

# National HIV and AIDS/STI/TB Council Zambia

Review

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**National HIV AND AIDS/STI/TB Council Zambia**

**REVIEW OF THE JOINT FINANCING ARRANGEMENT**

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Derek Reynolds**

**March-April 2010**

## Acronyms

|        |  |
|--------|--|
| ART    | Anti-retroviral Therapy                          |
| ARV    | Anti-retroviral (drugs)                          |
| BCC    | Behaviour Change Communication                   |
| CBO    | Community-Based Organisation(s)                  |
| CCM    | Country Coordinating Mechanism                   |
| CP     | Cooperating Partner                              |
| CRAIDS | Community Response to AIDS                       |
| CSO    | Civil Society Organisation                       |
| CS     | Civil Society                                    |
| CSF    | Civil Society Fund (basket fund)                 |
| CSO    | Civil Society Organisation                       |
| DACA   | District AIDS Coordination Adviser               |
| DALY   | Disability-Adjusted Life Year                    |
| DANIDA | Danish International Development Agency          |
| DATF   | District AIDS Task Force                         |
| DFID   | British Department For International Development |
| DFIDZ  | DFID Zambia                                      |
| FBO    | Faith-Based Organisation(s)                      |
| GBP    | Great Britain Pound                              |
| GFATM  | Global Fund for AIDS, Tuberculosis and Malaria   |
| GRZ    | Government of the Republic of Zambia             |
| HCT    | HIV counselling and testing                      |
| IA     | Irish Aid  |
| IEC    | Information, Education and Communication         |

|          |  |
|----------|--|
| JAPR     | Joint Annual Programme Review                          |
| JASZ     | Joint Assistance Strategy for Zambia                   |
| JFA      | Joint Financing Arrangement                            |
| Logframe | Logical Framework                                      |
| M        | Million  |
| M&E      | Monitoring and Evaluation                              |
| MCDSS    | Ministry of Community Development and Social Services  |
| MDGs     | Millennium Development Goals                           |
| MOFNP    | Ministry of Finance and National Planning              |
| MOH      | Ministry of Health                                     |
| MOU      | Memorandum of Understanding                            |
| NAC      | National HIV/AIDS/STI/TB Council, Zambia               |
| NAC-S    | National Aids Council Secretariat                      |
| NARF     | NAC Activity Reporting Form                            |
| NASA     | National AIDS Spending Accounts                        |
| NASF     | National AIDS Strategic Framework                      |
| NDP      | National Development Plan                              |
| NFNC     | National Food and Nutrition Commission                 |
| NGO      | Non-governmental organisation                          |
| NASF     | National HIV&AIDS Strategic Framework 2006 - 2010      |
| OCA      | Organisational Capacity Assessment                     |
| OVC      | Orphans and vulnerable children                        |
| PACA     | Provincial AIDS Coordination Adviser                   |
| PATF     | Provincial AIDS Task Force                             |
| PF       | Partnership Fund                                       |
| PLHIV    | Person(s) living with HIV and AIDS or AIDS             |
| (P)MTCT  | (Prevention of ) Mother-to-Child Transmission (of HIV) |

## Zambia Review of Joint Financing Arrangement

|        |   |
|--------|---|
| PPA    | Programme Partnership Agreement between DFID and CARE International in Zambia |
| SCG    | Self-Coordinating Group(s)  |
| SHARe  | Strengthening the HIV and AIDS Response (a USAID-funded project)              |
| STARZ  | Strengthening the AIDS Response in Zambia                                     |
| STI    | Sexually Transmitted Infection  |
| STTA   | Short-Term Technical Assistance   |
| TA     | Technical Assistance  |
| TORs   | Terms of Reference  |
| TWG    | Technical Working Group   |
| UK     | United Kingdom  |
| UNAIDS | The Joint United Nations Programme on HIV/AIDS                                |
| UNICEF | United Nations International Children's Emergency Fund                        |
| USAID  | United States Agency for International Development                            |
| USG    | United States Government  |
| VCT    | Voluntary Counselling and Testing   |
| ZANARA | Zambia National AIDS Response (a World Bank-funded project)                   |
| ZNAN   | Zambia National AIDS Network  |

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Any errors in the report of fact or interpretation are solely the responsibility of the consultants.

## **Executive Summary**

### **Overall**

The review team concluded that the Joint Financing Arrangement for the National AIDS Council is a critical funding mechanism and partnership framework that makes a significant contribution to the implementation of Paris Declaration principles in Zambia. However it could perform better. The desired reduction in donor transaction costs should not mean an absence of technical support to improve government working. The Cooperating Partners need to invest time and the resources of technical assistance to support NAC to make the JFA function more effectively. NAC in turn needs to strengthen its planning, management systems and finance functions significantly in the context of a review of its current organisational framework. We have proposed clear building blocks for the development of the next JFA , and suggested mechanisms to strengthen ongoing dialogue and joint working within the JFA Steering Committee.

### **Planning**

January 2011 marks the beginning of a new array of plans for 2011-2015 to guide the national response; the 6<sup>th</sup> National Development Plan (SNDP), the National Strategic AIDS Framework, a NAC Strategic Plan (NACSP) and a NAC Annual Work Plan for 2011. NAC has input to the first two and is responsible for producing the latter two. However NAC has no Planning Department and no clear focal planning point. Issues around agreeing the Annual Work Plan have contributed to strained working relations between NAC and the JFA partners. Urgent action has to be taken if NAC is to complete the above planning processes in 2010 within the budgetary and planning timetable of the GZR.

The team has recommended an organisational review of NAC's management structure and functioning that should be carried out in the next few months. This will also address the planning function. However it is unlikely to be completed in time for NAC to meet its immediate 2011 Annual Work Plan development obligations. Thus the team recommends that NAC should engage technical assistance for the preparation of the 2011 Work Plan. JFA experience indicates that NAC should involve CPs more, and CPs should be more engaged, in the early development of a NACSP and the Annual Work Plans. Formats and report templates should be agreed as well as the activities and budgets that comprise the content of the plans. This would shorten the process, promote harmonisation and transparency and maintain the ownership and lead of NAC.

### **Finance & Audit**

With the addition of the Accounts Assistant funded by UNDP the Finance Department will have sufficient staff. Financial control seems good. The Finance Manager and the Accountant are professionally qualified and have the requisite skills but the essential accounting systems are not fully operational. This creates unnecessary work leading to delays and potential for error. The current financial codes cannot support activity based budgeting and work has already begun to design and implement a new chart of accounts. This is being done in-house and should be finished by the end of April 2010.

Once the chart of accounts is loaded on to the electronic accounting package, Navision, then payroll, which is on a discrete and incompatible system, should be moved to Navision. The work plan activities and budgets can be coded. This should be done by the end of May 2010 after which Navision can produce budget statements and other financial reports automatically.

The Finance Manager post is currently at a third-tier level in the management structure. If Finance is to play the pro-active and strategic role required in NAC then the post should be upgraded to Director of Finance and the Accountant post should be re-titled Financial Controller and duties assigned accordingly. The Internal Auditor works in isolation yet it is difficult to justify a second post given the volume of activity. Closer relations with the Controller of Internal Audit in the MOFNP should be explored as well as possible consortium arrangements with other organisations. The Council should establish an Audit Committee to oversee the development of a rolling 3 years audit plan covering both internal and external audit. There should be a formal follow-up system monitored by the Audit Committee.

### **NAC organisation and management**

Since inception in 2003 NAC has been developing its organisational structure and management systems. The organisational structure is fully staffed, and most of the systems – operations, human resources, financial – are now in place. Even though the current structure has been in place only since 2007, it is clear from interviews with stakeholders and NAC and various reviews perused that the organisational structure needs to be reviewed to improve alignment with NACs mandate. Management systems, including the performance management system, also need to be constantly updated in order to improve performance.

NAC takes a lead role in the development of the NASF, which provides a national framework for the multi-sectoral response. To guide its own operations it is necessary for NAC to develop a Strategic Plan, based on its core mandate as spelled out in the Act, which will inform its operational and activity plans.

Institutional mechanisms have been developed for leading and coordinating the multi-sectoral response. These ensure that the highest levels of political leadership, public sector organs, civil society, and the private sector make a contribution to the fight against HIV and AIDS, and in doing so, harmonise their endeavours. NAC provides leadership, and technical and logistical support and coordination for these structures. While some of the structures are working satisfactorily, there are performance shortfalls in a number of others, which NAC should address.

### **Harmonisation and alignment**

A major argument for harmonising developing partner support to government is that transaction costs will be reduced and joint programming will increase. There is clearly disappointment on the CP side that the JFA has not reduced the transaction costs of supporting NAC and the national HIV response. But the review team concluded that there had been insufficient investment of CP technical support for NAC to ensure that systems and

processes were sufficiently robust in order to bring about a reduction in transaction costs and an improvement in harmonised working.

On the government side, lack of support for improved processes has also inevitably increased the transaction costs for NAC as well and raised NAC levels of disappointment with the working of the JFA. NAC's view is that CPs disputed plans, budgets and reports without providing clear guidelines as to what was required.

The review team concluded that the basic architecture of the JFA is sound and the potential is definitely there for improved working. There is clear commitment to harmonised working on the part of both CPs and government. But reduced transaction costs, improvement in harmonised working and strengthened leadership of NAC will only be achieved after investment in technical support for JFA processes to ensure the foundations of the aid modality are solid.

