve knowledge and access to AIDS prevention practices and services in target groups.² Our review of behavioral and HIV surveillance data and our

²These groups were commercial sex workers, men who have sex with men, hotel workers, and youth.

interviews with participants indicate that USAID had an impact in both areas. USAID reported that the percentage of young people who knew of at least two preventive measures increased from 45 percent to 100 percent between 1993 and 1996 after receiving AIDSCAP-developed information on the disease. In addition, the use of condoms by commercial sex workers rose from 65 percent in 1992 to 98 percent in 1996; commercial sex workers with whom we met said they always tried to convince their clients to use condoms. Moreover, USAID helped develop a low-cost condom with a multinational pharmaceutical company, which significantly increased the availability of condoms. USAID also obtained free air time on radio stations to broadcast prevention messages. Data on HIV incidence among commercial sex workers at one clinic targeted by AIDSCAP projects indicated that the percentage of HIV-positive workers who came to a USAID-supported clinic declined from 5.8 percent in 1995 to 3.3 percent in 1996. Moreover, surveys undertaken upon completion of the project showed significant declines in risky behavior in targeted groups. For example, the number of youth who said they were sexually active declined from 73 percent in 1992 to 30 percent in 1996.

Honduras

In Honduras, AIDSCAP designed and implemented a program to support the government's HIV/AIDS control program and to increase the use of STD/AIDS prevention practices among high-risk groups,³ including increasing access to STD treatment. The goal of the program was to reduce the incidence of HIV/AIDS in specific regions of the country. However, because of difficulties getting started, the project operated for only 2 years. According to USAID officials in Honduras, they began negotiating with AIDSCAP in 1993 to develop a program, but that AIDSCAP's proposals did not adequately emphasize participation by the government or involvement by local NGOs. USAID did not reach agreement with AIDSCAP until 1995, 2 years before it was scheduled to end. USAID evaluations and discussions with NGO personnel indicated that the project had successes but should have done more to prepare their local country office to assume the financial and managerial responsibilities for the projects in an effort to ensure sustainability. In 1997, after the AIDSCAP office was converted to a locally registered NGO, the mission awarded the new NGO a USAID grant to continue prevention efforts. However, because of its lack of financial and managerial capacity, it was required to take corrective actions before the new project could begin.

Data are not yet available to determine the impact of AIDSCAP on the incidence of HIV/AIDS in Honduras. Early in the AIDSCAP project, USAID

³These groups were commercial sex workers, men who have sex with men, and factory workers.

conducted a behavioral survey to gather baseline data on risky behaviors. However, because the project was only operating for 2 years, USAID will not follow up with a survey to measure behavioral change as a result of its activities until 1999.

The mission used other indicators to measure the success of the project. It reported that it had exceeded its goal in increasing the numbers of condoms distributed and that it had expanded access to STD treatment. USAID upgraded a number of Ministry of Health-run health clinics to increase access to STD prevention and treatment. Government officials informed us that the number of women seeking STD treatment had risen since completion of a USAID-funded STD clinic in a poor area of the capital city, Tegucigalpa. Recipients of USAID-supported activities also told us that risky behavior had declined. For instance, the leader of a gay men's group said that the amount of information and condoms requested by the gay Honduran community had increased significantly since an AIDSCAP-supported NGO began aggressive education activities.

Furthermore, mission officials stated that the AIDSCAP project had helped publicize HIV/AIDS, had encouraged the host government to begin to address the epidemic, and had established a network of NGOs that have the capacity to promote HIV/AIDS prevention activities. We met with a number of NGOs that, according to USAID officials, are competent and provide the key to sustaining activities after USAID funding ends.

Mission-Level Projects

We also reviewed mission-level projects in three countries: India, the Philippines, and Zambia. In these countries, USAID missions designed their own projects and hired PVOS and other organizations to manage activities. AIDSCAP provided limited technical support to these missions. We found that most programs were successful, with the exception of Zambia, where problems significantly affected USAID's ability to have an impact on the spread of the disease.

India

Our review of HIV surveillance and behavioral survey data, visits to projects, and interviews with recipients of assistance indicate that USAID has made progress toward meeting its goal of reducing HIV transmission among target groups⁴ in the southern Indian state of Tamil Nadu (see fig. 2.1). The mission measured increased awareness about the disease and behavioral change as indicators of change in HIV transmission and reported

⁴These groups were commercial sex workers, their clients (for example, truck drivers), and people with STDs.

Chapter 2
USAID Has Made Important Contributions
to HIV/AIDS Prevention

progress in its target groups. USAID is accomplishing its objective by establishing and building a network of technically capable NGOs working to alter behaviors and increase STD treatment and condom distribution. At the time of our fieldwork, USAID had worked in only 1 of India's 27 states, though USAID officials said they planned to expand to 1 other state, Maharashtra, because available funding did not permit USAID to develop comprehensive programs nationwide. However, other donors were active elsewhere in India. States, rather than the national government, manage health care delivery, and USAID chose Tamil Nadu and Maharashtra because they have a high percentage of HIV-positive people, and the state governments are politically and financially supportive of AIDS prevention efforts.

Figure 2.1: Director of USAID-Supported Health Clinic Discussing HIV/AIDS Prevention Activities, in Tamil Nadu, India



Data generated from USAID's last behavioral survey conducted in 1997 in Tamil Nadu demonstrated significant behavior changes among high-risk groups. Specifically, between 1996 and 1997, truck drivers reported declines in their patronage of commercial sex workers and in the number

Philippines

of nonregular sex partners from 38 percent to 27 percent and increased condom use from 55 percent to 66 percent. Among factory workers, condom use increased from 28 percent to 41 percent. USAID has trained 800 volunteers, peer educators, and NGO leaders to implement community-based interventions and trained 60 health care providers in the diagnosis and management of STDs since 1992.

In the Philippines, the USAID mission's goals were to increase knowledge and to change attitudes and behaviors to prevent STD/AIDS infection among high-risk groups⁵ and to collect comprehensive baseline data on the incidence of HIV and behavior at 10 sites. Our review of an independent evaluation and discussions with target groups in the Philippines indicated that USAID interventions had been effective in increasing awareness and changing behavior. In addition, USAID's surveillance activities provided data on HIV incidence and risky behavior among target group populations. An independent evaluation conducted in 1997 concluded that USAID's activities helped avert an increase of HIV/AIDS,⁶ as the percentage of people who are HIV-positive remained below 1 percent in targeted groups. Behavioral surveys demonstrated that USAID activities to expand knowledge about the disease led commercial sex workers to increase their use of condoms. Data also indicated that male clients exposed to USAID interventions used condoms much more frequently than those with no contact with the project (75 percent compared to 41 percent). Our reviews of evaluations and interviews with NGO staff also indicated that USAID increased the capacity of the NGO staff to implement AIDS prevention activities. USAID project activities are carried out by staff working for 20 local organizations that have been trained as a result of USAID activities. We met with a number of NGOs that were successfully implementing prevention strategies under the guidance of USAID. For example, we accompanied a local NGO to a site frequented by gay men, where the NGO distributes pamphlets, discusses HIV/AIDS risks, and promotes condom use.

Zambia

Our review of USAID activities in Zambia indicated that the mission has had a difficult time developing an HIV/AIDS prevention program. Despite its problems designing an effective program, it did have some successes. Since 1992, the mission has redesigned its program three times with different goals and implementing organizations. Initially, the USAID mission in Zambia established a goal of reducing HIV transmission. It subsequently determined that this goal was unrealistic and refocused its objective on

⁵These groups were registered female commercial sex workers, freelance commercial sex workers, men who have sex with men, and intravenous drug users.

⁶The evaluation used a simulation model developed by AIDSCAP that calculates the number of infections averted when accepted interventions are applied to high-risk groups.

changing behavior in high-risk groups. USAID's difficulty in developing a program stemmed, in part, from the national government's transition to a decentralized approach to HIV/AIDS and health care delivery. However, according to USAID mission officials and an independent evaluation, problems occurred primarily because the U.S. educational institution managing USAID's program did not have the necessary expertise to implement large-scale HIV/AIDS activities overseas. An evaluation of the project found a number of weaknesses, including a lack of project monitoring and a reliance on U.S.-based institutions to implement activities rather than building the capability of local NGOs. In addition, host government officials informed us the implementing agency designed and implemented activities without host country involvement. The evaluation also found that the project had not increased the number of patients treated for STDs, an important component of USAID's HIV/AIDS strategy.

Despite USAID's management problems, we saw some successes in Zambia (see fig. 2.2). Our discussions with youth groups indicated an increased awareness of HIV/AIDS. USAID reported that condom sales exceeded expectations and increased by 22 percent in 2 years and that the number of casual sex partners in the target groups decreased. Additionally, USAID mission officials said that they had been instrumental in convincing the Zambian government to integrate HIV/AIDS activities into the national health plan and that they have had some successes in addressing one of the social and cultural factors that contribute to the spread of the disease. Specifically, USAID worked with traditional healers and the legal community to discourage a custom whereby recently widowed women engage in sexual relations to "cleanse" their bodies of the spirit of the deceased.

