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The Political Economy of the Zimbabwe's National AIDS Trust Fund

by

Susie Baird

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UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: <http://www.unrisd.org>

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Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
BEAM	Basic Education Assistance Module
DAAC	District AIDS Action Committee
HIV	Human Immunodeficiency Virus
MOHCW	Ministry of Health and Child Welfare
MPSLSW	Ministry of Public Service Labour and Social Welfare
MDC	Movement for Democratic Change
NACP	National AIDS Co-ordination Programme
NAC	National AIDS Council
NATF	National AIDS Trust Fund
NGO	Non-governmental Organization
PLWHA	People living with HIV/AIDS
PAAC	Provincial AIDS Action Committees
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United National Development Programme
UNICEF	United Nations Children's Fund
ZANU PF	Zimbabwe African National Union Patriotic Front
ZCTU	Zimbabwe Congress of Trade Unions
ZNNP+	Zimbabwe National Network for Positive People
ZWRCN	Zimbabwe Women's Resource Centre and Network

Introduction

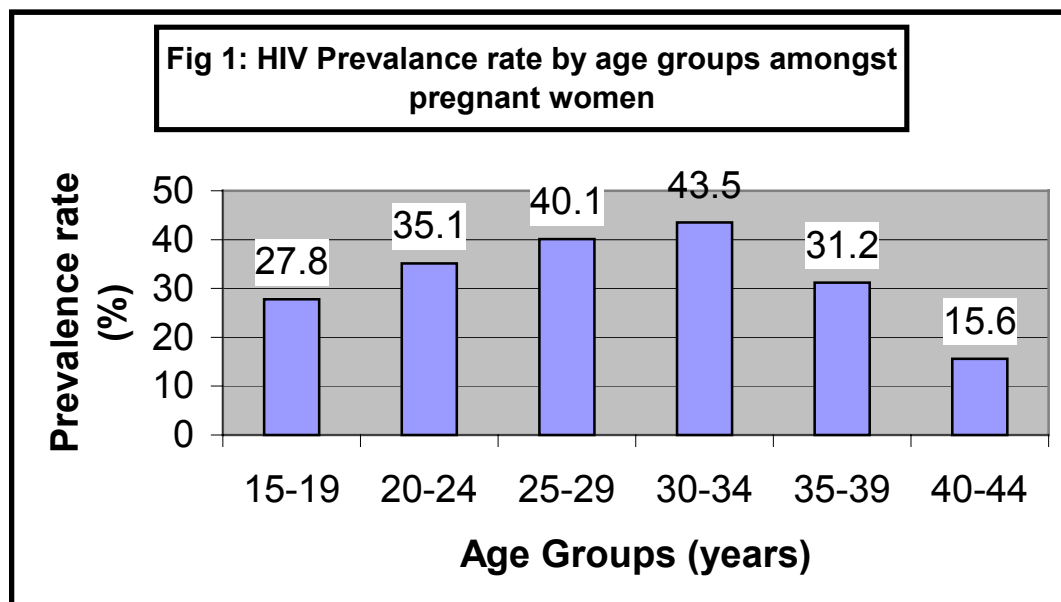
Zimbabwe has been credited by many observers for having its own dedicated resources to deal with the HIV and AIDS epidemic. Most significant of these resources has been the National AIDS Trust Fund (NATF). Money for the Fund is acquired primarily from taxes on formal sector workers and their employers. This paper analyses the political economy of the National AIDS Trust Fund, its origins, its impacts on the society and responses by various sectors of the country during its implementation. The governance of the NATF is a critical factor in the Zimbabwean context and this will be the key focus of this paper.

HIV/AIDS in Zimbabwe

The first case of HIV/AIDS in Zimbabwe was publicly reported in 1985. By 2001 one-third of the country's adults were estimated to be infected with HIV/AIDS, the third highest prevalence in the world after Botswana (38.8%) and Swaziland (34.5%). In 2003, the Ministry of Health and Child Welfare (MOHCW) reported that the HIV/AIDS prevalence had declined from 34.5% to 24.5% due to prevention efforts in the country (Ministry of Health and Child Welfare and National AIDS Council, 2004). The data have been disputed by observers who point to flaws in the methodology used in collecting the raw data and changes in surveillance sites (UNDP, 2003).