## **Full list of recommendations by functional area**

### **Functioning of the JFA**

- Provision of STTA in order to work with CPs and NAC to develop jointly agreed Templates for annual work plans, budgets, narrative reports and financial reports with agreed deadlines for submission (**section 2**)
- NAC to develop its Strategic Plan 2011-2015, supported by STTA. (**section 2**)
- Cooperating Partners (CPs) should provide technical support to NAC for the development of its Strategic Plan and Annual Work Plans through appropriate delegated participation in planning meetings and provision of STTA (**section 2**)
- CPs and NAC develop a Performance Incentive scheme for NAC such that a % of the JFA funding can be released as unallocated money once agreed indicators have been achieved. (**section 2.1**)
- NAC to prepare 2011 Annual Work Plan with STTA (**section 6.1**)
- The TOR for the JFA Steering Committee should be enhanced so that the agenda included an item on monitoring the response to enable emerging issues, current performance, new strategic direction etc to be discussed with the NAC senior management team. (**section 5.4**)
- The JFA Steering Committee should provide some STTA to assist with harmonisation of the forthcoming Joint UN Programme on HIV and AIDS with the JFA processes (**section 5.2**)
- Revised JFA agreement to include content on action to be taken in the event of a conflict between partners and government over governance issues. (**section 2.2**)

### **Performance of NAC: Organisation, management and coordination**

- NAC to take forward a participatory organisational review of its structures in line with its core mandate, to include consideration of the need for a Planning function, a high level Finance function and possible creation of the post of Deputy Director General, supported by STTA. **(section 3.1)**
- NAC to strengthen its Performance Management System, supported by TA **(section 3.7)**
- Organisational review of NAC to include a review of conditions of service and gender balance **(section 3.8)**
- The Advocacy and Coordination Theme Group should be held accountable for strong coordination of the key AIDS related-structures, networks, and events **(section 4.1)**

### **Detailed recommendations for NAC on the Accounts Function**

- Rationalisation of bank accounts to reduce number of separate accounts **(section 3.3)**
- The Board should consider establishing an Audit sub-committee to monitor both internal and external audit **(section 3.3)**
- Enhance the use of Navision **(section 3.4)**
- Put in place a new Chart of Accounts to include activity codes **(section 3.5)**
- Provide more office space **( section 3.6)**

### **Harmonisation and alignment**

- The CPs and NAC should jointly consider a number of mechanisms for improving decision making for results. These could include strengthening the Sector Advisory Groups (SAG), engagement of non-state actors as third party monitors and maximising the use of the Joint Annual Review (JAR) as a forum for considering results. **(section 5.4)**
- NAC to include a review of donor commitments, as well as government performance, in the Joint Annual Review in order to open up mutual accountability to a wider scrutiny **(section 5.5)**

### **Sustainable financing**

- NAC should :
  - (a) conduct a mapping of existing AIDS architecture/funding
  - (b) prioritise an assessment of the range of alternative domestic funding opportunities including the establishment of an AIDS Fund **(section 1.5)**

## **1 Introduction**

### **1.1 Scope of the Review and Methodology**

In the Terms of Reference for the assignment (see ANNEX 1) the consultants were asked to address the purpose of the Review as stated below:

- To assess the overall performance of the JFA in contributing to the effectiveness of NAC and provide direction for a future JFA.
- To assess the effectiveness of donor alignment, harmonisation and relationship with NAC.
- To assess the effectiveness of NAC in delivering its objectives while taking into consideration the appropriateness of NAC's systems and structures at central and decentralised levels.

The consultants undertook an extensive review of documents (see ANNEX 5) and conducted interviews with key stakeholders (ANNEX 2 ). Meetings were held with the Chair of the NAC Council, the Director-General of NAC, two of his Directors and a number of senior staff in NAC. Cooperating Partner (CP) members of the JFA Steering Committee were interviewed together with the Permanent Secretary MOH and senior officials in the Ministry of Finance and National Planning, and Auditor-General's office. Civil society partners and representatives of beneficiary groups were also met. Useful visits were made to the decentralised level and meetings held with key officials at that level. Two meetings for feedback and discussion were held with the JFA Steering Committee before the consultants left.

### **1.2 The HIV and AIDS epidemic and the national response in Zambia**

Zambia has one of the highest HIV prevalence rates in the world with 14% of adults being infected. Over a million Zambians are HIV positive and 800,000 children have lost one or both parents to AIDS. The epidemic remains a serious threat to development in Zambia and hampers the achievement of the Millennium Development Goals (MDGs). Women are particularly vulnerable to the epidemic: in 2007 the HIV prevalence of women aged 15-49 was 16.1% compared to 12.3% for men. It is estimated that almost seven thousand deaths occur every month from AIDS and with 250,000 people accessing antiretroviral treatment the human, social and economic costs of the epidemic remain severe.

The evidence platform for understanding the epidemic and guiding the response was greatly strengthened in 2009 with the publication of a key report on drivers of the epidemic and source of new infections.(UNAIDS et al 2009). The report concluded that the epidemic had stabilised at a high level with overall prevalence at 14%. Of new infections, 71% were estimated to come from multiple concurrent partnerships (MCP). In addition 21% of new infections were estimated to originate from those who claim to have only had one sexual partner, indicating significant risk for those who are faithful given the large numbers of discordant couples where only one partner is HIV positive. The analysis identified many economic, cultural, social and psychological factors leading to or encouraging MCP

behaviour, with gender relations in terms of the vulnerability of women being especially significant.

HIV and AIDS policy in Zambia is situated within the overall development framework provided by the 5th National Development Plan (FNDP) and the Government's commitment to achieving the Millennium Development Goals (MDG). The 6<sup>th</sup> National Development Plan (SNDP) is currently being prepared and a draft HIV and AIDS chapter has been circulated for comments. Zambia's National HIV and AIDS Strategic Framework (NASF) for 2006 - 2010 is committed to striving for universal access in three priority HIV and AIDS service areas: prevention, care and treatment, and social support. It also includes three areas of overall coordination and strategic support: strengthening the decentralised response by mainstreaming HIV and AIDS, improving the capacity for monitoring by all partners and integrating advocacy and coordination of the multi-sectoral response.

The National AIDS Strategic Framework (NASF) for 2011-2015 is currently being prepared and is due for completion at the end of June 2010. The preparation emphasises consultation and a participatory approach. The NASF 2011-2015 is being built on the evidence platform and broad consultation.

### **1.3 National AIDS Commission (NAC) <sup>1</sup>**

The National AIDS Commission (NAC) was established in 2002 under the Ministry of Health to ensure a focused and harmonised national response to HIV and AIDS. The NAC is governed by a Council with members appointed by the President and drawn from government and NGO sectors, People Living with HIV (PLHIV) and others. The NAC Secretariat (NAC-S) implements the NAC's decisions and advises on all technical matters relating to the role of NAC. The NAC is not supposed to engage in direct implementation of HIV and AIDS programmes but is expected to provide strategic leadership by ensuring effective harmonisation of the HIV and AIDS related activities of the various players within agreed policy and programme parameters by playing the following critical roles:

- Support the national response to HIV and AIDS including development and implementation of the Strategic Plan and Annual Work Plans;
- Co-ordinate all HIV and AIDS activities at National, Provincial and District levels, and in the Public and Private Sectors and Civil Society;
- Mobilise resources from various Co-operating Partners locally and internationally;
- Manage strategic information on HIV and AIDS;
- Build capacity, plan, track, monitor and evaluate the country's local responses on HIV and AIDS;
- Facilitate the operations of all Theme Groups ("TGs") and the development of various technical documents such as guidelines and standards related to the issues around HIV and AIDS;

NAC's mandate then, is to provide strategic leadership by ensuring effective harmonisation of the HIV and AIDS related activities of the various players within agreed policy and

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<sup>1</sup> The full name is the National HIV/AIDS/STI/TB Council but for the sake of abbreviation and to conform to everyday usage it will be referred to as NAC throughout this report.

programme parameters, and not to engage in direct implementation of HIV and AIDS programmes.

#### **1.4 Mid-Term Review and Prevention Convention**

The NASF was subject to a Mid-Term Review (MTR) in 2008. This was 'decentralised, multi-sectoral, bottom-top, and participatory' (NAC 2009) in approach. In the context of emerging evidence, strategic gaps were identified as lack of priorities to address risk behaviour such as MCP, discordant couples, male circumcision, MSM, IDU and a lack of emphasis on youth prevention. The MTR review was used to re-programme the NASF priorities with a greater emphasis on prevention strategies which targeted the drivers of the epidemic and on enhancing access to services, as well as emerging issues such as paediatric AIDS. This evidence was used to trigger a revision of strategic documents in the national HIV response (NAC 2009).

NAC organised a National Prevention Convention in late 2009, opened by H.E the President, for disseminating the findings of the epidemiological synthesis studies (UNAIDS op cit). NAC is currently taking forward dissemination of the epidemiological findings at the decentralised level also. This will give a major boost to the increased focus on prevention. The epidemic is very heterogeneous in terms of geography and culture. However the Prevention Convention noted that HIV interventions are not currently tailored to specific community and cultural needs. It is critical that Zambians address the cultural and traditional norms that are drivers of the epidemic. This requires a much stronger decentralised response which is now a priority for NAC.

#### **1.5 Financing of the response**

The Zambian HIV response is donor dependent with GRZ contribution at only 15% of the total budget (National AIDS Spending Assessment 2007). Despite the very substantial sums going into the national response, a gap of approximately \$19million for financing ARV is projected for 2011. The Act which established NAC provides for the establishment of a National AIDS Fund or alternative funding mechanism. This has been included in the NAC Work Plan but work remains at the concept paper level. The review team understands that a World Bank consultant will be helping to develop a financing framework for NASF 2011-2015.

**Recommendation 1:** NAC should :

- (a) conduct a mapping of existing AIDS architecture/funding
- (b) prioritise an assessment of the range of alternative domestic funding opportunities including the establishment of an AIDS Fund

## **2 Performance of the JFA**

The Joint Funding Arrangement (JFA) was established in 2007 by mutual agreement of the NAC and a number of CPs in order to support the implementation of the NAC Annual Work

Plans, to be based on the NAC Strategic Plan. The JFA covering the period 2007 – 2009 has now been signed by 9 CPs and sets out the procedures for the management and reporting of the JFA. It is currently being extended for one year to cover the period until the end of 2010, after which a new JFA will be developed.

Co-operating partners have committed themselves through high level agreements, notably the Joint Assistance Strategy for Zambia (JASZ 2007-2010), to harmonise and align aid delivery in the spirit of the Paris Declaration. The JFA for NAC is an important element of this commitment to harmonised working. It constitutes a major part of the co-ordination framework for consultation between NAC and partners for monitoring and decision-making, joint reviews of performance, common procedures on disbursement, reporting and audits. If the JFA achieves its objectives then partners may determine that conditions are right to move towards wider pro-poor sector or budget support which would be in line with the preferred modalities of GRZ. It serves the policy objectives of all partners, therefore, to ensure the JFA performs effectively. It is unfortunate, therefore, that the withholding of JFA funds and late disbursement in partner funding in 2009 amounted to a development risk in terms of constraining NAC's ability to exercise its mandate.