Figure 2.2: HIV/AIDS Education Program for Community Health Workers in Lusaka, Zambia



Nature of USAID's Financial Oversight

USAID conducts financial oversight for its HIV/AIDS activities primarily through pre-award evaluations, quarterly financial reports, and annual financial audits of its private sector partners. Largely in response to congressional direction, USAID officials decided to rely on U.S.-based PVOS and indigenous NGOs to implement its HIV/AIDS program.⁷ To manage their private partners, USAID officials in headquarters and the field told us that they have chosen almost without exception to use a funding arrangement called a “cooperative agreement.” Cooperative agreements are similar to grant agreements⁸ but are used when agencies expect to be substantially involved in the activity to be carried out. These agreements allow USAID and recipients to easily adapt the scope of work and shift budgeted resources to changing needs. Therefore, they are able to adjust activities to meet agency goals without a formal process for review and approval. Recipient organizations have the primary responsibility for financial management. OIG officials said that there were no indications from audits conducted of systemic problems.

⁷Since 1990, the House and Senate Appropriations Committees have urged USAID to maximize its use of PVOS and NGOs to implement HIV/AIDS prevention activities.

⁸See The Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. 6301-8).

**OMB Guidance Places
Financial Management
Responsibilities on
Recipient Organizations**

OMB guidance outlines the responsibilities of awarding agencies and funding recipients under cooperative agreements.⁹ The guidance states that agencies should require organizations to have requisite financial and management systems in place; agree to comply with various requirements, such as guidelines for allowable costs; and provide procedures for periodic financial and progress reporting.

With respect to monitoring, OMB's general guidance is that while the agency has the responsibility to ensure that public funds are managed prudently, day-to-day financial management is the responsibility of the recipient. USAID project managers use several methods to ensure financial oversight: pre-award evaluations, quarterly expenditure reports, and annual audits.

Pre-award Evaluations

Pre-award evaluations are conducted as necessary before an award is granted, to assess whether prospective recipients have adequate financial and management control systems to properly manage, report, and account for USAID funds. If a recipient has recently received a federal award and is known to have the technical and financial capacity to perform the job, USAID conducts an informal review of its systems and controls. Otherwise, a team will go on-site to conduct a formal evaluation. We examined pre-award surveys for four headquarters projects and two mission bilateral projects. USAID conducted pre-award evaluations for all of them, and with the exception of the award to a local NGO in Honduras, they were informal reviews because the recipients were known to USAID. In Honduras, USAID conducted a formal evaluation because the NGO selected to manage the mission's HIV/AIDS project after AIDSCAP ended did not have previous experience managing a USAID project. USAID found problems with the NGO's accounting system, procurement and contracting procedures, and personnel management system. Before the award was made, the NGO was required to undertake corrective actions.

Quarterly Expenditure Reports

Recipients of cooperative agreements are also required to provide quarterly expenditure reports to the USAID project manager. These are summaries of expenditures listed in categories such as salaries and travel. For the 6 years of the AIDSCAP project, we found that USAID reviewers approved all expenditure reports without disapproving any costs. OMB guidance stipulates that agencies must determine whether costs incurred are in accordance with terms of agreements and are reasonable and allowable. However, the guidance does not define the roles and

⁹OMB Circulars A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations"; and A-122, "Cost Principles for Non-Profit Organizations." See also 22 C.F.R. 226.

responsibilities of an awarding agency for monitoring the recipient's compliance with these standards. Project managers told us that they reviewed expenditure reports primarily to compare the level of funds expended with the progress toward completion of project activities.

Annual Audits

According to USAID officials, USAID uses annual financial audits required by the Single Audit Act as its principal tool for financial oversight.¹⁰ These audits are intended, among other things, to promote sound financial management, including effective internal controls, with respect to federal awards administered by nonfederal entities such as PVOs. As such, they provide information to federal oversight officials and program managers on whether an entity's financial statements are fairly presented and reasonable assurance on whether federal assistance programs are carried out in accordance with applicable laws and regulations. The single audit reports from 1992 to 1996 of the PVO that implemented the AIDSCAP project did not indicate any financial management or reporting problems. OIG reviews of these audits found that they were performed in accordance with the Single Audit Act's requirements.

In 1994, the OIG conducted an audit primarily focused on salaries, fringe benefits, and travel, based on specific allegations regarding these matters. As a result of this review, the OIG questioned 11 percent of the \$14.6 million of expenditures examined. Following negotiations, the PVO repaid \$540,000 to USAID. OIG officials said that there were no indications, from either this review or the single audits, that systemic problems existed.

Conclusions

USAID has made important contributions in the fight against HIV/AIDS by helping to support the development and implementation of interventions that have been proven effective in the global fight against the disease. These interventions include information, education, and counseling; treatment of sexually transmitted diseases; and promotion of increased condom use through condom social marketing.

At the country level, USAID implemented projects that increased awareness of the disease, reduced risky behaviors, and increased access to STD treatment and condoms. These actions have helped slow the spread of the disease in target groups. Evaluations of USAID's largest HIV/AIDS project, AIDSCAP, determined that its activities had successes in the countries where

¹⁰The Single Audit Act of 1984 (31 U.S.C. 7501-7507) requires organizations that meet a minimum threshold of federal funding to undergo a single, nonfederal audit each year.

it had projects. Our fieldwork and evaluations conducted for a number of other mission-led projects also showed important impacts.

USAID implements its programs at headquarters and in the field primarily through PVOS and NGOs. To manage their private partners, USAID has chosen almost without exception to use a funding arrangement called a cooperative agreement. Because they are similar to grant agreements, cooperative agreements allow flexibility to USAID in adjusting their scope, and recipient organizations have the primary responsibility for financial management. USAID managers primarily rely on pre-award evaluations, review of quarterly expenditure reports, and annual audits for their financial oversight of its funding recipients. OIG officials said that there were no indications from audits conducted that systemic problems existed.

Agency Comments

USAID stated that it was pleased with the overall presentation and objectivity of the report.

The Joint U.N. Programme on HIV/AIDS Has Made Limited Progress

UNAIDS has made limited progress toward achieving its goal of leading a broad-based, expanded worldwide response to the HIV/AIDS epidemic. Reasons for the limited progress include a lack of clarity in the mission and roles of cosponsor agencies in the field and lack of staff accountability for theme group success. Cosponsor agency estimates of overall U.N. spending on HIV/AIDS show that resources have not increased with the creation of UNAIDS.¹ In addition, while the UNAIDS Secretariat has made significant efforts at the international level to mobilize private sector support, Secretariat officials acknowledge that U.N. efforts at the local level have been limited. Data are not available to get an accurate measure of UNAIDS' success in mobilizing an expanded response among donors or affected countries. In some countries, cosponsor agencies are just beginning to work together in theme groups. Finally, the UNAIDS Secretariat has not been very successful in providing technical assistance and other support to facilitate theme group activities and has only started to establish a framework to measure performance.

U.N. Expenditures For HIV/AIDS Did Not Increase

The U.N. Economic and Social Council, which created UNAIDS, stated that the success of the program was dependent on the provision of increased resources for HIV/AIDS activities by the cosponsor agencies. U.N. agency spending began to decrease under WHO's GPA, declining by 20.3 percent during the last 2 years of the program (1994-95). For the first 2 years since the creation of UNAIDS in 1996, cosponsor agencies estimate that the decline has leveled off, with spending at about \$332 million—a slight decline from the \$337 million spent during the last 2 years of GPA. Funding for HIV/AIDS-related activities remained stable even though overall cosponsor agency spending increased by 6.5 percent during the same period.

Data in figure 3.1 demonstrate differences among cosponsor agencies that underlie the overall U.N. expenditure estimates for HIV/AIDS. Two agencies, UNDP and UNFPA, increased spending on HIV/AIDS by \$10.8 million and \$5.4 million, respectively, and UNESCO began programming money for HIV/AIDS after the creation of UNAIDS. However, the World Bank and UNICEF decreased funding by \$10.5 million and \$3.5 million, respectively.² Spending on HIV/AIDS also declined as a percentage of these agencies'

¹Throughout this report, reference to overall U.N. funding for HIV/AIDS activities is limited to the six cosponsor agencies and the Secretariat.

²The decrease in World Bank spending is based on official estimates provided by the World Bank. Preliminary data on World Bank spending gathered by the UNAIDS Secretariat at the country level are significantly higher than these data. According to Secretariat UNAIDS officials, they are working on reconciling the differences.

Chapter 3
The Joint U.N. Programme on HIV/AIDS Has
Made Limited Progress

budgets. Finally, WHO, the agency that spearheaded U.N. efforts to fight the HIV/AIDS epidemic in the early 1990s, with about \$140 million added to its core budget every 2 years for HIV/AIDS activities, first began programming core funds following the creation of UNAIDS. It spent \$16 million in 1996-97.

Figure 3.1: U.N. HIV/AIDS Funding Under GPA and UNAIDS, 1992-97


In millions of 1997 dollars

	1992-1993	1994-1995	1996-1997
GPA	179.1	147.7	
UNAIDS Secretariat			119.6
WHO			16.4
World Bank	197.7	84.6	74.1
UNICEF	17.4	13.7	10.2
UNDP	29.1	53.8	64.6
UNFPA	<i>a</i>	37.5	42.9
UNESCO	0	0	4.1
Total	423.4	337.3	331.9

GPA period

UNAIDS period

 Not active.

 WHO core funding support included in overall GPA figures.

^aUnavailable.