HIV/AIDS infection is strongly biased against women and young adults. Of the 2.3 million people who are infected, 60% are women. Over 43% of women and men in the 30-34 age group are HIV/AIDS positive (Figure 1). Life expectancy is expected to decline from 58 years in the 1980 to 39 years in 2003; it is likely to further fall to about 35 years by 2010, half

what would be expected in the absence of HIV/AIDS (**Ministry of Health and Child Welfare and** National AIDS Council 2004, pp. 31-32). An estimated 2,500 to 3,000 people die every week due to AIDS and related illnesses. The country is experiencing a rapid increase in children orphaned by the death of one or both parents to HIV/AIDS. This in itself is a major challenge, with implications for governance and national security as a growing number of children will be raised in households devoid of parental care, love, discipline and socialisation.



Source: Ministry of Health and Child Welfare 2000, National survey of HIV and Syphilis prevalence amongst female attendees to antenatal clinics in Zimbabwe

Historical Economic Developments

To reverse and rectify over eight decades of the European settler economy, at independence Zimbabwe embarked on major economic reforms. The initial reforms sought to give greater economic control to the state and to Zimbabweans; reforms in the 1990s were more market oriented, in line with structural adjustment models offered by international lending agencies.

All the economic reforms had similar objectives of generating sustained economic growth to reduce poverty levels and expand social sector development. However during the late 1990s, budget allocations for security and security began to rapidly increase.

For the most part, the objectives of the economic reforms were not achieved. The social sectors, especially health, experienced budgetary cuts as a result of the structural adjustment programs. There followed a deterioration in service delivery. The structural adjustment reforms undermined the public health system just as it should have been gearing up to fully confront the growing HIV/AIDS epidemic (Basset, 2000). Very high inflation (over 600% as at February 2004) has cut into the wealth and earning power of workers and increased the price of consumer goods and basic services. Almost all major economic sectors have experienced contraction since the end of the 1990s.

Responses HIV/AIDS in Zimbabwe

"AIDS is the disease of a lack of solidarity." Werasit Sittarai UNAIDS

Civil Society

Civil society organisations have run HIV/AIDS programs since the late 1980s. Some of those programs run parallel to existing government program, others seek to fill gaps left by the public health system which collapsed following the introduction of structural adjustment policies in 1990s. Some 260 non-governmental organizations (NGOs) are members of the Zimbabwe AIDS Network. Religious groups have provided various forms of care for people living with HIV/AIDS (PLWHA) and affected families and to mitigate the situation of orphaned children. The secular response of condom promotion has produced angry reactions

from many churches that argue that this encourages promiscuity and the denial of personal moral responsibility. Further, it has been noted: "Denominations lack cohesive policies that articulate clearly how they will address the AIDS issues in their Churches. Most Churches or denominations have not developed strategies for this purpose. Prevention efforts have always been haphazard and piece meal." (George Tembo, UNAIDS, personal communication)

Although many NGOs and community-based organizations play major roles in delivering HIV/AIDS related services, some are very small to offer a wide impact and others lack transparency in how they use their funds. Many remain dependent on external donor funding. Government has not able to fund established NGOs from the AIDS Levy as their requests are more than what government can afford.

Government

The official government response to HIV and AIDS has been slow, but has gradually evolved to include many of the elements normally associated with an effective response by the international community. A National AIDS Co-ordination Programme (NACP) was set up in 1987, and it adopted the WHO model of "medium term plans." In 1999 the President ratified the National AIDS policy which set out a framework for a multisectoral approach to the epidemic, with coordination from the National AIDS Council (NAC). The policy recognized the need to address HIV/AIDS as a major priority for political support and promoted forms of social and resource mobilisation to mitigate the impacts of the pandemic.

Following the creation of the NAC, the President appointed a multi-sectoral board responsible for formulating policy, controlling the operations of the NAC and disbursing funding generated by the National AIDS Trust Fund.

The Donor Community

It is difficult to identify specific levels of funding for HIV/AIDS from the international donor community. In recent years, donors have been unwilling to resource the NATF or the NAC structures or any other government institution for varying reasons such as lack of democracy or respect for human rights and the absence of transparency in operations, including the Land Resettlement Programme. Bilateral funding for HIV/AIDS and other social programs has continued, directed almost entirely to NGOs. However, NGOs that receive external funding for HIV/AIDS programmes have been labelled enemies of the state by Government.

The National AIDS Trust Fund

The National AIDS Trust Fund was established in 1999 to provide resources to cushion the impact of the AIDS pandemic on individuals. The NAFT was a mechanism, unique to Zimbabwe, designed to demonstrate the government's commitment to addressing the epidemic. In part, the motivation for creation of the NAFT was to reduce the level of dependency on donors that had provided much of the funding for HIV/AIDS activities.