### **Planning and Reporting**

The review team found that there are a number of weaknesses in the current functioning of the JFA. The documentary framework for engagement between NAC and the JFA partners is the Annual Work Plan and the Annual Report. NAC produces a costed Annual Work Plan for submission to the JFA Steering Committee but it is not clearly set-out and it is not easy to see the trail from higher-level objectives and priorities to lower-level activities that are included in the plan. Moreover the higher level objectives do not focus on the NAC core mandate as laid down in the Act. A NAC *Summary Action Plan 2007-2009* is in existence, from which the Annual Work Plan was presumably developed, but it does not focus on the NAC strategic role but rather lays out an action framework mapped against the NASF themes. The NASF is a plan for the nation that is to be implemented by many different players both government and non-government. Within the multi-sectoral response each player needs its own strategy that sets out how it will deliver its contribution to the NASF. NAC has the vital role of monitoring and co-ordination and more but the team did not see a document which laid this out in the form of a NAC *Strategic Plan* until the very end of the mission. This suggests that the Strategic Plan was not fully informing the development of the Annual Work Plans.

Moreover, the current process of producing the Annual Work Plan is constrained. There is no Planning Department and thus no designated Planning function in NAC headed by a senior person whose job it is to pull it all together. A draft Work Plan is produced within the NAC which is passed to CPs for consideration. It tends to be a repeat of the previous year much of which was not implemented. The 2009 Work Plan was overambitious; containing far too many activities that experience shows will not be delivered. The draft was batted back and forth between NAC and partners like ping-pong until exhaustion set in and a less than satisfactory plan was agreed. Such an unachievable plan will show the organisation in a bad light leading to criticism from outsiders and poor motivation amongst staff within. It also ties up scarce resources that might be spent more effectively to combat the epidemic.

Once NASF 2011-2015 is completed we recommend that the next step is for NAC to develop its own Strategic Plan, *focusing on its core mandate*, together with stakeholders. Then it would be preferable if NAC produced a first draft document for an Annual Work Plan to be considered together with CPs as part of a joint planning process chaired by NAC. This should be attended by decision makers on both sides. CPs need to play their part by providing inputs at the right times and with the right level of engagement by representatives who are decision-makers rather than observers or reporters. If the JFA is to work smoothly as a funding modality then CPs need to recognise that technical support is required and be prepared to provide on-going engagement in technical processes. The review team recommends that the CP members of the JFA Steering Committee delegate ongoing technical participation to a small group of partners to take forward technical support for NAC planning processes, possibly the lead donor and two or three others.

Joint NAC and CP agreement on the plan framework within which specific requests for funding would be forwarded to the JFA would be an investment that would pay dividends in the medium-term and promote harmony, joint ownership and allow NAC to lead the process.

**Recommendation 2:** NAC should develop a Strategic Plan, nested within the framework of the SNDP and NASF 2011-2015, and operationalised through the NAC Annual Work Plan; spelling out the distinctive contribution NAC will make to meeting the objectives of these higher order plans within its own mandate as detailed in the Act. STTA will be required.

**Recommendation 3:** Cooperating Partners (CPs) should provide technical support to NAC for the development of its Strategic Plan and Annual Work Plans through appropriate delegated participation in planning meetings and provision of STTA.

A JFA is supposed to promote harmonised working amongst CPs and reduce transaction costs for CPs and NAC. It is clear that this has not been achieved thus far. CPs have become frustrated by weaknesses in NAC reporting and planning and have reacted in varying ways resulting in disharmony and breaking of ranks. The focus of communication has been diverted from issues of policy and achievements of the response to issues of what is perceived as weak business management within NAC. This is understandable if NAC is not providing budgetary and activity reports on time. However, there have been missed opportunities for CPs to become more engaged in trying to find solutions to the problems e.g. the planning processes mentioned above.

There is an absence of a uniform approach to NAC reporting and disbursement systems among CPs. In part this is due to the context in which NAC prepares its Work Plans and produces reports. In terms of management and financial systems it is clear that the NAC has come a long way since its outset. Financial control seems sound and much work has been done in bringing external audit up to date. But in any organisation and especially one that operates in a constantly changing environment there is always more to be done, it cannot stand still.

The JFA planning and budgeting timetable must conform to the GRZ timetable and partners have to adjust their own arrangements to suit. What is needed and what appears to be lacking now is a written clear and transparent calendar/action plan that shows deadlines and

accountability for the production of plans and reports. This will inform the timing of reviews. A suggested timetable is attached in ANNEX 4.

A joint approach should result in standard formats for planning and reporting, and triggers for disbursements. NAC and its partners need to agree Templates of the form of plans and reports that reflect the format of the Work Plan. They need to agree the content and timing of reports that NAC can deliver. The issue of agreed Templates of plans and reports that reflect the format of the Work Plan was raised in the review in October 2006 by Liz Ollier and Robie Siamwiza but it has not been fully resolved and more needs to be done. NAC and the CPs need to agree the content and timing of reports that NAC can deliver.

**Recommendation 4** Jointly agreed planning, budgeting and reporting frameworks should be attached to the JFA as an appendix. Draft templates are attached in ANNEX 3.

## **2.1 Performance Incentive**

An issue which NAC raised was that the JFA was not a flexible funding resource. If a NAC activity had not been captured in the Annual Work Plan and Budget it would be difficult to fund it through JFA. And yet with an evolving HIV epidemic new issues emerge and new needs for funding come to the fore.

NAC and its partners may wish to consider a policy of Performance Tranching by releasing a % of the JFA funds to NAC on an “unallocated” basis to incentivise better working. The initial indicators should be clear and achievable - such as delivering good quality financial and activity reports in accordance with an agreed timetable. The indicators could be reconsidered and agreed each year. Over time they could include management indicators, such as recruiting to a key vacant position and also strategic indicators, for example completing work on the AIDS Fund or defining more precisely the collaborative relationship with MOH. There are precedents for performance tranching elsewhere in the region.

**Recommendation 5:** NAC and JFA partners should consider performance tranching and if approved in principle that the proposed STTA for developing the Templates be used to jointly develop the ‘rules’ with NAC and partners and select the initial indicators. The Ministry of Finance and National Planning and the Auditor General may need to be involved.

## **2.2 Governance issues for the JFA**

Lastly, because of current challenges in the governance environment in Zambia we recommend that a revised JFA agreement include more content on action to be taken in the event of a conflict between partners and government over governance issues. A first draft of the next JFA document is provided separately.

**Recommendation 6 :** Include a clause in the next JFA agreement to cover action in the event of conflict over governance issues

### **3 Performance of NAC: Management and Organisational Issues**

#### **3.1 Structure**

The executive authority of NAC for policy making lies with the Council. While most NAC actions are carried out by the Secretariat, it is Council that has the legal mandate for leadership and coordination of the multi-sectoral response. Also it is the Chair of Council who signs the JFA, signifying that Council is a key stakeholder to the agreement. The review, through meetings with the Chair, briefing from the DG and perusal of Council minutes, established that Council is fully established and functional, and receives reports covering the full spectrum of NAC functions.

The Chair of Council is committed to a visible and action oriented Council, with a strong oversight role, and has strengthened the contribution of Councillors by ensuring that they participate in NAC national activities and field visits. There is consensus that Council should play a more active role in the JFA by requiring NAC and the CPs to live up to their commitment in the agreement. Also the CPs could refer issues to the Chair of Council in the event that they believe the Secretariat is falling short in its commitments.

Currently Council assesses the DG's performance at the renewal of his/her contract. This role will be pivotal in the results-focused performance management system recommended later in the report. Council should agree and sign-off on the DG's annual performance targets, and carry out annual performance appraisals, which can be related to remuneration.

The Secretariat is the organisation created to implement the policy decisions of the Council, and the organisational issues below refer to that body. An underlying principle in the creation of organisational structures is that form follows function. The organisational structure is designed to enable the organisation to deliver on its mandate. Hence it is useful to assess an organisation's structure in terms of how well it enables it to perform its mandate.

The functions of the NAC, according to The National HIV/AIDS.STI.TB Council Act Of 2002, are to 'coordinate and support the development, monitoring and evaluation of the multi-sectoral national response for the prevention and combating of the spread of HIV, AIDS STI and TB in order to reduce the personal, social and economic impacts' of these diseases.

Within the broader vision of the National AIDS Strategic Framework 2006-2009, the NAC Strategy is expected to play the following critical roles:

- Support the national response to HIV and AIDS including development and implementation of the Strategic Plan and Annual Work Plans;
- Co-ordinate all HIV and AIDS activities at National, Provincial and District levels, and in the Public and Private Sectors and Civil Society;
- Mobilise resources from various Co-operating Partners locally and internationally;
- Manage strategic information on HIV and AIDS;

- Build capacity, plan, track, monitor and evaluate the country's local responses on HIV and AIDS;
- Facilitate the operations of all Theme Groups ("TGs") and the development of various technical documents such as guidelines and standards related to the issues around HIV and AIDS; and

NAC's mandate then, is to provide strategic leadership by ensuring effective harmonisation of the HIV and AIDS related activities of the various players within agreed policy and programme parameters, and not to engage in direct implementation of HIV and AIDS programs.

There is a degree of misalignment between the current structure of the NAC Secretariat and its mandate. The structure rightly provides for monitoring and evaluation. Coordination is given prominence, but the split into two different Directorates, which splits leadership of the function. In addition the deployment of technical specialists in areas of prevention, treatment, care, BCC, OVC etc., tends to blur the line between implementation and coordination. The relatively strong focus on the health sector may be questioned given that the national response is explicitly multi-sectoral.

Further, the current structure does not provide for key areas of planning and policy development and resource mobilisation. The positioning of the finance function at a manager level means it does not play its full role compared to other functions placed at the Director level. Properly constituted, the human resource management function plays a key role in supporting organisational performance through developing cutting edge policies, systems and practices, but within NAC it is buried within administration. There is general agreement that the position of Director General is overloaded, which impacts on decision making. This suggests that NAC should consider a Deputy for that position, which would allow the DG to focus on policy and stakeholder engagement.