Sources: U.N. cosponsor agencies and UNAIDS Secretariat (funding not verified).

U.N. agency officials gave several reasons for the lack of increased spending on HIV/AIDS programs. A WHO official said that because WHO no longer had additional funding for its HIV/AIDS efforts after GPA ended, 200 professionals who had been working on the program left or changed jobs, and the agency had to reorganize its staff and budget to undertake HIV/AIDS

activities. According to cosponsor officials and the Secretariat, other agencies did not increase support for HIV/AIDS due to difficulties incorporating HIV/AIDS activities into programs in the midst of their 5-year planning cycle; lack of commitment to HIV/AIDS by affected governments; and lack of commitment to HIV/AIDS as a priority on the part of field representatives.

Baseline Spending by Major Donors and Affected Countries Is Being Developed

Building worldwide support for HIV/AIDS was a key objective of UNAIDS. The U.N. Secretary General noted that in order to achieve an expanded response, governments of countries most affected by the epidemic would have to increase resources for HIV/AIDS. Officials from the UNAIDS Secretariat also noted the importance of increasing the financial support of donor countries. However, the Secretariat is not yet in a position to measure USAIDS' progress because it does not yet have baseline data on spending for HIV/AIDS at the country level. It has only recently developed baseline data for donors.

The UNAIDS' Secretariat is in the process of analyzing survey data to develop estimates of spending on HIV/AIDS by affected countries. Secretariat officials said that the data would be available in the fall of 1998. While half of the theme groups surveyed by UNAIDS reported that in 1997 they had mobilized resources at the country level, they noted that the large majority of these resources was from U.N. agencies.

U.N. officials told us that the lack of data on the impact of HIV/AIDS, measured in the number of deaths and illnesses, made it difficult to persuade developing countries to divert limited national resources from other important health problems. In many developing countries, the numbers of deaths and the costs of caring for HIV/AIDS patients are not identifiable because records only indicate secondary causes of illness or death, such as pneumonia, rather than HIV/AIDS infection.

Preliminary data from its most recent survey³ indicate that contributions by major donors⁴ have remained relatively stable between 1993 and 1996, at approximately \$250 million a year. However, data are not available for 1997. Thus, it is not possible to determine whether UNAIDS' first year's efforts have led to increased spending by donors. A USAID official told us that Secretariat officials made regular visits to executive and

³Study on the National and International Financing of the National Response to HIV/AIDS.

⁴The United Nations defines major donors as Australia, Canada, Denmark, France, Germany, Japan, Luxembourg, the Netherlands, Norway, Sweden, the United Kingdom, and the United States.

parliamentary branches of governments in donor countries, including the United States, in an attempt to keep the spotlight on HIV/AIDS issues and avert “donor fatigue.”

UNAIDS Had Limited Success in Mobilizing the Private Sector

The UNAIDS Secretariat and cosponsor agencies were expected to mobilize the private sector as part of the comprehensive global response to the HIV/AIDS epidemic. Despite this objective, efforts have been limited at the country level, and overall results are not clear. UNAIDS officials reported they have made efforts to encourage support for HIV/AIDS activities in the international community. However, at the country level, cosponsor agencies had solicited private involvement in only one country we visited. Moreover, UNAIDS lacks data to determine whether the level of resources devoted to HIV/AIDS by the private sector has increased or decreased. Secretariat officials told us that they believe the level of private sector resources dedicated to HIV/AIDS activities has remained limited.

In the international community, the UNAIDS Secretariat has encouraged private sector support through advocacy efforts with leading corporate organizations, such as The Conference Board and Rotary International, and individual companies. For example, the Secretariat organized a 1997 World Economic Forum plenary session in which South African President Nelson Mandela gave the keynote address to the world’s business leaders calling for a public/private partnership to fight HIV/AIDS. The Secretariat also organized a Public/Private Sector Partnership Strategy Meeting on International HIV/AIDS in London, England, in November 1996 and is working to establish a Global Business Council to organize businesses to serve as advocates in their industry and region.

As a result of its efforts, the UNAIDS Secretariat has had some successes, particularly in advocating research and distribution of medical interventions appropriate in the developing world. According to a senior USAID official, the UNAIDS Secretariat and WHO should be credited with encouraging pharmaceutical companies to continue and increase their efforts to develop affordable HIV/AIDS vaccines. Glaxo Wellcome, a major pharmaceutical company, recently announced that it would provide zidovudine (AZT), a viral inhibitor, to pregnant, HIV-positive women in developing countries at a substantially reduced price. In addition, for more than 2 years, the UNAIDS Secretariat has been coordinating international research on mother-to-child transmission and addressing ways to implement clinical trials with the private sector, international agencies, and donor countries. USAID also credits the Secretariat with working with

the private sector to increase the availability and affordability of the female condom.

However, according to a report produced by the UNAIDS Secretariat and the Prince of Wales' Business Leaders' Forum,⁵ the corporate response to HIV/AIDS has generally been limited and largely defensive. With few exceptions, the business community around the world has not sought a leadership role in confronting the epidemic. Among the reasons for this lack of involvement are

- inadequate information on the disease and understanding about how it affects their companies,
- unease about association with a controversial issue,
- lack of encouragement by the public sector, and
- competition for resources for HIV/AIDS with other good causes.

Unlike the Secretariat's efforts with the international business community, in-country efforts by the cosponsor agencies to encourage private sector involvement in HIV/AIDS activities have been very limited. We saw examples of private, in-country activities that indicated that companies could play an important role in the U.N.'s efforts to reduce the spread of HIV/AIDS. For example, the theme group in India solicited free air time from an Indian television network and worked jointly to develop a media campaign involving national artists in on-air promotions and public events. We saw other private-sponsored activities such as companies in Honduras allowing government or NGO-sponsored HIV/AIDS prevention and control activities to occur within their place of business. Another example was in the Philippines, where a manufacturing company provided direct financial support for prevention activities. None of these was initiated by U.N. agencies.

Several U.N. agency officials said that the reason for a lack of focus on private involvement in HIV/AIDS activities was that U.N. agencies did not generally work with the private sector. Their contacts in the field are almost exclusively with government ministries. Officials added that because the United Nations is not accustomed to working with private partners, guidance on best practices in this area would be useful.

⁵The report was entitled *The Business Response to HIV/AIDS: Innovation and Partnership* (Geneva and London: 1997). The Prince of Wales' Business Forum was established in 1990 as a global network of business leaders and their companies to work to promote continuous improvement in the practice of corporate citizenship and sustainable development internationally.

Difficult Beginning for Theme Groups

The UNAIDS Secretariat was expected to organize theme groups as the coordinating entity for U.N. activities in the field, and U.N. cosponsor agencies agreed to work together to ensure a unified response to HIV/AIDS. Their ultimate objective was to support host countries' national HIV/AIDS programs. To operate effectively, agency representatives were expected to meet regularly to discuss opportunities for joint programming and assistance to the host country. We found such an example in the Dominican Republic where agencies met regularly and even conducted joint programming. However, Secretariat officials acknowledged that as of 1997 most theme groups were not working effectively and that they underestimated the difficulty of getting U.N. agencies to coordinate and conduct joint programming. For example, in two of the five countries we visited—Honduras and India—we found poorly functioning theme groups that rarely met. Preliminary results from a 1997 survey conducted by the UNAIDS Secretariat of theme groups showed that data received as of April 30, 1998, indicated that theme groups had made some progress in cosponsor coordination since their 1996 survey of theme groups, particularly in the areas of advocacy and resource mobilization. However, of the theme groups that responded to the 1997 survey, less than 50 percent were judged effective in those areas. In addition, while respondents said that the level of U.N. coordination at the country level had improved over the last year, only 28 percent rated it strong or better. Overall, fewer than half of the theme groups had undertaken efforts in 7 out of 10 of the key outputs measured.

Several factors have hindered theme group operations, including the following:

- Cosponsor agencies and the UNAIDS Secretariat did not provide guidance to staff in the field regarding how theme groups should operate and the scope of their mission.
- Cosponsor agencies did not hold their staff accountable for theme group success, and UNAIDS Secretariat staff lacked authority to require participation.
- Concerns about the concept of a joint program and theme group operations led to lack of commitment to working together on the part of some agency representatives.

Lack of Timely Guidance

According to cosponsor agency officials, neither the Secretariat nor the cosponsors issued timely guidance to theme group participants about how to operate or about their roles and responsibilities within the theme groups. In a 1996 UNAIDS survey of theme group operations conducted by

the UNAIDS Secretariat, U.N. officials in the field cited the lack of understanding about the roles of each agency at the country level and lack of support from cosponsor agencies and the Secretariat as major obstacles to progress. Acknowledging these problems, the Secretariat provided operational guidelines to theme groups early in 1998.

Lack of Requirements to Participate

The individual job expectations provided for U.N. cosponsor representatives in the field did not include an expectation to participate in the theme groups. Field staff with whom we met said that their annual personnel assessments did not mention participation in UNAIDS activities. The career, promotion, and reward paths for U.N. officials are through their parent organizations, and their work on UNAIDS activities was considered an adjunct to their regular duties. Typical of the responses we heard was a U.N. cosponsor agency official in Honduras who described UNAIDS work as “an add-on, an additional function outside of regular work responsibilities.” Secretariat representatives who were responsible for organizing theme groups and encouraging joint participation did not have the authority to require participation.