It was strongly felt that over-reliance on donor funding compromised government's responses and approaches. There was concern that non-Zimbabwean strategies for dealing with

HIV/AIDS prevention and care would be imposed on the country, resulting in a lack of adherence to national goals in the fight against HIV/AIDS. A senior official within the Ministry of Public Service Labour and Social Welfare (MPSLSW) observed that the bilateral support was targeted “purely towards awareness and research.” It was felt that too little attention was given to the plight of families who had the double burden of caring for sick relatives and orphaned children in a background of money, materials, equipment and knowledge shortages. As likely, the government wanted greater control over a dedicated and sustainable revenue flow that it could use—and be seen using—to determine the direction and perception of dealing with the HIV/AIDS epidemic. The argument offered was that the NATF was a means for the country to assume a common ownership of the problem, without outside interference. It was commonly stated that Zimbabwean values assured that extended family structures and communities could, with some temporary support, cope with the impacts of HIV/AIDS.

Revenue for the NATF was generated through the AIDS Levy, a tax on businesses and the 1.3 million formal sector workers, at a rate of 3% of gross monthly earnings. The method had been used previously in Zimbabwe to raise funds for other programs; for example, a drought levy had preceded the AIDS Levy. Many workers felt the levies were a form of double taxation, as they already had income tax and Social Security payments deducted from their pay checks. An often-expressed feeling by workers was that the government could have easily taken resources from the defence budget to supplement the existing resources for HIV/AIDS activities. Other people welcomed the idea of a levy but were sceptical about the transparency and accountability that needed to occur as funds were disbursed.

Nearly all the money realized by the NAFT was from the AIDS Levy, although the Fund did receive some income from interest on its deposits. Newspaper reports in October 2002 said that Z\$6 billion^{*} had been raised over nearly three years.

About Z\$4.2 billion had been distributed by October 2003 (NAC Bulletin) for prevention, orphan care and procurement of approved drugs such as Nevirapine for the prevention of Parent to Child Transmission. Grants were both large and small and were provided to NGOs, municipal councils, and other organizations. A study by the Zimbabwe Women's Resource and Network of the NATF found that 71% of the individual and small group respondents indicated that they also relied on donations as another source of income. According to the research "receiving organizations noted that funds were in most cases insufficient to initiate any meaningful initiatives and were used mostly on HIV/AIDS awareness campaigns such as dramas, workshops and refresher courses." (ZWRCN 2002)

Normally disbursements were made after a proposal application, with recommendation letters from local councillors, was approved. Some membership organisations insisted that their members had to undertake an HIV test to prove their positive status before any assistance could be given. The time taken before support was received ranged from 4 to 12 or more months. Disbursements lagged far behind the accumulation of resources. For example, between January 2000 and June 2001, Z\$1.2 billion had been raised for the NATF, but only one-tenth of that amount (Z\$120 million) had been disbursed, of which Z\$96 million was disbursed to one organization.

NATF Accountability and Transparency

^{*} About US\$171million using a rate of Z\$3500 to US\$1.

Annual audits of the NATF have consistently pointed to the management weaknesses of the NAC secretariat to effectively and efficiently administer the NATF. The audits noted the lack of skilled staff to manage the accounts and oversee use of the funds by intermediary organizations. A Special Audit of the Zimbabwe National Network for Positive People (ZNNP+) in October 2001, after a public outcry on abuse of the funds, showed that there were no internal control mechanisms in place for ZNNP+ funds and that there was little evidence to show that funds eventually reached the intended beneficiaries. Other Special Investigative audits were carried out on select provincial and district offices where allegations of fund misuse had been made. Disciplinary action was taken against several officers. These audits carried out on the NATF have not been made public except for the audit of the ZNNP+. It would appear that government is in favour of publicly displaying a bad image on civil society but not very keen to release information on the management of public funds by its own bodies, such as the NAC.

Decentralisation of the NAC and NATF

The problems encountered in the initial NATF structure for disbursing resources—including an overly centralized system—resulted late in 2001 in changes toward a more decentralized structure. Provincial and district AIDS Action Committees (PAAC and DAAC) were established to coordinate the response to the epidemic. Quarterly disbursements to the district committees were contingent on submission of satisfactory progress and financial reports to the National AIDS Council. NAC, however, reported that the district financial reports arrived late, resulting in delays in the disbursement of funds. Interviewees strongly felt that the decentralization of the fund to the district level was a noble idea, but noted that most of the

district councils have huge debts. There was considerable concern that the district councils would use the NATF money for some of their other critical activities.

Government representatives interviewed for this study indicated that political interference in allocation of funds was inevitable. Press reports in 2002 noted public outcries over the purported decision by one minister to use the NATF for hosting a beauty pageant designed to promote tourism in Zimbabwe and to boost the political image of the country. Interviewees indicated that there is likely to be more political interference in the disbursement and administration of the NATF as the country prepares for the 2005 Parliamentary elections.