It is clear from documents reviewed and interviews with key staff that NAC is aware of the need to review its structure in order to achieve improved performance: the Annual Progress Report, January-December 2009 refers to the need for a review of organisational structure and the 2010 Action Plan and Budget provide for a review to be carried out.

**Recommendation 7:** NAC should carry out a review of organisational structure as a priority. The review should especially consider the place of the policy planning and finance functions and whether the post of a Deputy Director-General should be created.

### **3.2 Strategy**

The performance of high performing organisations is usually fuelled by a sense of mission, encapsulated in a Strategic Plan that is shared by all in the organisation and understood and supported by key stakeholders. The Strategic Plan should be a living document, freely available to staff, and regularly consulted by management for planning and review of performance.

The latest NAC Strategic Plan is for the period 2007-2009. This year is seen as a bridging year while NAC is participating in the development of the SNDP and leading the development of the NASF 2011-2015. These documents will inform the NAC Strategic Plan.

NAC should better synchronise its strategic planning cycle with these national processes, so that there are no gaps in strategic plans. Also the Strategic Plan should clearly spell out the NAC contribution to the NASF, as NAC is only one contributor to the national multi-sectoral response. Thus the development of the SNDP and the NASF 2010-2015 presents a strategic opportunity for NAC to develop a complementary NAC Strategic Plan which would document clearly the actions relating to core function, in the context of NASF, for which NAC can be held accountable against defined indicators. The new Strategic Plan will be a core reference document for the next JFA.

### **3.3 The Finance function**

The Finance department at NAC comprises a Finance Manager, Accountant and Cashier. A new post of Assistant Accountant funded by UNDP is being filled shortly.

The two senior posts are filled by professionals with recognised accounting qualifications (ACCA) and the cashier is part-qualified and still studying so the skills are there. About 500 payments are made a year which is about 2 a day. In addition the payroll is managed within NAC with 43 staff on the payroll. There are 9 bank accounts managed at NAC headquarters and they could probably be reduced to 7 fairly quickly.

**Recommendation 8:** The number of bank accounts should be rationalised and reduced in number by 31 December 2010.

Cash transfers by NAC are made to 9 Provinces and 72 Districts quarterly. At Provincial level there are NAC bank accounts. At District level the money is channelled to government ministry bank accounts, mostly Health and some with Local Government. The authority to spend rests with the local Task Force supported by the DACA. Control of the bank account rests with the local ministry accountant. Financial returns are submitted to NAC quarterly where they are scrutinised and recorded. Regular reconciliations of accounts are carried out at NAC headquarters. All this is standard financial accounting that must be done regularly and in timely fashion to ensure financial control. A retrospective audit is conducted by Internal Audit. Financial control seems to have been well maintained.

Management accounting is less well-developed. Each year budgets have been prepared for the Work Plan but total planned expenditure has never been achieved. The reasons for this lie outside of Finance but Finance should be taking a much stronger line on supporting the setting of plans and budgets that are realistic and achievable. The current third-tier status of Finance in the structure does not help in this respect even though it should result in money being spent more effectively and not sitting unused in donor or NAC bank accounts.

The management accounts for 1 July to 31 December 2009 show an annual expenditure budget of Zk 33.3bn. of which only Zk. 22.3bn was spent, i.e. 67%. Some of this is explained by the CPs withholding and late release of funds mentioned earlier. The expenditure variances between planned and actual range from 260% overspent to 93% under spent with a net under spend of 33%. Some actual expenditure was reclassified and charged to a different budget line but the planned budget lines were not changed resulting in the massive variances quoted above. This basic weakness explains those variances but the fact that

nearly every budget line had a % variance in double figures renders the report virtually meaningless. Budgets should be reviewed throughout the year and adjusted to reflect reality if they are to be truly useful.

The post of Finance Manager in the NAC structure is a level down from Director. This underestimates the contribution that strong and assertive financial management should make. Financial accounting (.e.g. making payments and reconciling bank accounts) is one aspect of financial management but it in an organisation like this there should be a top-table strategic financial management function. Alongside the strategic technical Work Plan there should be a strategic financial plan that shows costs and sources of income and aligns resources with activity objectives. Cash management is a vital function especially where there are multiple funding sources. Budgetary control and the production of good quality and credible income and expenditure reports and analysis are essential for the NAC itself but also to meet the requirements of JFA partners and other funding partners. The head of Finance should have the status to challenge and influence policy and performance on equal terms with the highest level staff immediately under the Director General. S/he should speak with authority at both internal and external meetings.

In Government the most senior ministry is Finance and National Planning. In most organisations throughout the world there is a Director of Finance who sits at the right hand of the Chief Executive. In 2009 NAC planned income was \$6.5M. As part of its role NAC should be influencing the mobilisation of additional resources for the national response. It is essential therefore that there should be a Director of Finance in NAC. The review of the staffing structure should consider whether the post might be augmented to become a Director of Finance & Planning with the right support structure

**Recommendation 9:** The post of Finance Manager should be upgraded to Director of Finance.

There are two posts in Internal Audit but the senior position of Chief Internal Auditor is vacant. There is an elementary annual audit plan that covers the usual areas of risk; payments; payroll; stock control; cash and bank reconciliations; fuel usage and purchase; fixed asset register; project expenditure; Board expenses. The internal auditor reports to the Director General but there is no formal follow-up system. There is no longer-term plan and there does not appear to be any co-ordination with external audit. A one-man internal section is not ideal but the volume of work at headquarters is probably insufficient to justify a second post. However, internal audit scrutiny should be carried out at Provincial and District levels and in 2009 internal audit only managed to visit 13 districts. Furthermore internal audit has no dedicated transport and visits are made as and when transport is available so there is no planned coverage.

NAC should explore the feasibility of entering into consortium arrangements for Internal Audit with other organisations that also find it difficult to resource a viable service. There is a Controller of Internal Audit (CIA) in the MOFNP who posts staff to mainstream government departments but he is not responsible for NAC or similar public bodies. NAC should investigate whether it would be possible to take part in CIA training events and in visits to districts.

The Board should consider establishing an Audit sub-committee to monitor both internal and external audit. The Act provides that external audit shall be provided by independent auditors appointed by the Council. External Audit is currently provided by KPMG who were appointed by regular procurement that involved the Auditor General. Much effort was made to bring the audits up to the end of 2006 after the absence of audit in early years of the NAC. The Auditor General is the supreme audit authority in Zambia and he decided to conduct the 2007 audit in-house. This is normal practice and enables him to review the quality of audit provided by the independent auditors. In the event the report was not completed until mid-2009. This was outside the control of the NAC and it is unfortunate that it led to a delay in the flow of funds from JFA partners. The independent auditors are currently conducting the audit of the 2008 accounts and every effort should be made to complete that audit and move swiftly on to the 2009 audit.

**Recommendation 10;** The NAC Council should consider establishing an Audit Committee to receive and follow-up internal and external audit reports and to ensure that a rolling 3 years audit plan is developed and implemented.

**Recommendation 11:** NAC should explore ways of supporting Internal Audit by the development of professional relationships with the Controller of Internal Audit and by consortium arrangements with other organisations.

**Recommendation 12:** Annual external audit should be completed by 31<sup>st</sup> May each year.

### **3.4 Accounting systems**

NAC is using a commercial accounting package called Navision that has the advantage of being supported by a local software provider, SACIP. It has the potential to meet all NAC's accounting and budgetary reporting requirements. Currently its capacity is not being realised because the chart of accounts (i.e. the matrix of financial and budgetary codes) is deficient and needs to be redesigned – see below.

There are 43 staff on the payroll with about another 20 in the process of being recruited. Payroll is handled on a separate computer system called *Micropay*. It is an old system and the supplier has gone out of business. It is not compatible with Navision so payroll data has to be entered manually to the expenditure budgets on Navision, which is a time-consuming exercise prone to error and it has to be repeated every month. Navision has a payroll application that integrates with the ledger and NAC should start using it as soon as it has implemented a new chart of accounts.

### **3.5 Chart of Accounts**

A chart of accounts is a set of financial codes that enables income and expenditure transactions to be mapped onto budgets. NAC is using a system of activity based budgets that are shown in its Summary Action Plan and its annual work plan but the current chart of accounts only records transactions by expenditure type, e.g. stationery and does not map transactions to budgets automatically. This means that budget reports have to be prepared manually using Excel spreadsheets. The process is labour-intensive and together with the manual inputs of payroll data already described is the main reason why NAC has struggled to provide good quality budget reports on time.

NAC had done some initial work on a new chart of accounts but it contained weaknesses of principle and a fresh start has been made during the consultancy and it needs to continue until a new chart of accounts is complete. It can be done in house but space needs to be created to allow the Finance Manager and his team to devote adequate time to the task. **The revised coding system is essential and we recommend that it should be given immediate attention.** It is only when the new financial codes have been loaded on to Navision that payroll should be moved from Micropay. When this has been done it will make a huge difference and should make on-line reporting relatively simple and quick.

When the chart of accounts is complete codes can be allocated to the 2010 annual Work Plan thus facilitating the automatic generation of budget reports.

**Recommendation 13:** The Chart of Accounts should be completed by the end of April 2010 and be operational on Navision by mid-May 2010.

**Recommendation 14:** Payroll should be transferred to Navision by end May 2010.

### **3.6 Office space for the Finance staff**

The Finance office is too cramped and staff do not have sufficient desk and storage space to work efficiently. A solution to this needs to be found urgently.

**Recommendation 15** NAC should ensure that the Finance staff have adequate working space and furniture and equipment to carry out their duties effectively.

**Recommendation 16** NAC should support on-going professional development programmes for Finance and Audit staff as required by their professional bodies.

### **Human Resources Management**

NAC has a well developed human resource management function. Key HRM systems are in place, including human resource management policies and procedures compiled into an administration manual, staff contracts and a disciplinary code which is consistent with provisions in the Industrial Relations Act. The organisation also has a training policy and a performance appraisal system. Job descriptions exist for all jobs.

While the systems and policies are operational, some of the systems could be strengthened to promote employee productivity and organisational performance. The performance appraisal system should be developed into a fully fledged performance management system that promotes performance targeting and reward high performance. The existence of a training policy is not promoting skills development since NAC has little funding for identified training needs. The skill development that occurs comes from training provided by partners and is driven by employee interests. Training should be based on identified need, discussed and agreed as part of the performance management system, to improve staff and NACs execution of its mandate.