Lack of Commitment to Work Together

Despite agreements by cosponsor agencies to support and work collaboratively in the theme groups, according to senior U.N. officials, concerns about the concept of a joint program held by some senior agency officials contributed to their lack of commitment to working together. Such concerns were reflected in a 1997 USAID survey of 31 of its overseas missions that addressed problems faced by U.N. agencies in planning and implementing their HIV/AIDS activities. Respondents cited uneven U.N. agency commitment to HIV/AIDS-related endeavors and the lack of coordination among U.N. agencies.

In particular, some officials from the World Bank and WHO said that they questioned the role of UNAIDS as the organizing vehicle for the U.N. response. One WHO representative in the field said that because he works directly with the host government, he views UNAIDS as irrelevant. In addition, a World Bank official said he did not see the usefulness or relevancy of coordinating or integrating the Bank’s activities with other cosponsor agencies, noting that U.N. agencies were already doing all they could to address HIV/AIDS.⁶ The World Bank’s lack of commitment to the theme groups and UNAIDS was evident in a number of our case study countries where the World Bank had programs. Though the country

⁶According to officials from the UNAIDS Secretariat, senior-level meetings between World Bank and the Secretariat January 1998 addressed outstanding complaints concerning the Bank’s participation in UNAIDS and should result in greater coordination and collaboration with the other cosponsor agencies.

representative of each U.N. cosponsor agency is automatically a member of the theme group and is expected to participate in its activities, in three of the five countries we visited, the World Bank representative never attended a theme group meeting, according to other cosponsor agency officials. However, in two of the countries, a lower-level staff member was present at a couple of theme group meetings.

UNAIDS Secretariat officials said they recognized these problems and met with cosponsor agencies in March 1998 to address interagency cooperation and develop strategies to improve theme group coordination.

Limited Success in Providing Technical Support for UNAIDS Country Activities

One key role for the UNAIDS Secretariat was to provide technical assistance to theme groups to facilitate cosponsor agency efforts. The two Secretariat departments responsible for providing technical support and disseminating best practices accounted for 80 percent of the Secretariat's budget. However, during our site visits, we found few U.N. agencies utilizing the Secretariat's technical support, and some agency officials were unaware of the services or technical assistance that were available. For example, cosponsor agencies in the Philippines stated that best practice information is useful for introducing an idea to the government, but not particularly helpful in defining how to implement it. The UNDP representative said it would be useful to obtain information on how to incorporate HIV/AIDS prevention in their good governance projects. UNAIDS official acknowledged the Secretariat had poorly marketed available support and noted that its fixed menu of technical support was not always relevant or flexible enough to meet a country's specific needs. In addition, because of the limited number of experts on the UNAIDS' staff, he noted that the Secretariat should have made more of an effort to mobilize regional resources to provide technical assistance. Secretariat officials indicated substantial investments in this area will be needed in the future.

Another key role of the UNAIDS Secretariat was to identify, develop, and function as a major source of information on best practices; that is, to identify and disseminate information about HIV/AIDS prevention policies and strategies and to promote research to develop new tools to address HIV/AIDS. According to cosponsor agency officials we interviewed, best practices information from the Secretariat was disseminated and read, but the information was too general to be of practical use and lacked practical "how-to" guidance. For example, according to a USAID official familiar with material on best practices produced by the Secretariat, the information provided a good summary and starting point for discussion of a particular

issue, such as how to deal with AIDS in prisons. However, he noted that practitioners in the field, who are generally well informed, needed practical guidance on how to carry out specific projects. According to a Secretariat official, the focus was on producing the most up-to-date, comprehensive document on a particular issue but not to tailor best practices to meet the needs of officials in the field. He added that the department responsible for best practices needed to begin by improving its knowledge of customers' needs so that it could make itself more relevant. According to Secretariat officials, steps are under way to address these deficiencies. For example, the Secretariat has reorganized the support departments and instituted management changes. Additionally, USAID stated that along with other bilateral donors, USAID is helping to establish a network of technical resources that can be used by Secretariat and cosponsor staff in-country staff to enhance the design and implementation of national HIV/AIDS programs. However, it is too early to evaluate the impact of these efforts.

Performance Indicators

The Secretariat was directed by its governing board to coordinate the development of performance-based programming and measurable objectives. As an international organization, the United Nations is not required to comply with the U.S. Results Act.⁷ However, the act sets forth the characteristics of a performance-based system, requiring (1) the statement of a clearly defined mission; (2) the establishment of long-term strategic goals, as well as annual goals that are linked to them; (3) the measurement of performance against the goals; and (4) the public reporting of how well the agency is doing. Development of performance indicators will assist in making the Secretariat and the cosponsor agencies accountable for their performance, to gauge progress toward meeting objectives, to promote UNAIDS activities with host governments, and to generate information decisionmakers need in considering ways to improve performance.

However, the Secretariat has been slow to create and implement an evaluation framework that employs performance indicators. Despite being instructed to start efforts immediately, it did not begin staffing an evaluation unit until September 1997. According to the Secretariat's evaluation officer, the goal is to field-test a performance-based evaluation system in 20 to 30 countries by the end of 1998. Secretariat officials attribute the slow start in developing performance indicators to the rush to get UNAIDS up and running programmatically and country-level activities

⁷The Government Performance and Results Act of 1993 (P.L. 103-62).

under way. Results from the theme group survey covering 1997 activities showed that, where theme groups had developed an integrated U.N. work plan, only 22 percent had developed indicators to measure progress, and only 13 percent had assessed their performance using the indicators.

USAID officials noted that the lack of a credible monitoring and evaluation plan by the UNAIDS Secretariat is a significant weakness. Officials added that at the May 1998 meeting of UNAIDS' governing board, a Monitoring and Evaluation Technical Review Group was created. This group is expected to develop a plan for approval by the board at its next meeting, scheduled for December 1998.

U.N. Agencies Undertook Innovative Grassroots Interventions

Although we did not conduct an evaluation of individual cosponsor HIV/AIDS activities, in the countries we visited we observed innovative cosponsor activities in each of our case study countries. U.N. agencies relied on proven control and prevention activities such as condom education and promotion, information and behavioral change communication, and treatment of STDs. In addition, the activities were targeted to high-risk groups (such as commercial sex workers and truckers), individuals who engage in high-risk activity (clients of commercial sex workers, men who have sex with men, intravenous drug users), and those considered particularly vulnerable (women and youths).

Moreover, the activities we observed were generally inexpensive, ranging from \$200 to several thousand dollars. In addition, in an effort to increase sustainability, the activities were often managed by host country officials and implemented by locally recruited activists. While many developing countries remain dependent on external donor support to finance HIV/AIDS activities, a cadre of trained and experienced HIV/AIDS activists existed in all the countries. Particularly noteworthy was the use of peer educators—such as commercial sex workers and intravenous drug users—who are able to reach and communicate effectively with at-risk populations who normally fall outside the reach of government-sponsored public health programs.

Examples of intervention activities we observed in our case study countries include the following:

- In the Dominican Republic, an adolescent peer educator training session and a prison AIDS awareness workshop were funded by joint contributions from all the theme group members.

-
- In Honduras, a street theater organization conducted HIV/AIDS awareness skits at schools and festivals and during half-time at professional and amateur soccer matches (see fig. 3.2).

Figure 3.2: A USAID and UNICEF-supported Community Center and Youth Theater in San Pedro Sula, Honduras (with props used in HIV/AIDS skits)



- In the Philippines, commercial sex workers and men-who-have-sex-with-men peer educators provided counseling, information packets, and condoms in brothels and locales frequented by individuals who engage in high-risk behavior.
- In India, the first HIV testing center in New Delhi was developed, providing free voluntary testing; counseling services; dissemination of information about HIV/AIDS, STDS, and condom use; support and care services for HIV-positive clients; and advocacy and sensitization about the rights and needs of HIV-positive individuals.
- In Zambia, a pilot project for home-based care mobilized community groups to deal with the consequences of the HIV/AIDS epidemic, including (1) educating the community about HIV/AIDS; (2) caring for orphans, the

chronically ill, and the dying; and (3) developing income-generating projects for women, orphans, and people living with AIDS.

Conclusions

UNAIDS has made limited progress toward achieving its goal of leading a broad-based, expanded, worldwide response to the HIV/AIDS epidemic. Cosponsor agency estimates of overall U.N. spending on HIV/AIDS show that resources have not increased with the creation of UNAIDS, as was expected. Agency spending on HIV/AIDS began declining before the creation of UNAIDS in 1996 and since then has leveled off, despite an increase in overall cosponsor agency spending of 6.5 percent.

Building worldwide support for HIV/AIDS was a key objective of UNAIDS. However, the UNAIDS Secretariat is not able to measure progress in meeting this goal because it does not yet have baseline data on spending on HIV/AIDS at the country level and has only recently developed baseline data for contributions by donor countries. Secretariat officials said that spending estimates for affected countries should be available in the fall of 1998. In addition, the Secretariat lacks data to determine whether the level of private sector resources directed to HIV/AIDS has increased or decreased. While the UNAIDS Secretariat has made significant efforts at the international level to mobilize private sector support, we found that U.N. efforts at the local level were very limited in the countries we visited.