There are many issues pertaining to the governance and transparency in the distribution of the NATF that have been raised by different groups of people in Zimbabwe. The question of participation of stakeholders in the prioritisation and identification of the beneficiaries of the funds has been one of the sticking issues for the fund.

Allocation of resources for the development of local authority areas ideally should be determined to a large extent by strategic development plans directing resources to priority areas of need and hence preventing skewed development and tugs of war where powerful and influential figures[†] could influence the direction of resource flows to their areas in contravention to the decision of full council.[‡]

[†] For example, powerful councillors, members of Parliament, and other politicians. In Zimbabwe it is quite common to get powerful politicians within council areas influencing resource flows to their home areas resulting in the financing of non-priority projects at the expense of critical priority areas and needs. This influence of resource flows overrides the district development plans and priorities.

[‡] Council here refers to the majority of councillors who vote or are in concurrence with the decisions of the full house. This provision is provided for in the statutes governing Local Administration.

Some rural councils simply divide their quarterly allocation of Z\$20m equally amongst all the wards in the district, based on the assumption that HIV/AIDS is found in every ward. The money is then divided equally amongst the number of villages in that ward, depending on the power dynamics at play at that level. For example each ward in one rural district received Z\$100,000 which, if divided by 6 villages, comes to about Z\$17,000 per village. Assuming an adult prevalence of 25%, each HIV positive person in a village might receive Z\$1.45, an amount far too small to be of any value. Rather than using the District AIDS Strategic Plans, and indicators of need, the direction of response reflects political decisions and such small amounts of money reach people living with and affected by HIV/AIDS to have any meaningful impact.

The change from a centralised to a decentralised system did not go politically unnoticed by the community. One Provincial AIDS Action Committee member interviewed noted that when government issued that directive the interpretation by community was that it strongly favored local authorities controlled by the ruling Zimbabwe African National Union Patriotic Front (ZANU PF) party, creating the impression and likelihood that distribution of the funds was the privilege of the party-controlled councils. When some local councils were won by the opposition Movement for Democratic Change (MDC), questions remained about the political involvement in use of the NATF.

The appointment of Provincial and District Administrators as chairs of the provincial and district AIDS Action Committees also was viewed by the public as political since they are solely appointed by the President and they were not democratically elected by the diverse interests represented in NAC structures. The same argument was put across for councillors

who come into council on a political party ticket and are co-opted onto the AIDS Committees.

Civil society representatives interviewed further analysed the situation and observed that "... should some organisations not be in 'good books' with these chairpersons they would be excluded from these structures." One interviewee quipped, ".....the launch of the DAACs coincided with the Presidential Elections and ...during meetings issues of politics would always crop up with fund allocations being based not on needs but from where the councillor came from. The closer one is to the decision makers and political system the more accessibility one has." A PAAC member said, "At the moment Zimbabwe is such a polarised state where anyone who criticises the state is labelled an enemy of the state and belongs to the opposition ... such that there is a tendency to exclude these people from accessing...publicly collected AIDS money." Thus there is a general belief that DAACs and PAACs are political structures that favour the ruling ZANU PF party supporters at the expense of those in real need.

Civil society representatives and particularly the Zimbabwe Congress of Trade Unions (ZCTU) were very sceptical about the AIDS Levy, given that they were not consulted beforehand. Workers felt they were being overtaxed and the AIDS Levy would further erode their disposable incomes. The ZCTU not being against the idea of the AIDS levy challenged the efficiency and transparent disbursement of resources arguing that they would not reach the intended beneficiaries. ZCTU noted that they did not benefit from the first disbursement of the fund even though they had submitted their application. Affiliates of the ZCTU however did benefit. Possible explanations given on their non-receipt of funds were that soon after the presidential elections serious allegations were made by the state of linkages between ZCTU

and the opposition party, MDC. Though the leadership of MDC came from the ZCTU leadership, the ZCTU denied that they were part of MDC, arguing that they only facilitated the formation of MDC.

Along with ZCTU, the politicalization of the NATF has been subject of criticism in the press and among numerous NGOs. Calls for publicly-released audits are common. Women's organisations have expressed concern about the difficulties women face in accessing the funds and have called for a gender audit. The opposition political party, MDC, called for an independent audit of the NATF. According to Blessing Chebundo, the shadow Minister for Health in MDC and Chairperson for the Health Portfolio Parliamentary Committee, the idea of the fund is very noble but government had not done enough to ensure proper usage of the appropriated resources. The MDC blamed the government for failing to ensure that resources reached the intended beneficiaries, instead of ZANU PF officials. The government was also blamed for politicising the management of the fund and alleged that government had fired from NAC people suspected of being MDC supporters or sympathisers. The MDC pointed out that in terms of collection of the levy every Zimbabwean who is formally employed regardless of political affiliation was taxed yet when it came to the administration of funds party politics take precedence. The MDC actually called for the de-politicising of NAC structures from national to village level to ensure that all stakeholders are represented.