Strengthening the performance management system is a critical step for driving future performance in NAC. In recognition of this, Council has approved and the Secretariat has programmed a review in 2010. The elements of an effective, results focused performance management will include: it is linked to the strategic and operational plans, it sets clear

targets for employees, it provides for regular performance monitoring and redirection, performance appraisal is carried out at least twice a year, and the performance assessment is open and participative and has a developmental focus in addition to evaluating performance.

**Recommendation 17:** Strengthen the NAC performance management system and ensure its rigorous application at all levels.

### **3.8 Staffing**

Interviews with management and stakeholders suggest that NAC's staffing position needs review generally. The M&E function is not fully established and requires urgent strengthening. A number of key functions at Head Office are being carried out by Advisors, without corresponding establishment to support them. PACAs are being paid by NAC but they are not on establishment, a position which undermines their allegiance to NAC. Funding arrangements for DACAs are similarly problematic. Partners also point out that NAC needs to reconsider the degree to which it considers gender in its selection process. Senior managerial staff tend to be male.

Conditions of service, especially salary, are not competitive and this affects ability of NAC to attract the best candidates, and to retain critical staff. Staff turnover at NAC is high, and this affects organisational memory and effective performance. When vacancies occur, NAC has no difficulty in attracting applicants, but often the first choice candidate turns down the offer because of salary.

While the recommended organisational and structural changes will be spearheaded by the Secretariat, they will have to be carried out with oversight from the Council. It is anticipated that Council will receive this report and authorise the implementation of the recommendations. In addition the Chair and relevant sub-committees should monitor the implementation of recommendations according to the proposed timetable and ensure that Council approves the final solutions expeditiously. Further, the Chair of Council (or a delegated sub-committee of Council) will play critical role in the new performance appraisal system as he/she will have the responsibility of agreeing and signing off the DG's key results or objectives on an annual basis and appraising his/her performance.

**Recommendation 18:** As part of the review of organisational structure, NAC should consider improving conditions of service and gender balance.

## **4 Performance of NAC: Institutional issues**

### **4.1 Coordination**

Coordination of the multi-sectoral response to the HIV epidemic in Zambia is premised on the 'Three Ones' principle which Zambia has adopted. Due to the pervasive nature of the epidemic, the large number of players involved and the diversity of their mandates and interests, the institutional framework is fairly complex. And the fact that NAC has the role of

leadership and coordination within that framework means that it has a significant role in ensuring that institutional relationships work. Coordination can be sub-divided into national and sub-national level. This section discusses national level coordination; the sub-national level coordination is discussed under Decentralisation.

A diagrammatic representation of the national level institutional framework, reproduced from the NAC Operations Manual for HIV and AIDS Multi-sectoral Response, 2006-2010, published in 2008 appears below..

The highest level coordination structure is the **Cabinet Committee on HIV and AIDS**, comprising the Ministers of Health, Finance and National Planning, Sport, Youth and Child Development, Labour and Social Security, Mines and Mineral Development, Communication and Transport, and Information and Broadcasting. The committee provides policy direction and guidance to NAC. The Chair of the National AIDS Council is the Secretary to the Committee.

The **Partnership Forum** is made up of representatives of partners in the multi-sectoral response – government, CPs, Private Sector, Civil Society and people living with HIV and AIDS and those involved in the decentralised response. It is a platform for information sharing, technical leadership and directions and provides a vehicle for accountability and transparency in resource allocation and utilisation.

**The National AIDS Council** draws its membership from government, and specified members of civil society organisations. It has executive authority to lead and coordinate the national response and mobilise resources, and reports to the Cabinet Committee. The Secretariat implements decisions of Council.

NAC convenes the **HIV Sector Advisory Group (SAG)**, a coordination mechanism under the FNDP, twice a year in advance of meetings of the Committees of Council. The HIV SAG is made up of Chairpersons of Theme Groups and Self Coordinating Groups, PACAs, selected Council Committee members, and selected stakeholders and technical advisers. Its function is to provide programmatic information that will inform the deliberations of Council Committees. Comments have been mixed about the performance of the SAG.

The sectors, CPs, Civil Society, Private Sector and Private Sector, have created **Self-Coordinating Groups**, which draw membership from members with shared interests and interventions and are platforms for sharing information and experiences and for lesson learning. Civil Society self-coordinating groups also use their membership for advocacy.

**Theme Groups** are composed of representatives of organisations engaged in the multi-sectoral response on the basis of their mandates, interests and technical expertise. Currently there are six theme groups, which are: Prevention, Treatment Care and Support, Impact Mitigation, Decentralisation and Mainstreaming, Monitoring and Evaluation, and Advocacy and Coordination.

In recognition that Theme Groups are broad, there is provision for them to create sub-groups of more cohesive technical specialists. Theme groups meet every quarter. With the exception of Self-coordinating groups, NAC provided logistical and secretariat support to the various institutional mechanisms.

The findings of the review are that there are a number of indications that the institutional mechanisms set up to drive the multi sectoral response are in general functioning as they were intended, with some weaknesses as detailed below. The structures provide for participation by all interested stakeholders, and provide for joint and sectoral cooperation. Meetings of the various structures are taking place regularly, and the multi sectoral approach is captured at the highest level of policy making. The sixth National Development Plan has provision for a separate chapter on HIV and AIDS issues, signalling the importance given to the response.

NAC is accorded access to Cabinet and the Presidency by the Cabinet Committee on HIV and AIDS, and the recent Prevention Conference was opened by the President, and closed by the Vice President. Theme groups have developed guidelines, national standards and frameworks for the national response and these are being used by all sectors. Evidence generated by national surveys (UNAIDS 2009) has been used to review priorities in the NASF, an achievement which is unprecedented in the region. Additionally, the whole multi-sectoral effort, and cooperation between the government of Zambia and cooperating partners has mobilised large resources for the response, to the point where over 80% of the national response is funded by CPs.

However, there are still some institutional challenges and issues which need to be addressed in order to improve effectiveness and efficiency in Zambia's multi-sectoral response. The complexity of the mechanisms means that while their relationship with NAC is clear, their relationship to each other are not always clear and there are likely to be overlaps. The main vehicle for the operations of the mechanisms is meetings. Many of the partners interviewed believe that there are too many meetings, and that the focus (especially of Theme Groups) is on report back, not results, and as such they do not see much point in attending. This leads to poor attendance by critical actors, which results in skewed representation and can affect the quality of decisions.

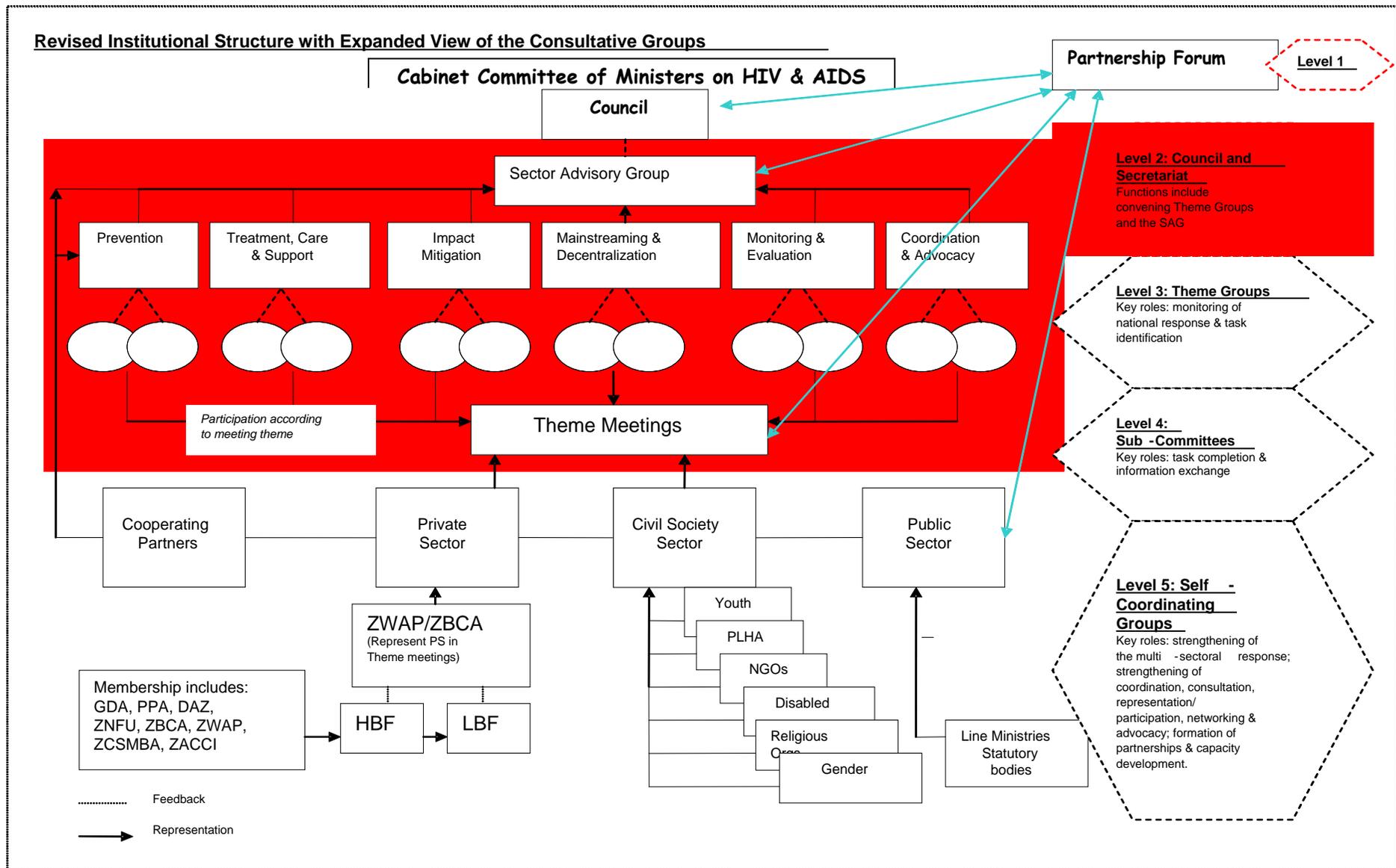
The result is that some of the structures are not functioning optimally. For instance a member of the PLWHA self coordinating group indicates that it has met only once and an interview with NAC staff report that the Advocacy and Coordination Theme Group is not functioning satisfactorily.