Secretariat officials acknowledged that as of 1997, most theme groups were not working effectively and that they underestimated the difficulty of getting U.N. agencies to coordinate and conduct joint programming. For example, in two of the five countries we visited, we found poorly functioning theme groups that rarely met. Factors that hindered theme group operations included insufficient guidance to staff in the field regarding how theme groups should operate, not holding staff accountable for theme group success, and U.N. agency staff's lack of commitment to working together.

In addition, the UNAIDS Secretariat has not been very successful in providing technical assistance and other support to facilitate theme group activities and has only started to establish performance measures. Despite UNAIDS' difficulties, we observed innovative and U.N. agency intervention projects in each of our case study countries.

Agency Comments and Our Evaluation

Comments from USAID, the Department of State, and the UNAIDS Secretariat generally focused on concerns about our review of UNAIDS. USAID stated that it shares our concerns about areas in which UNAIDS has not made sufficient progress. However, USAID expressed its strong endorsement and support for the program and the unique role UNAIDS plays in the global response to HIV/AIDS. USAID also pointed to the difficulty of UNAIDS' mandate and UNAIDS' relatively short existence (2 years at the time of our review). USAID stated that progress had been made in some areas since our review. For example, USAID noted that at a recent meeting, a Monitoring and Evaluation Technical Review Group was created to develop a monitoring and evaluation plan targeted for December 1998.

UNAIDS Secretariat officials agreed with our conclusion that U.N. expenditures for HIV/AIDS did not substantially increase since the creation of UNAIDS. However, it questioned the quality of the financial data reported by the cosponsor agencies because agencies have difficulty estimating expenditures and use different methods of reporting. The Secretariat stated that relying on financial expenditures alone masks the increased expenditures of human resources on HIV/AIDS by cosponsor agencies in many countries. The Secretariat stated that progress has been made toward mobilizing the private sector and coordinating efforts at the country level, providing support to theme groups, and developing a framework for measuring the progress of the U.N. effort on HIV/AIDS was reasonable given the challenges it faced and the short time since the creation of UNAIDS. The Secretariat provided updated information on activities undertaken after we completed our fieldwork.

Our conclusion about the decline in U.N. spending on HIV/AIDS is based on data reported by the respective cosponsor agencies. We recognize that agencies use different methods to report expenditures and that it is difficult to estimate expenditures, particularly when HIV/AIDS expenditures are integrated into spending for other activities. However, because each agency has reported the data in a consistent manner over time, we believe that the data are useful to identify trends. We also agree with the Secretariat that adding other measures of the U.N. effort, such as human resources, would be useful. However, the Secretariat does not currently have an evaluation and monitoring system to measure non-financial contributions to HIV/AIDS.

We did not make a judgment about whether cosponsor agencies should have made more progress toward mobilizing the private sector. The concern we raised in the report was less about the level of private

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involvement than the fact that cosponsor agencies in all but one of the countries we visited were not making efforts to involve the private sector. We acknowledge in the report that theme groups have made some progress since the Secretariat's 1996 survey; it was conducted the same year that most theme groups were established, so some progress would be expected. However, the 1997 survey indicated that half or fewer of the theme groups had undertaken efforts in 7 out of 10 of the key outputs measured. We also note that despite being instructed by its governing board to immediately begin developing an evaluation and monitoring plan, the Secretariat did not hire staff to develop the plan until a year and a half after UNAIDS was established.

USAID, State, and the UNAIDS Secretariat also noted that UNAIDS has only been in existence for 2-1/2 years and were concerned that it may have been too early to assess the program. State also said it was disappointed at the very negative tone in the report concerning UNAIDS' activities and believed that the report did not give any credit to UNAIDS for what it had achieved. Furthermore, State said that we implied that U.N. agencies and the U.S. government should stop supporting UNAIDS.

While we recognize that UNAIDS has been in existence for only 2-1/2 years, we did not evaluate the program's impact on the HIV/AIDS epidemic. In our report, we present the facts as we found them to be, including areas needing improvement and areas that have worked well. In fact, the report specifically identifies UNAIDS' accomplishments, including information on innovative grassroots interventions. Also, we did not evaluate whether support for UNAIDS should be continued. Our objective, as stated in the report, was to examine the program's progress, since its inception, in meeting established objectives such as increasing resources devoted to HIV/AIDS and working together in theme groups at the country level.

Comments From the U.S. Agency for International Development

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

JUN 24 1998

Mr. Henry L. Hinton, Jr.
Assistant Comptroller General
National Security and International
Affairs Division
U.S. General Accounting Office
441 G Street, N.W. - Room 4039
Washington, DC 20548

Dear Mr. Hinton:

I am pleased to provide the U.S. Agency for International Development's (USAID's) formal response on the draft GAO report entitled, "HIV/AIDS: USAID and U.N. Response to the Epidemic in the Developing World".

We would like to acknowledge the professionalism and dedication that was manifested by the GAO audit team. While their mandate was to review the effectiveness of USAID's response to the pandemic and the role played by the Joint United Nations Program on HIV/AIDS (UNAIDS), the team made the extra effort to ensure that their findings would serve to strengthen and enhance the strategies and activities of USAID.

We fully acknowledge and appreciate the magnitude and severity of the global HIV/AIDS pandemic and are equally concerned about the weaknesses identified in the response. The Agency recognized early on the most pressing problem areas and has diligently engaged in collaborating with UNAIDS to rectify these areas as quickly as possible. Working closely with other major donors to UNAIDS, we have focused particularly on strengthening UNAIDS' role at the country level in order to enhance the country HIV/AIDS program response. We are developing a network of technical assistance resources to bolster the current limited capacity of UNAIDS to provide technical support, and we are helping UNAIDS finalize a credible Monitoring and Evaluation Plan that will be presented at the next meeting of the UNAIDS Programme Coordinating Board (PCB) in December of this year. These efforts should inevitably lead to a stronger, more effective global response to reduce HIV transmission and to diminish the negative impacts on individuals, communities, specific labor sectors (such as the health system), and societies in general.

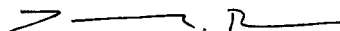
1300 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20523

Appendix I
Comments From the U.S. Agency for
International Development

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Our comments on specific sections of the report are enclosed. Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,



Terrence J. Brown
Assistant Administrator
Bureau for Management

Enclosure: a/s

**Appendix I
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ENCLOSURE

COMMENTS ON SECTIONS PERTAINING TO USAID:

Although the GAO report did not present specific negative findings or recommendations about the USAID HIV/AIDS program, it did include observations for which we would like to provide clarification.

- (Page 1) USAID Use of Private Voluntary Organizations: In the field of HIV/AIDS prevention and mitigation, USAID primarily, but not exclusively, utilizes private voluntary organizations and local non-governmental organizations to implement its programs in developing countries. In specific situations, there is direct support to host-country governments and to private-for-profit corporations for selected activities.
- (Page 8) Use of Cooperative Agreements for Program Implementation: The GAO report comments on USAID's reliance on Cooperative Agreement mechanisms for implementation of many of our programs, as opposed to utilizing grants, contracts or interagency government agreements--all of which are used within the entire HIV/AIDS portfolio. We wish to reinforce that we continue to feel that the Cooperative Agreement mechanism allows for a high degree of flexibility which is necessary to address the evolving and increasingly complex HIV pandemic.
- (Page 38) Honduras Program: The short duration of two years for the AIDSCAP project in Honduras was due to the ending of the entire Global AIDSCAP Project in 1997. This was due to the completion of the 10-year budget authorization for the Global Bureau's HIV/AIDS portfolio. During 1996 to 1997, a revised and expanded Global Bureau HIV/AIDS portfolio was designed and specific procurements were competitively awarded.

COMMENTS ON SECTIONS PERTAINING TO UNAIDS:

Given the fact that the UNAIDS program was only launched in January of 1996, we were pleased to see that the GAO found that they have already achieved successes in selected areas. However, USAID shares GAO's concern about those areas in which UNAIDS has not made sufficient progress. We understand that UNAIDS will provide a separate set of comments on the sections of the report dealing with their activities. USAID would also like to provide selected remarks on the UNAIDS sections.

It must be recognized that UNAIDS has been in existence for only two and one-half years and that much of the GAO review of their work occurred over six months ago. UNAIDS has been

See comment 1.
Now on p. 2.

Now on p. 6.

See comment 2.
Now on p. 29.

See p. 50.

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mandated to deal with an extremely complex global crisis, through an unprecedented coordination of six very distinct and separate UN agencies. Evaluating such a large and complex program as UNAIDS so early in its existence may not give an adequate nor accurate view on its true strengths and weaknesses. UNAIDS was established to play a special role in the global response to the pandemic. It is not tasked with implementing service delivery programs in developing countries, but instead, UNAIDS is supposed to coordinate and enhance global and country level programs. USAID continues to strongly endorse and support this unique and complementary role. This endorsement of UNAIDS is also widely shared within the bilateral donor community. The achievements noted on page 61 of the GAO report are impressive and could only have been accomplished through such a special multilateral organization. In addition, significant progress has been made in many of the areas criticized in the report. In those areas that are still deficient, such as development of a credible monitoring and evaluation plan, we are working closely with our UNAIDS counterparts to assure that an acceptable plan will be finalized at the next meeting of the Programme Coordinating Board in December of this year. Comments on specific sections are as follows:

Now on p. 41.