Layers of bureaucracy make accessing NATF resources too complicated for many people living with HIV/AIDS, it is said. Informants argued that despite having the District Strategic Plans on HIV/AIDS Responses, priority of funding was determined by what they called the "politics of presence"; those with the most and loudest voices being heard. Thus, because PLWHA are not well organised into representative groups their voices are often left unheard.

This is particularly evident with women who, despite being more publicly open about their status, are not allowed by custom to air their views publicly, resulting in their observations and recommendations going unheard.

One programme that benefited from the NATF was the Basic Education Assistance Module (BEAM), a programme to provide subsidies to families to prevent children affected by HIV/AIDS from dropping out of school or to attend school in the first place.

The ZWRCN research on the accessibility of the NATF noted that most people applauded the inclusion of BEAM as a recipient of funds, but recommended that the programme be expanded to cover other school costs. Allegations also had been raised about partisanship by the student selection committees, with cases of relatives and members of the ruling party benefiting from BEAM. Once again BEAM is believed to be assisting relatives of local political heavy weights.

NAC officials argue that the organization has made a commitment to ensure accountability and transparency in all its operations, particularly the disbursement of the NATF and strives to prevent any situation that undermines the goals and objectives and deal with it decisively.

Future of the National Aids Trust Fund

In November 2002, the Minister of Finance and Economic Development announced that the NATF was to become an endowment fund. Without prior consultation, many people wondered what an endowment fund would mean. Stakeholders felt that this was just another political gimmick to gain support for a government whose popularity was waning.

Others viewed the cancellation of the fund as a positive move, arguing that the tax was a punishment as funds were not being used adequately nor having any impact. There appeared to be a general consensus that the fund should be ended and the government should meet the needs of HIV/AIDS affected and infected people. Interestingly, the labour movement opposed the move to end the levy, feeling that it can serve useful purposes if the funds are allocated in a transparent manner and are appropriately accounted for.

Zimbabweans from all walks of life were very anxious throughout 2003 on the fate of the levy and the type of endowment fund government was going to invest the resources in. By the time the 2004 Budget was announced in November 2003, the Minister responsible for Finance was mum about the AIDS levy. In 2004 the AIDS levy has not been discontinued as payments are still being deducted every month.

It has however been difficult to conclude that there has been political interference due to inadequate official information available on the Fund. As members of the public and taxpayers we are unaware of how much has been collected and how much has been distributed to date. According to available policy documents there is no set out criteria to identify the vulnerable groups in society hence it is easy to politicise the issue. Also given the nature of the local governance system in Zimbabwe and any other for that matter it does become political since councillors are local elected representatives either as independents or as members of respective political parties.

Conclusions and Recommendations

The recommendations have been derived from people in organisations interviewed, media reports, NAC documents, government, the donors and development partners, civil society, labour movements, the religious fraternity, the academia and PLWA.

1. Zimbabweans are in agreement with the principle of having a local pool of resources on HIV/AIDS with a strengthened disbursement mechanism that is devoid of politics and ensures accountability at all levels. Community ownership of the fund's disbursement mechanism is of paramount importance as was the original intention of the decentralised structures.
2. The government should desist from shrouding the NATF in secrecy. Zimbabweans want informative regular and informative financial information on regular basis on number of beneficiaries and amounts disbursed.
3. A 100% audit and independent evaluation of the fund since its inception is desirable to restore contributors' confidence to the Fund where information is made public.
4. NAC should put in place incentives for the secretariat to avoid high staff turnover so that there is continuity in the programmes.
5. An engendered and consultative formulation, implementation and management process on HIV and AIDS responses in Zimbabwe as vulnerabilities differ across the two sexes and the country is necessary.
6. Review the composition of the NAC structures and Board to reflect the diverse nature of HIV and AIDS in Zimbabwe. The responsibility of nominations should not be the President's right.
7. NAC should be an autonomous body whose management and administration is not influenced by government.
8. NAC should widely publicise the National AIDS policy and the NATF.

9. The UN agencies should continuously give technical support to all NAC structures.
10. If the NAC is able to achieve its designed objectives, it could act as a national role model for other countries in the region.

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