Stronger management and follow up is required. This would enhance purpose and enable members to assess their achievements. The development of a new NASF currently underway provides an opportunity for NAC to incorporate improvements in the functioning of coordination mechanisms, based on the above observations and lessons learned by the partners.

Civil society organisations in particular feel that not enough space is provided in the institutional mechanisms to debate issues and ensure that their concerns are taken seriously. Responsibility between NAC and the other organisations participating in the response are not always clear. Some organisations, for instance the MoH, feel that Technical Leadership is their domain, not that of NAC, and others feel that NAC claims achievements which actually belong elsewhere, and does not acknowledge their contribution.

NAC has a 'persuasive coordination' role, which means that it does not have powers to sanction to enforce compliance. This means that the organisation has to be adept at creating good functioning relationship, clarify its role, and show exemplary competence in order to gain partner respect and cooperation. It is probably fair to say that this is work in progress.

**Recommendation 19** The Advocacy and Coordination Theme Group should be held accountable for strong coordination of the key AIDS related-structures, networks, and events



## 4.2 Decentralisation

The review team are aware that there are many programme areas in which NAC engages as part of its on-going operations. We had the opportunity to visit the decentralised structures at district level so our comments on wider NAC performance are confined exclusively to this area.

Along with mainstreaming, decentralisation is a key component in Zambia's multi-sectoral response to the HIV and AIDS epidemic. NACs approach to the decentralised response has been to embed the HIV/AIDS coordination mechanisms in the government and community decentralised structures. In line with the Decentralisation Policy, sub-national HIV/AIDS coordination structures are found at the Provincial (PATFs), District (DATFs) and increasingly at the community level (CATFs). These structures are composed of all key players in the HIV/AIDS response at that level.

The planning and coordination structure at the Provincial level is the Provincial Development Coordination Committee (PDCC), chaired by the Provincial Permanent Secretary. The PDCC has several sub committees. NAC has successfully lobbied for the **Provincial HIV and AIDS Task Forces (PATFs)** which are sub-committees of the PDCC. The function of the PATF is to coordinate, supervise and monitor the implementation of HIV and AIDS multi-sectoral response in the province. Members comprise representatives of line ministries at the provincial level (at least 4) and other players in the HIV/AIDS response. The **Provincial Aids Coordination Advisor (PACA)** provides logistical and secretariat support to the PATF.

Coordination of the multi-sectoral response at the District level is through the Councils and the District Commissioner. Rural and urban Councils require that organisations that operate in their areas of jurisdiction should be in possession of signed MoUs. The District Development Coordination Committee (DDCC), chaired by the District Commissioner, coordinated development in the district. As with the provincial level, NAC has successfully lobbied for the **District HIV and AIDS Task Forces (DATFs)** which are sub-committees of the DDCC. Functions of the DATF include coordination of the multi-sectoral response, supervision and monitoring implementation of HIV and AIDS policies and programmes, capacity building and resource mobilisation. DATF are composed of HIV/AIDS focal persons from at least 4 ministries, representatives of local government, people living with HIV/AIDS, youth, women's, FBOs, traditional healers, health boards, traditional healers and private sector. The **District Aids Coordination Advisor (DACA)** provides logistical and secretariat support to the DATF.

At the Ward and Community level decentralisation structures are still being fleshed out, but NAC has set up **Community HIV and AIDS Task Forces (CATFs)** to coordinate and monitor the multi-sectoral response at that level. There is no secretariat support mechanism at these levels.

The move by NAC to integrate sub-national coordination structures into existing decentralised structures instead of setting up parallel structures is very positive. It promotes integration and as these structures become established, it will contribute to their sustainability. Field visits by the review team confirmed that these structures are truly integrated in the districts visited. At the district level, stakeholders voluntarily contribute

resources to ensure that DATFs and PATFs are able to operate, and provide support to the PACAs and DACAs. NAC and its cooperating partners, especially with UN support, have ensured that decentralised structures are staffed and that there is a vehicle at each province and district. This is good testimony of strong collaboration.

However, moving forward there are still many challenges, some institutional and other managerial, that need to be addressed by NAC. Institutional issues include the fact that the new decentralisation law does not provide for DATFs and PATFs, which will hamper their operation. NAC is aware of this and is proactively engaging with the Decentralisation Secretariat to ensure that DATFs and PATFs, as well as CATFs are formally integrated into the decentralised structures so that they are given legitimacy and they can be resourced through local government. Participation of stakeholders in PATF and DATF meetings, especially line ministries, is variable, and there are issues of role conflict with MoH structures. The capacity and operations of CATFs are not yet robust.

## 5 Harmonisation and alignment

Harmonisation and alignment will be reviewed in the context of the Paris Declaration (PD) 2005. The monitoring of the PD considers five dimensions: Ownership, Harmonisation and Alignment, Results Management and Mutual Accountability.

**5.1 Ownership** of the response is clearly and effectively led at the strategic level by Government of Zambia. The FNDP and NASF 2006-2010 set out the high level policy framework for the current response. The Ministry of Finance and National Planning has firm control over the development of the SNDP and NAC is leading on the development of the NASF 2011-2015. The latter is being shaped by national data on the latest state of the epidemic (UNAIDS et al op cit). NAC has already led the re-programming of the current response within NASF 2006-2010 to reflect the latest epidemiological synthesis data. This was an impressive move to strengthen the evidence-based nature of the response and an example which other countries in the region could follow.

However NAC ownership and lead over coordinated action is less authoritative. The JFA is the primary instrument for harmonisation and alignment of the HIV response through support to NAC. (A separate JFA exists for ZNAN but is not considered here). The JFA is intended to provide pooled funding for NAC's activities at the operational level within the framework of the NASF and the Strategic Plan. During the review we heard that NAC could be more assertive and establish greater leadership within the JFA. However the NAC ownership and lead role has been undermined by lack of agreement with the CPs over what should be funded by the JFA and by disagreements over the adequacy of reporting (see earlier comments above). These disagreements have had the effect of undermining the leadership to be expected from NAC. For the lead to be restored for NAC, there will need to be greater clarity than at present about the framework for JFA investment.

The current JFA was set up to fund the NAC Strategic Plan 2007-2009. The JFA agreement spells out that the funding is intended to support the institutional capacity of NAC as coordinator of the national HIV response (for a description of NAC's coordination role see the section on the Performance of NAC above).

Despite the clear statement of expectation, the team observed a lack of clarity in the documentary environment which in our view has contributed to confusion and disagreement about the content of Work Plans and what should be funded by JFA. The NAC *Summary Action Plan 2007-2009* does not focus on the NAC strategic role but rather lays out an action framework mapped against the NASF themes. A NAC *Strategic Plan 2007-2009* was shown to the team virtually at the end of the review and it was unclear to us the extent to which it had informed the Annual Work Plans.

We have mentioned above that the development of the SNDP and the NASF 2010-2015 presents an opportunity for NAC to take a fresh look at capturing its distinctive contribution to the national response by developing a complementary NAC *Strategic Plan*. This would document clearly the actions relating to core function, in the context of NASF, for which NAC can be held accountable against defined indicators. Once the Strategic Plan is endorsed by CPs and other stakeholders this would provide a robust framework for the development of Annual Work Plans for JFA funding. An agreed Strategic Plan would also enable NAC to provide proactive leadership in the discourse around JFA funding, rather than being forced into a reactive role. The lead on the aid effectiveness agenda is relatively muted in terms of government voice at present but this does not absolve the CPs from seeking actively to strengthen it.

An additional support for government ownership and lead would be the participation by Cooperating Partners (CPs) in the development of the NAC Strategic Plan and Annual Work Plans through appropriate delegation of activity as well as provision of STTA. NAC has strongly expressed a wish to have greater engagement from the CPs.

**5.2 Harmonisation** is the process of putting in place mechanisms for donor to donor collaboration and the development of common systems among donors. Harmonisation in the support of the national HIV response is represented by the present joint organisation of bilateral and multilateral donors as HIV Cooperating Partners (CPs) within the NAC JFA Steering Committee. The UN organisations in Zambia have started to harmonise their HIV and AIDS interventions into one programme, the UN Joint Programme on HIV and AIDS, which is one of the pillars of the new UN Development Assistance Framework (UNDAF) starting in 2011. Programming constraints meant that the review team was only able to engage with the main JFA actors and was not able to meet with other members of the UN team, with the World Bank and with the ADB. The implementation of the Joint UN Programme on HIV and AIDS will provide a major opportunity to intensify harmonised ways of working and the JFA Steering Committee should provide some STTA to assist with this process.

**Recommendation 20** : The JFA Steering Committee should provide some STTA to assist with harmonisation of the forthcoming Joint UN Programme on HIV and AIDS with the JFA processes

Examples of harmonised support for civil society are also present in separate JFA for ZNAN and CHAZ. The Lead Donor role rotates between the different CPs in all three JFA.

Whether the harmonised action described above has resulted in increased like-mindedness and the prospect of a joint programme framework for future HIV-programming is open to

question. The disagreements which have marred the functioning of the NAC JFA appear to have opened different perspectives on the part of the CPs rather than bringing them closer together. Harmonised approaches such as JFA are intended to simplify aid management and improve aid predictability. However among those interviewed for this review there was near universal agreement that transaction costs, whether for government or for the CPs, have not been reduced as envisaged and intended when the JFA was established, nor has predictability of funding improved. This is largely due to the disagreements over what should be funded as captured in NAC Work Plans and also over the requirements for reporting. Reduction in transaction costs should not mean an absence of technical support to improve working, but CPs did not provide this to support the JFA processes. Provision of STTA to support a simplified and agreed system of planning and reporting templates and timeframes for the JFA is one of our key recommendations (see back).

The modalities of JFA engagement with NAC have tended to dominate meetings rather than the substance of development co-operation and policy dialogue. A number of CPs felt that policy dialogue had been crowded out entirely. However strengthening the process of Annual Work Plan development within the framework of a NAC Strategic Plan should go some way to restoring harmony given the commitment to better working relations on the part of both government and CPs. Additionally, as an incentive for improved joint working for both government and CPs, the TOR for the JFA Steering Committee should be enhanced so that the agenda includes an item on monitoring the response to enable emerging issues, current performance, new strategic direction etc to be discussed with the NAC senior management team.