- (Page 9) Study on the National and International Financing of the National Response to HIV/AIDS: While the decrease in cosponsor funding for HIV/AIDS activities from 1994-95 to 1996-97 is definitely cause for alarm, there are two key points that should be recognized. First, only UNAIDS possesses the mandate and credibility to undertake such a global study of AIDS funding. A bilateral donor, such as ourselves, would find it extremely difficult to achieve the broad participation necessary to glean useful data. Second, one of the major weaknesses of the study is that it has not been able to adequately capture funding for HIV/AIDS prevention and mitigation that is integrated into larger development projects. Thus, only designated, specific HIV/AIDS programs are included in the study methodology. When attribution for HIV/AIDS interventions can be made within larger development programs, future trends in funding may demonstrate more positive findings.
- (Page 11 and Page 63) Poor Performance of UNAIDS Theme Groups: Substantial progress has been made in India since the GAO audit visit there last year. India, along with Brazil, now represents one of the more successful examples of how UNAIDS has been able to coordinate not only the UN organizations, but the broader donor community. Success at the country level should ultimately be measured against the scope and quality of the national response. Theme Groups

Now on p. 7.

Now on pp. 8 and 43.

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may play only a limited role in supporting and enhancing this national response. UNAIDS has recently begun to move beyond relying exclusively on the Theme Group mechanism in specific countries. Instead, through selected technical visits, support from intercountry teams, etc., the national strategic planning process has been facilitated.

Now on p. 46.

See comment 3.

- (Page 69) UNAIDS Monitoring and Evaluation Plan is Insufficient: Recognizing that the lack of a credible Monitoring and Evaluation plan by UNAIDS is a significant weakness, USAID has made ongoing efforts and provided support to assist UNAIDS in finalizing such a plan. At the recent meeting of the Programme Coordinating Board held in May of this year, a newly formed Monitoring and Evaluation Technical Review Group (MERG) was created and a finalized plan will be presented at the next "ad hoc" PCB meeting to be held in December. This plan will focus on the most important objective of UNAIDS, namely to improve the strategic planning process and implementation of prevention and mitigation interventions at the individual country level.

Now on p. 45.

- (Page 67) Inadequate Technical Assistance to Support Country Level Strategic Planning and Implementation: During the initial creation of the "Best Practice" collection of documents, there was an emphasis primarily on "Points of View" documents that were mainly intended to generate policy dialogue. Technical "Best Practice" documents are only now being finalized and distributed. These will be of greater use to program managers. Ongoing provision of timely and useful technical assistance to countries has been a weakness in the past. USAID, along with other bilateral donors (the United Kingdom, Australia, Germany, Sweden, Norway, the Netherlands, Japan, etc.,) is currently engaged in establishing a network of technical resources that can be identified and utilized by UNAIDS in-country staff to enhance the design and implementation of national HIV/AIDS programs.

See comment 4.

The following are GAO's comments on the U.S. Agency for International Development's (USAID) letter dated June 24, 1998.

GAO Comments

1. We modified the language to note that USAID primarily uses private voluntary organizations (PVO) to implement its programs.

2. We agree that the AIDS Control and Prevention (AIDSCAP) program in Honduras was in existence for a short period of time before the global AIDSCAP project ended. However, our analysis showed that the program's short duration was due to the difficulty it had in getting started. We modified the report with the following information to clarify what we found. USAID officials in Honduras said that they began negotiating with AIDSCAP in 1993 to develop a program, but that AIDSCAP's proposals did not adequately emphasize participation by the government or involvement by local non-governmental organizations (NGO). As a result, USAID did not reach agreement with AIDSCAP until 1995, 2 years before it was scheduled to end.

3. We modified the report to reflect efforts by the Joint United Nations Programme on HIV/AIDS (UNAIDS).

4. We modified the report to reflect efforts by U.N. donor countries.

Comments From the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State

Chief Financial Officer

Washington, D.C. 20520-7427

June 25, 1998

Dear Mr. Hinton:

We appreciate the opportunity to review your draft report, "HIV/AIDS: USAID and UN Response to the Epidemic in the Developing World," GAO Job Code 711298.

Enclosed are the Department's comments. If you have any questions concerning this response, please call Mr. Neil Boyer, Bureau of International Organizations, at (202) 647-1044.

Sincerely,


Kathleen J. Charles, Acting

Enclosure:
As stated.

cc:
GAO - Ms. Holloway
STATE/IO/T - Mr. Boyer

Mr. Henry L. Hinton, Jr,
Assistant Comptroller General,
National Security and International Affairs,
U.S. General Accounting Office.

Department of State Comments on the GAO Draft Report:
"HIV/AIDS: USAID and U.N. Response to
the Epidemic in the Developing World,"
GAO Job Code 711298

The Department of State believes that the GAO report on this subject properly stresses the seriousness of the global epidemic of HIV/AIDS. This epidemic is a matter not just of personal and national survival in many parts of the world, but it is a problem for all nations in an interdependent world. The erosion of the capacity of countries in many parts of the world to operate effective governments, educational and developmental agencies, and private-sector institutions has negative consequences for the entire international community. It is therefore in the interest of the U.S. Government and its participation in the multilateral system of agencies to ensure that the best efforts possible are put forward to get this epidemic under control.

Given the importance of steps to come to grips with such a vicious disease, for which there is no cure or preventive vaccine, the Department of State is disappointed at the very negative tone in the GAO report concerning the first activities of the new United Nations Joint Program on HIV/AIDS. This co-sponsored operation is an experiment in a new way of doing business, intending to draw together the expertise of agencies -- both national government agencies and multilateral institutions, in a variety of relevant sectors -- and to focus them on this terrible epidemic in the hope of bringing together the critical mass of expertise in order to gain appropriate action. It strikes us as somewhat premature to evaluate a new program -- begun only on January 1, 1996 -- in the second year of its operations and then to report primarily on the negative things that were found. There is virtually nothing in this report that gives any credit to this new operation, and the report instead seems to give credence to isolated complainants.

-- It is natural to expect criticism from long-time UN system bureaucrats or national government officials when they are accustomed to doing things one way and then asked to do them another.

-- It is natural to expect that a wholly new concept, such as that of the "theme groups" in each country, would have mixed experience in launching a new way of doing business. Repeatedly, the report says that the theme groups in two of the five countries visited were functioning poorly. But those same facts presented differently might have led to the conclusion that 60 per cent of the theme groups sampled were in fact doing well.

See p. 51.

See comment 1.

See comment 2.

- 2 -

Despite the one-sided presentation on the UNAIDS program, the report says it is making no recommendations. However, the implication of the UNAIDS section of this document seems to be that the United Nations agencies and the U.S. Government should stop supporting UNAIDS, and we would not want those agencies, or the Congressional audience for this report, to draw that conclusion. We grant that results of the first operations of the UNAIDS program have been mixed. As the U.S. Government -- including the Congress -- looks to reform in the UN system, to the creation of new ways of doing business, elimination of old bureaucratic procedures, and experimentation with programs and tactics that have the potential for serious impact, we believe some patience and tolerance is necessary. The UNAIDS program has an innovative and excellent staff and a solid governing body, on which U.S. experts play a major role. We believe they are coming to grips with whatever difficulties may exist, and we are concerned that the GAO report does a serious disservice to this new program.

See p. 51.

The following are GAO's comments on the Department of State's letter dated June 25, 1998.

GAO Comments

1. Our conclusions are not based on the criticisms of U.N. officials. Rather, we gathered data from fieldwork in five countries, from the Secretariat's surveys of all theme groups in 1996 and 1997, as well as from a survey of field staff conducted by USAID that also included questions on the progress of UNAIDS.
2. We agree that the evidence in our case studies showed that three of the five theme groups in the countries we visited were operating effectively. However, our conclusion was also based on the Secretariat's overall assessment of theme group operations. As we point out in the report, Secretariat officials acknowledged that as of 1997 most theme groups were not working effectively and that they underestimated the difficulty of getting U.N. agencies to coordinate and conduct joint programming. Moreover, the Secretariat's 1997 survey of its theme groups indicated that less than half of the theme groups were judged effective in cosponsor coordination.

Comments From the Department of Health and Human Services



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

JUN 26 1998

Mr. Benjamin F. Nelson
Director, International Relations and Trade Issues
National Security and International Affairs Division
U.S. General Accounting Office
441 G Street, NW - Room 4039
Washington, D.C. 20548

Dear Mr. Nelson:

I want to provide your office with comments on the draft GAO report entitled, "HIV/AIDS: USAID and U.N. Response to the Epidemic in the Developing World."

In the more than 16 years since the first cases of AIDS were reported in the United States, we have been encouraged by the tremendous advances in knowledge, research and treatment for this disease which only a few years ago seemed out of reach. As a result of scientific and medical advances, many people with HIV/AIDS, their families, friends and significant others in the United States have renewed hope for an improved quality of life. Unfortunately, HIV/AIDS continues to spread. In fact, as your report indicates, the global HIV/AIDS epidemic is spreading rapidly throughout the developing world and has begun to affect recent gains in health, child survival, education, and economic development. The sheer magnitude of the worldwide problem requires a commitment on the part of many different government and non-government interests.

The Department applauds the important contributions of USAID in the fight against HIV/AIDS. Since the beginning of our government's international HIV/AIDS effort, its support in the development and implementation of effective interventions has been invaluable. USAID has provided tremendous assistance to national governments and non-government international organizations representing persons living with HIV/AIDS.

The Department agrees with GAO's assessment that UNAIDS plays a unique role in the global response to HIV/AIDS. The Department also recognizes the concerns raised by GAO in evaluating the effectiveness of UNAIDS. The Department believes UNAIDS fills a critical gap in the worldwide response to this pandemic. While there may be a need for program enhancements at UNAIDS, overall UNAIDS has developed to be an international partner and coordinating body in the fight against HIV/AIDS.

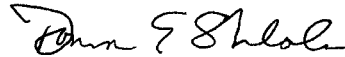
**Appendix III
Comments From the Department of Health
and Human Services**

Page 2 - Mr. Benjamin F. Nelson

Since 1996, UNAIDS has monitored the global epidemic, worked with more than 125 national governments to develop strategic HIV/AIDS response plans, embarked on a rigorous effort to increase access to care and treatment throughout the world and to improve coordination of HIV/AIDS initiatives among UN co-sponsoring agencies. Additionally, UNAIDS has worked diligently with member nations to expand resources to prevent mother-to-child HIV transmission worldwide and has worked with national governments in order to expand access to much-needed therapeutics.

The Department salutes the work of USAID and UNAIDS and looks forward to continuing the collaboration.

Sincerely,



Donna E. Shalala

Comments From the UNAIDS Secretariat



Joint United Nations Programme on HIV/AIDS

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Mr Benjamin F. Nelson
Director, international Relations and
Trade Issues
United States General Accounting
Office
National Security and International
Affairs Division
Washington, D.C. 20548

24 June 1998

Dear Mr Nelson,

Thank you for your letter of 10 June 1998 to Dr. Peter Piot, and for requesting comments from UNAIDS on the U.S. GAO draft report on HIV/AIDS prevention activities of the U.S. Agency for International Development and the United Nations Joint Programme on HIV/AIDS (UNAIDS).

Over the course of the last year, it has been our pleasure to interact with and provide inputs to your team leader, Ms. Lynne Holloway, and her very able colleagues. We have appreciated their frank and enthusiastic approach to this effort and have sought to respond to their requests in the same spirit.

I. General Comments

We have reviewed the draft report together with our colleagues here in the UNAIDS Secretariat as well as with the focal points within the six Cosponsors. We were pleased with what we could draw as the three major conclusions of the report, namely:

- that international collaboration efforts can have a major impact on the HIV/AIDS epidemic;
- that USAID has made -- and continues to make -- critically important technical, research, program support and leadership contributions to the global effort to contain the epidemic over the last 12 years; and
- that in the first 2 years following its establishment, that UNAIDS was making progress towards leading a broad based, expanded global effort against HIV/AIDS.

With regard to that the portion of the report focussing on UNAIDS, we have included our specific summary comments below. In addition, there are two general concerns that we would like to share with you.

cc: Paul DeLay, USAID, Washington, DC

Benjamin F. Nelson

Comments on Draft GAO Report

- First, we would have hoped that the juxta-positioning of the USAID and UNAIDS reviews together within a single report would have provided an important opportunity to illustrate the complementary and synergistic relationship between bilateral and multilateral efforts. We had further hoped that this would help to clarify the very different missions, partners and resources inherent to each approach. Rather than capture this opportunity, the presentation leaves the impression of having the important accomplishments of 12 years of USAID program efforts with the 2-year "transition period" of the UN system response. In doing so, the important distinctions are obscured between the more direct project support approach of USAID and the approach UNAIDS has been mandated to work through its Cosponsors a country level. We were happy to see that the latter section of the report was appropriately focussed on the "UN system response" rather than the "UNAIDS Secretariat response". However, limiting the review of the UN systems efforts to these 2 transitional years does so without the context of the major UN system efforts during the first decade of the epidemic -- in particular those of the WHO Global Program on AIDS -- and thus tells only a small part of a very important story.
- Second, it was our impression that with regard to UN system efforts, the report more often reflected a "glass half empty" perspective rather than one of a "glass half full". Particularly given that the GAO review was initiated only 18 months into the new program's first -- and most difficult -- biennium, we would have expected a more positive perspective with regard to its early and hard won accomplishments.

Notwithstanding these general considerations, we were pleased with the overall presentation and objectivity of the report and can appreciate the demanding effort required of an evaluation team to review and analyze such a complex epidemic -- and equally complex set of institutional responses -- in such a limited period of time. We have organized our summary comments within the specific headings within the GAO report.

II. Specific Summary Comments

1. The UN's Joint Program on AIDS has made Limited Progress

We believe that "steady" or "deliberate" would have been a more appropriate qualifier than "limited", particularly within the context of the transitional period in which the review took place.

2. UN Expenditures for HIV/AIDS did not Increase

While we would agree that UN expenditures for HIV/AIDS have not substantially increased during this period, we remain skeptical that the quality of available financial data would allow an unqualified conclusion for a number of reasons:

- First, all agencies -- domestic, bilateral, and multilateral -- have difficulties estimating the amount of their expenditures on HIV/AIDS, particularly if their HIV/AIDS efforts are integrated or "mainstreamed" as recommended into their related programs such as reproductive health services or health education.
- Second, the agencies currently report their HIV/AIDS expenditures based on different methods. For example, UNFPA has estimated their expenditures while UNICEF has only reported expenditures for activities which are clearly labeled HIV/AIDS.

See comment 3.

See p. 50.

See comment 1.

See p. 50.

Appendix IV
Comments From the UNAIDS Secretariat

Benjamin F. Nelson

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- Third, expenditures for HIV/AIDS activities integrated into country level programs are generally not reported as "HIV/AIDS" related expenditures. In addition, the general trend of spending within agencies as they consolidate their program strategies is to significantly reduce global and regional level expenditures in relation to country level expenditures.
- Fourth, there are significant discrepancies between the estimates provided by headquarters for country level expenditures on HIV/AIDS and those we received directly from countries included in the financing study. In the case of the World Bank, the headquarters estimates are much lower than those reported directly from countries, likely for the reasons described above.

In addition, it is worth noting the limitations of relying too heavily on the reported expenditures to assess "system effort" during this transitional period.

- First, financial expenditures alone mask the expenditure of human resources within the Cosponsors. This human resource expenditure is required to support strategy development and program planning activities which necessarily precede major program expenditures by one or more years. There has been a significant increase in Cosponsor commitment and staff time allocated to HIV/AIDS at country level in many countries which does not show in a funding report.
- Second, the report notes that agency spending for HIV/AIDS declined 20.3 % during 1994-95, the last two years before UNAIDS became operational. Assuming for the moment that this reflects a real decline, the "stable" level of reported expenditure during the first two years of the program would represent a reversal of an otherwise declining trend.
- Third, in the particular case of WHO, while overall agency expenditures following the closing of the GPA declined, there was a significant increase in HIV/AIDS related expenditures of other programs during this same period.

3. Baseline Spending By Major Donors and Affected Countries Is Being Developed

It is worth noting that few efforts have been made before to collect data on financing of national AIDS programs and that the current study is probably the largest effort undertaken to date, including reporting from over 70 countries and 15 donors. The effort has also shown how difficult it is for all involved -- countries, donors and UN agencies alike -- to provide data on HIV/AIDS expenditures. With more sectors involved and with the trend of funding and reporting by sector and not by component or activity area, it is increasingly difficult to monitor the HIV/AIDS financing alone. This is not an HIV/AIDS specific problem. Certainly, the same difficulties would confront those seeking to monitor agency expenditures on any number of important areas such as "child health", "family planning" or "community development".

4. UN Agencies had Limited Success In Mobilizing The Private Sector

The report appropriately notes a number of the new and significant initiatives that UNAIDS has undertaken at the global level to help to demonstrate how the private sector can be mobilized in the HIV/AIDS arena. These have included the communications and pharmaceutical industries, business federations and service organization.

See p. 50.

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It is perhaps unrealistic to think that country level mobilization of the private sector could have proceeded much more rapidly than it has in this start-up phase without the benefit of this early investment in "pathfinding". Nevertheless, there has been successful mobilization of the private sector by UN agencies in several countries including: South Africa, where a Business Council has been formed and projects developed; Botswana, where UNICEF has mobilized the private sector to fund adolescent reproductive health programs; and Tanzania: where Rotary and the private media have built a partnership in support of World AIDS Campaign activities. In India, major efforts are under development with industry and Rotary building on existing partnerships with the youth focussed communications industry. Theme Groups in Argentina, Brazil and Mexico have all included the mobilization of the private sector among their priorities for 1998.

See p. 50.