**Recommendation 21:** NAC and CPs should consider enhancing the TOR for the JFA Steering Committee so that the agenda includes an item on monitoring the response to enable emerging issues, current performance, new strategic direction etc to be discussed with the NAC senior management team.

**5.3 Alignment is** clearly in place at the strategic level with CPs aligning behind the NASF both in terms of support for the current strategic framework and for the strategic framework being developed for 2011-2015. The current NASF has been re-aligned to the epidemic context following the recommendations of the Mid-Term Review. The Prevention Convention also pointed the way for alignment to the epidemic priorities as revealed in the epidemiological synthesis work (UNAIDS op cit). The way in which NASF 2011-2015 is being developed in full alignment to this evidence base is a model for the African region where all too often there has been a failure to match national AIDS strategies to documented national needs (UNAIDS 2009). It is less clear the extent to which the funding of the NASF currently in preparation will be aligned in the context of the information on national AIDS spending (NASA 2008) to ensure that resources follow the epidemic priorities.

However in terms of operational level support through the NAC JFA there has been a lack of alignment. This is due to the disagreements and lack of clarity between CPs and NAC about what should be funded. NAC Work Plans have been mapped against the NASF themes rather than against the expected core functions of leadership, coordination, information support and resource mobilisation. The preparation of a NAC Strategic Plan, addressing the core functions of NAC, within the framework of the new NASF 2011-2015, should open up

the space for full alignment for CPs. The recommendations (see above) on preparation of Templates for NAC JFA Annual planning, reporting and timelines will also support greater alignment by ensuring that the JFA processes are in line with the government planning, budget and audit cycle.

During the course of the review the team noted an opportunity for alignment which NAC should pursue with vigour: the proposed Partnership Agreement between the PEPFAR programme and Government of Zambia. This proposed agreement represents a significant shift on the part of the US government to deploy its considerable resources for the HIV and AIDS response in Zambia in closer working with government. We suggest that the discussions around the Partnership Agreement with the US Government should be taken forward as expeditiously as possible.

**5.4 Managing for Results** requires an effective country performance framework. In 2009 the Annual Work Plan included a number of CP agreed priorities which were added without performance assessment measures. A NAC Strategic Plan developed in the context of NASF 2011-2015 should include a clear statement of objectives and indicators against which NAC performance can be assessed. The CPs and NAC should also jointly consider a number of mechanisms for improving decision making for results. These could include strengthening the Sector Advisory Groups (SAG), engagement of non-state actors as third party monitors and maximising the use of the Joint Annual Review (JAR) as a forum for considering results. We have already mentioned that the TOR for the JFA Steering Committee should be enhanced so that the agenda includes an item on monitoring the response to enable a more results-oriented dialogue to take place with the NAC senior management team.

**Recommendation 21:** CPs and NAC should jointly consider improving the structures which will contribute to improving decision making for results such as the SAG, and the JAR

**5.5 Mutual accountability**, or both donors and government being held accountable for development results, requires a level of trust and mutual affirmation which is largely lacking at present in the NAC JFA. Instead the review team observed a degree of contested relations and mutual weariness among the JFA partners and government. This urgently needs to be transformed into positive energy. Given that both parties are fundamentally committed to the JFA approach this transformation can take place but it will need to be supported. We have recommended **some** technical assistance working with both CPs and NAC to develop the NAC Strategic Plan as the basis for JFA funding, templates for JFA documentation and also a performance incentive system for the JFA. Once these are in place, to provide the basis for the third round of JFA funding, then the framework within which to develop mutual accountability processes will also in place.

A robust mutual accountability system should also open up space for civil society as representing citizens (Accra Agenda for Action 2008). There was a feeling expressed by civil society groups met by the review team that governance was an issue for the national HIV response and that there was little space for civil society to voice concerns. The inclusion of a review of donor commitments, as well as government performance, in the Joint Annual Reviews would open up mutual accountability to a wider scrutiny and **we recommend** that this take place.

**Recommendation 23:** NAC should include a review of donor commitments, as well as government performance, in the Joint Annual Reviews in order to open up mutual accountability to a wider scrutiny by stakeholders

## 6 Conclusions and Recommendations

The Paris Declaration and the related Joint Assistance Strategy for Zambia (JASZ) has set the scene for development partner working in Zambia in recent years with its emphasis on harmonisation and alignment. Now partners want to see results from country level institutions in terms of reduced transaction costs, more joint working and more evidence of effectiveness and efficiency. This is especially so in the context of the global economic downturn which has negatively affected the resources available for development co-operation. Challenges in the governance environment in Zambia, with particular reference to the Ministry of Health (not NAC it must be emphasised), have contributed to an atmosphere where the partners have no tolerance for lack of effectiveness and will scrutinise budgets and activity reports much more closely.

This is the back drop against which the review team examined the performance of the JFA as a modality and as a Steering Committee and the performance of NAC within the framework of harmonisation and alignment.

### 6.1 Our major recommendations:

There is clearly disappointment on the CP side that the JFA has not reduced the transaction costs of supporting NAC and the national HIV response. But the review team concluded that there had been insufficient investment of CP technical support for NAC to ensure systems and processes were sufficiently robust in order to bring about a reduction in transaction costs and increase efficiency in delivering results.

The failure to do so has also inevitably increased the transaction costs for NAC as well and raised NAC levels of disappointment with the working of the JFA. CPs disputed plans, budgets and reports without providing clear guidelines as to what was required. However the basic architecture of the JFA is sound and the potential is there for improved working. But reduced transaction costs will only be achieved after investment in technical support to ensure the foundations of the aid modality are solid.

**Our first strategic recommendation** is that CPs should provide Short Term Technical Assistance (STTA) in order to work with the JFA Steering Committee (CPs and NAC) to develop jointly agreed Templates for annual work plans, budgets, narrative reports and financial reports with agreed deadlines for submission. We recommend that this should be accompanied by the development of a Performance Incentive scheme for NAC such that a % of the JFA funding can be released as unallocated money once agreed indicators have been achieved.

However it is insufficient to agree Templates without also agreeing the content of the Annual Work Plan. The review team was told by numerous informants that the apparent lack of a Strategic Plan, within the framework of NASF, was causing confusion as to what should be funded by JFA. A Strategic Plan should spell out the core functions of NAC, as described in

the Act of 2002, in terms of leadership, coordination, resource mobilisation and strategic information management of the national response. This would provide the framework for the NAC Annual Work Plans.

The review team considers that a strategic opportunity is currently presented for the development of the NAC Strategic Plan since the Sixth National Development Plan and the National AIDS Strategic Framework 2010-2015 are also in process of development.

**Our second strategic recommendation** is that NAC should develop a Strategic Plan 2011-2015 supported by provision of STTA by partners.

In order for NAC to implement a Strategic Plan which captures its core mandate it needs to have organisational structures which enable the performance of the functions of high level planning, finance and coordination. In the view of the team NAC is not appropriately structured at present for the exercise of its high level mandate. Numerous informants told us that NAC was currently being drawn into implementation, rather than emphasising coordination, and had an emphasis on health interventions which was inappropriate in the context of a multi-sectoral response. NAC requires coordination focal points rather than technical focal points.

**Our third strategic recommendation is** that NAC engages in a participatory organisational review of its structures in line with its core mandate. CP should provide STTA to support this.

**The three recommendations above-** joint development of JFA Templates for planning, budgeting and reporting; development of the NAC Strategic Plan and support for the review of the NAC organisation in relation to its core mandate – are all linked and together form the building blocks or foundation on which the third round of JFA funding should be built. The actions should have been achieved or significant progress made by the 4<sup>th</sup> quarter of 2010 calendar year at which time the JFA for the next time period will be in process of negotiation. Without this firm foundation of systems, Strategic Plan and appropriate NAC structure it is unlikely that a third JFA will function effectively to provide the support for the national response in Zambia which is so urgently needed.

Both DFID and UNAIDS have said that their support to NAC could be used to provide the STTA required. This should consist of senior international TA to draw in experience from elsewhere partnered with very experienced national STTA. It would be useful if the TA included a budget to enable activities to be funded such as retreats and consultations.

The team observed a capacity gap at present to support greater harmonisation and alignment on the part of both CPs and government. The TA which is recommended is intended to work with the JFA Steering Committee as a whole, that is with both CPs and government. The recommendations below include a number of pieces of STTA which could be combined as appropriate. The partners, i.e. NAC and CPs, may also wish to consider the attachment of a long term technical assistant working to the JFA Steering Committee throughout an entire planning and reporting year so as to ensure the new way of working is successfully implemented. Additionally NAC may wish to consider the setting up of an implementation Task Team to take forward this ambitious programme of work over the year ahead (see the Table 1 below).

As the review team developed the time frame for the implementation of our recommendations we observed that the development of the NAC Strategic Plan, which needs to be based on the SNDP and NASF 2011-2015, would not be completed in time to guide the preparation of the NAC Annual Work Plan 2011. This needs to go to Council in August this year. Thus we recommend that NAC use STTA to develop the 2011 Annual Plan in line with the NAC core mandate and reflecting the recommendations of this review.