5. Difficult Beginning for Theme Groups

While not disagreeing with the conclusions of the report, it is our view that the narrow time of the review and the small number of countries (5) visited has perhaps made it more difficult to appreciate what we view within the program as very positive trends. For example, the Theme Group Assessment survey findings of 1996 and 1997 reveal that a substantial proportion of the Theme Groups (TG) evolved very rapidly from a non-entity to structured groups. Most Theme Groups were in the formation stage in 1996 when they started building the infrastructure of co-ordination: staff was hired to support the joint effort; most Theme Groups agreed on their objectives and terms of reference; Chairpersons were designated and roles and relationships of the members and the responsibilities of the Resident Coordinator clarified. During 1997, the process of building the system accelerated and most Theme Groups had co-ordination mechanisms established: the frequency of meetings increased; technical working groups were established; and inventories of UN activities were completed in most countries. In comparison to 1996: the proportion of Theme Groups that mobilized resources increased almost five-fold, from 11% to 48%; and those that participated in national strategic planning, more than two-fold, from 23% to 48%. The percentage of Theme Groups which pursued a joint communication strategy with the government surged from 19 to 75. With regard to more specific observations of the report:

See p. 50.

- **Lack of Timely Guidance.** While there remains room for improvement, this problem has been substantially addressed through the development of briefing material by the Secretariat together with the Cosponsors.
- **Lack of Requirements to Participate.** In spite of the fact that Cosponsors' representatives were not until recently held accountable for the achievements of the Theme Groups, it is worth noting that most UN system agency representatives have demonstrated commitment to the process. In addition, the Theme Group Assessment survey indicates that UNAIDS Theme Groups enjoy a high profile in the UN, and almost all Resident Coordinators participate in the meetings and report on their progress to the Secretary General. Recently, the executive heads of UNFPA, UNICEF, and UNDP have issued written instructions to their country representatives detailing their responsibilities to make the effort a success and indicating to them that it will be included within their individual performance assessments.
- **Lack of Commitment to Work Together.** There are many anecdotes that we can cite on both sides of this issue, which is not limited to interagency or international settings. It has been our observation that busy managers are often reluctant to "commit" their staff to a new undertaking until they are confident that it is a winning proposition. There is a shared sense within the Secretariat that a much higher level of commitment to work together exists on the part of the Cosponsors than there was 6 months ago, much more than a year ago. In some cases, collaboration across institutional lines has been hindered by structural issues such as the differences between agencies with regard to where their program development staff is

See comment 2.

See comment 2.

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located -- in country or in headquarters. Here again, the trend is moving towards decentralization and greater opportunity for country based collaboration.

6. UNAIDS Secretariat Has Not Provided Useful Support To Facilitate Country Activities

While UNAIDS has made some progress in the development of technical networks -- a process that requires considerable start-up time and follow-up capacity -- it remains an area for more substantial investments in the future. In the early phase of the program, highest priority was of necessity afforded to emergent transition and start-up requirements. Increasingly, the priority has been shifting to organizing technical resources -- primarily from outside the Secretariat -- and helping to create a demand for those resources. There are an increasing number of examples where this approach has proven effective. The West Africa Initiative on Migration and Sex Work has made a network of experts available to countries and Cosponsors in the sub-region. SIDALAC, a technical support project initiated by the World Bank, has now become an important part of UNAIDS technical support work in the Latin America/Caribbean region. SEAAIDS, established by the UNAIDS Intercountry Team in Asia and the Pacific, is an e-mail based network connecting technical resources in Asia. The Horizontal Technical Cooperation Group in Latin America/Caribbean is another example of an effective intercountry technical resource network to which UNAIDS has provided developmental support.

See comment 3.

7. Performance Indicators

While it is fair to say that implementation of the UNAIDS evaluation and monitoring plan is behind where the UNAIDS PCB and Secretariat would like it to be, it is important to note that it is well ahead of where most programs would be at this early stage in their development. The unique organizational nature of UNAIDS poses new challenges to developing monitoring and evaluation approaches for a more "virtual organization" which functions primarily through partnership arrangements and working through its Cosponsors. Notwithstanding these limitations, the program has completed its second annual Theme Group Assessment Survey, including this year's "360 degree assessment" of program collaboration on HIV/AIDS in countries.

See p. 50.

8. UN Agencies Undertook Innovative Grassroots Interventions

This remains a major strength of the multilateral system that has not yet been fully exploited in the HIV/AIDS effort.

III. Update on the Countries Visited by the GAO Team

1. DOMINICAN REPUBLIC

The Theme Group in the Dominican Republic is well established. Seven United Nations organizations are members of the Theme Group, four of whom have identified focal points. In addition, representatives of the national government and bilateral agencies attend meetings depending on the subject matters covered at the meeting. Of the six Cosponsoring agencies, all but the World Bank are currently members. The Theme Group has a full time UNAIDS focal point, paid for by contributions of the Theme Group members. The Theme Group also held regular meetings with bilateral organization and was successful in mobilizing funds both from UN and bilateral organizations during 1997. The Theme Group has also been increasingly successful in producing key outputs. Since the visit of GAO, the Theme Group has provided technical support to the national situation analysis, the response analysis and the formulation of a national strategic

See comment 2.

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Benjamin F. Nelson

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plan. USAID and the European Commission contributed financially and technically. The process will be completed during 1998.

2. HONDURAS

Since the visit of the GAO team, there has been very significant progress in the development of the Theme Group. In 1997, a technical working group with membership from all the Cosponsors was established. The new government is very supportive of the UNAIDS approach and the Theme Group work. With the involvement of the UNAIDS Theme Group, Honduras developed the first strategic plan in the region based on UNAIDS guidelines. In response, the Government of Sweden has committed \$400,000 for the prevention of mother-to-child transmission of HIV, identified within the plan as one of the major priorities. PASCA (USAID) is also collaborating through financial and technical support. UNAIDS is also assisting Honduras in the development of the WAC activities. In collaboration with PAHO, SIDALAC and the Theme Group, the UNAIDS Secretariat convened a regional meeting in San Pedro Sula on epidemiology and health system responses in April 1998.

See comment 2.

3. INDIA

Among the most positive developments over the last 6 months has been the dramatic progress with UN system efforts on HIV/AIDS in India. In particular, the partnership between the World Bank, other Theme Group members, and the UNAIDS Secretariat has set a very positive example for collaboration with government and the bilateral donors. During this period, the Theme Group began to meet regularly, working in close consultation with the National AIDS Control Organization (NACO). Through a series of workshops and retreats, the UN agencies prepared an Integrated UN System Workplan on HIV/AIDS and have since been elaborating it with counterpart ministries and departments in the GOI. The Director of NACO and the UNAIDS Theme Group Chair together convened a workshop with key state governments and multilateral and bilateral agencies working in the HIV/AIDS sector which resulted in the development of a common international Technical Collaboration Framework and the significant engagement of several new donor agencies within the partnership. The World Bank and UNAIDS Secretariat together led a Collaborative technical mission of all the UN Cosponsors in support of the GOI's design of the second phase of the national program. This resulted in a joint Aide Memoir with the Government detailing next steps for the collaboration. The UNAIDS Secretariat has also completed its transition with the recruitment of a new CPA and established quarters within the UN campus.

See comment 2.

4. THE PHILIPPINES

The Theme Group in the Philippines continues to function well. Seven United Nations organizations are members of the Theme Group, six of whom have identified focal points. In addition, the national government regularly participates in Theme Group meetings along with a representative from associations of people living with HIV/AIDS. UNAIDS, through the Country Program Advisor, provided technical assistance to the development of the Philippines AIDS Prevention and Control Act of 1998. This landmark legislation promotes respect and advancement of human rights as a critical element of the response to the epidemic. The Theme Group has created an inventory of HIV/AIDS activities and developed an integrated UN workplan that is based on the national plan and it has adopted a coordinated approach to its communications with the government. It held regular meetings with bilateral organization and was successful in mobilizing funds both from UN and bilateral organizations during 1997. These funds were dispersed to the national government and NGO's.

See comment 2.

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Benjamin F. Nelson

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5. ZAMBIA

The Theme Group in Zambia is functioning well. There are currently 10 United Nations organizations that are members, nine of whom have identified focal points. In addition, the national government also regularly participates in Theme Group meetings. Nine UN organizations are also members of the Technical Working Group. The Theme Group has been very active, meeting 10 times during 1997 with representatives from the five cosponsoring agencies attending each meeting. Together with the Technical Working Group, the Theme Group worked effectively with government in the execution of the national program review. The five cosponsoring members have also provided financial support to the Theme Group. The Theme Group has also been very successful in producing key including an inventory of HIV/AIDS activities. The Theme Group has developed a joint advocacy plan and is currently supporting the national government in the development of its strategic plan by providing staff time, financial support, and outside consultants. The Theme Group also held regular meetings with bilateral organization and was successful in mobilizing funds from UN and bilateral organizations during 1997. These funds were dispersed to the national government, NGO's, associations for People living with HIV/AIDS and academic institutions.

I hope that you will find these comments helpful to you in finalizing your report. Again, if there is any additional input we can provide you, please do not hesitate to ask.

Yours sincerely,



Sally G. Cowal
Director, External Relations

See comment 2.

The following are GAO's comments on UNAIDS' letter dated June 24, 1998.

GAO Comments

1. We made a judgment that the U.N.'s progress was limited based on its progress relative to the criteria set forth in the U.N.'s Economic and Social Council resolution endorsing the creation of UNAIDS.
2. Because this updated information was provided subsequent to our visits to the five countries, we could not verify it and therefore have not included the information in the report. Although the Secretariat reports progress since our visits, we note that its April 1998 report on a 1997 survey of theme groups indicates that, as of April 30, 1998, less than half of the groups responding had undertaken efforts in 7 out of 10 of the key outputs measured.
3. We modified the text to reflect this information.

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