## **6.2 Full list of recommendations by functional area**

### **6.2.1 Functioning of the JFA**

- Provision of STTA in order to work with CPs and NAC to develop jointly agreed Templates for annual work plans, budgets, narrative reports and financial reports with agreed deadlines for submission (**section 2**)
- Cooperating Partners (CPs) should provide technical support to NAC for the development of its Strategic Plan and Annual Work Plans through appropriate delegated participation in planning meetings and provision of STTA (**section 2**)
- NAC to develop its Strategic Plan 2011-2015, supported by STTA. (**section 2**)
- CPs and NAC develop a Performance Incentive scheme for NAC such that a % of the JFA funding can be released as unallocated money once agreed indicators have been achieved. (**section 2.1**)
- NAC to prepare 2011 Annual Work Plan with STTA (**section 6.1**)
- The TOR for the JFA Steering Committee should be enhanced so that the agenda included an item on monitoring the response to enable emerging issues, current performance, new strategic direction etc to be discussed with the NAC senior management team. (**section 5.4**)
- The JFA Steering Committee should provide some STTA to assist with harmonisation of the forthcoming Joint UN Programme on HIV and AIDS with the JFA processes (**section 5.2**)
- Revised JFA agreement to include content on action to be taken in the event of a conflict between partners and government over governance issues. (**section 2.2**)

### **6.2.2 Performance of NAC: Organisation, management and coordination**

- NAC to take forward a participatory organisational review of its structures in line with its core mandate, to include consideration of the need for a Planning function, a high level Finance function and possible creation of the post of Deputy Director General, supported by STTA. (**section 3.1**)
- NAC to strengthen its Performance Management System, supported by TA (**section 3.7**)

- Organisational review of NAC to include a review of conditions of service and gender balance (**section 3.8**)
- The Advocacy and Coordination Theme Group should be held accountable for strong coordination of the key AIDS related-structures, networks, and events (**section 4.1**)

#### **6.2.3 Detailed recommendations for NAC on the Accounts Function**

- Rationalisation of bank accounts to reduce number of separate accounts (**section 3.3**)
- The Board should consider establishing an Audit sub-committee to monitor both internal and external audit (**section 3.3**)
- Enhance the use of Navision (**section 3.4**)
- Put in place a new Chart of Accounts to include activity codes (**section 3.5**)
- Provide more office space ( **section 3.6**)

#### **6.2.4 Harmonisation and alignment**

- The CPs and NAC should jointly consider a number of mechanisms for improving decision making for results. These could include strengthening the Sector Advisory Groups (SAG), engagement of non-state actors as third party monitors and maximising the use of the Joint Annual Review (JAR) as a forum for considering results. (**section 5.4**)
- NAC to include a review of donor commitments, as well as government performance, in the Joint Annual Reviews in order to open up mutual accountability to a wider scrutiny (**section 5.5**)

#### **6.2.5 Sustainable financing**

- NAC should :
  - (a) conduct a mapping of existing AIDS architecture/funding
  - (b). prioritise an assessment of the range of alternative domestic funding opportunities including the establishment of an AIDS Fund (**section 1.5**)

**TABLE 1 FULL LIST OF RECOMMENDATIONS BY TIME FRAME, TA REQUIRED AND RESPONSIBILITY**

| SECTION IN THE TEXT WHICH REFERS | ACTION   | TIME FRAME 2010 | TA REQUIRED | RESPONSIBLE PERSONS                          |
|----------------------------------|--|-----------------|-------------|--|
| 3.4<br><br>3.5                   | Develop new chart of accounts, including activity codes to aid financial reporting, Move to using Navision for payroll   | By end April    |             | FM-NAC                                       |
| 2                                | Develop jointly agreed JFA Templates for annual work plans, budgets, narrative reports and financial reports with agreed deadlines for submission.   | May             | STTA        | JFA Steering Committee ie NAC and CP jointly |
| 5.4                              | Enhance the TOR for the JFA Steering Committee so that the agenda includes an item on monitoring the response to enable emerging issues, current performance, new strategic direction etc to be discussed with the NAC senior management team. | May             |             | JFA Steering Committee ie NAC and CP         |

|     |  |   |      |                      |
|-----|--|---|------|----------------------|
| 6.1 | Development of the NAC Annual Plan 2011  | June-August <sup>2</sup><br>(submission to Council in August)             | STTA | NAC                  |
| 3.7 | Strengthening of NAC Performance Management system   | June  | STTA | Admin Manager<br>NAC |
| 5.5 | Include in the Joint Annual Review a review of donor commitments, as well as government performance, to open up mutual accountability to a wider scrutiny  | July  |      | NAC                  |
| 2   | Development of the NAC Strategic Plan 2011-2015.   | Strategic Plan will need to follow SNDP and NASF 2011-2015<br><br>Aug-Oct | STTA | NAC                  |
| 2   | Cooperating Partners (CPs) should provide technical support to NAC for the development of its Strategic Plan and Annual Work Plans through appropriate delegated CP participation in planning meetings | Annual Work Plan June-Aug<br><br>Strategic Plan Aug-Oct                   |      | CPs                  |

<sup>2</sup> Note : the tight time frame for 2010 ( see Annex 4) does not allow the NAC Annual Plan for 2011 to be prepared after the preparation of the NAC Strategic Plan, which needs to follow NASF 2011-2015. We recommend TA to support NAC in the preparation of the Annual Plan 2011 so that it is in more line with the NAC core mandate. Moreover the Annual Plan may be revised in line with the Strategic Plan, after preparation, as necessary.

|     |  |  |      |                                       |
|-----|--|--|------|---------------------------------------|
|     | and provision of STTA  |  |      |                                       |
| 3.1 | Participatory organisational review of NAC structures in line with its core mandate, to include creating a Finance Directorate, a senior planning position and considering the post of Deputy D-G. Conditions of service should also be reviewed | Aug-Nov                                    | STTA | NAC                                   |
| 5.4 | NAC and CPs should jointly consider a number of mechanisms for improving decision making for results.  | In context of developing NASF              |      | NAC and CPs                           |
| 2.1 | Develop a Performance Incentive scheme for NAC such that a % of the JFA funding can be released as unallocated money once agreed indicators have been achieved.  | In the context of developing JFA3, October | STTA | JFA Steering Committee ie NAC and CPs |
| 2.2 | Include in revised JFA a section on action in the event of a conflict between partners   | October                                    |      | NAC and CPs                           |

|     |   |                  |  |   |
|-----|---|------------------|--|---|
|     | and government over governance issues.  |                  |  |   |
| 3.3 | Rationalisation of bank accounts  | Completed by Dec |  | FM recommends to Council                          |
|     |   | <b>2011</b>      |  |   |
| 1.5 | (a) conduct a mapping of existing AIDS architecture/funding<br><br>(b). prioritise an assessment of the range of alternative domestic funding opportunities including the establishment of an AIDS Fund | 2011             |  | NAC and Ministry of Finance and National Planning |
| 5.2 | The JFA Steering Committee should provide some STTA to assist with harmonisation of the forthcoming Joint UN Programme on HIV and AIDS with the JFA processes   | 2011             |  | JFA Steering Committee ie NAC and CPs             |

## **ANNEX 1 TERMS OF REFERENCE**

### **Terms of Reference**

**Final - December 2009**

### **Review of the Joint Financing Arrangement of the National AIDS Council**

#### **Zambia**

#### **1.0 Background**

Zambia is one of Sub-Sahara Africa's country worst affected by HIV and AIDS and is experiencing the effects of a mature and generalised HIV epidemic. Prevalence rates are estimated at 16.2% among the 15-49 years age group. In an effort to fight the epidemic, the Government of Zambia has adopted a multi-sectoral response, articulated in the Fifth National Development Plan (FNDP) and the National AIDS Strategic Framework (NASF) and implemented based on six complementary themes:

- Intensifying Prevention of HIV,
- Expanding Treatment, Care and Support for PLWA,
- Mitigating the Socio-economic impact of HIV and AIDS,
- Strengthening the Decentralized Response by mainstreaming HIV&AIDS,
- Improving the capacity for monitoring and evaluation by all partners and
- Integrating Advocacy and Co-ordination of the Multi-Sectoral Response

The NASF sets out the national goal, objectives and interventions under each of the thematic areas and outlines the leadership and institutional structures to coordinate the response. The National AIDS Council (NAC) was established by Act of Parliament in 2002 to coordinate the multi-sectoral national HIV/AIDS response with functional decentralised structures at provincial and district levels, the Provincial AIDS Task Forces (PATFs) and the District AIDS Task Forces (DATFs). A high level Committee of Ministers on HIV/AIDS was also been put in place in 2005 to provide policy direction.

Both the FNDP and the NASF have had mid term reviews to assess implementation progress and results and to identify challenges to the national response. Findings show that while significant investment has been made and progress achieved, the national AIDS response remains heavily dependent on external resources. One source of funding for coordination of the present AIDS response is through the Joint Financing Arrangement (JFA) agreed in 2007 between Government of Zambia and 8 Cooperating Partners (CP's)<sup>3</sup> in line with the JASZ and to promote effectiveness and efficiency in the operations of NAC.

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<sup>3</sup> The signatories to the JFA are the USA, UK, UN, Sweden, Netherlands, Norway, Ireland and Denmark.

## Joint Financing Arrangement

The JFA is a co-ordinating mechanism which aims to reduce transaction costs through the provision of flexible pooled funding to NAC. The objective of the JFA is to contribute towards support to the national coordination of the NAC secretariat including the coordination of the implementation of the NASF in nine provinces of Zambia. The JFA support is intended to be used to continuously improve organizational and management capacity for a competent and efficient leadership and coordination of the multisectoral response as stated in the Annual Work plans and Budgets. In other words, the JFA is an important means for NAC to achieve its objectives. The first JFA was signed in 2005 with the support of \$5million and ended in 2007 when the current JFA was signed giving NAC increased financial commitment for the period 2007-2009. Currently Irish Aid is the lead donor.

Specifically, support through the JFA is aimed at strengthening NAC to carry out its mandate, articulated in the NASF as leadership and coordination, acting as a focal point for strategic information, and mobilising support for implementation of the national response to HIV/AIDS. The NAC Act sets forth a more detailed *list of tasks* that the NAC is mandated to carry out. These are;

- a. Support the development and co-ordination of policies, plans and strategies for the prevention and combating of HIV/AIDS, STI and TB;
- b. Advise the Government, health institutions and other organizations on the policies, strategies and plans to prevent and combat HIV/AIDS, STI and TB;
- c. Ensure the provision and dissemination of information and education on HIV/AIDS, STI and TB;
- d. Develop a national HIV/AIDS, STI, and TB research agenda and strategic plan which shall include the quest for a cure for HIV/AIDS as one of the research priorities;
- e. Support programmes relating to prevention, care, and treatment of HIV/AIDS, STI and TB;
- f. Mobilise resources to promote and support identified priority interventions including research in areas relating to HIV/AIDS, STI and TB;
- g. Provide technical support and guidelines to health and other institutions involved in the:
  - a. prevention and treatment of HIV/AIDS, STI and TB; and
  - b. care and support of persons infected with or affected by HIV/AIDS, STI and TB;
- h. Collaborate with other research institutions in relation to HIV/AIDS, STI and TB; and
- i. Undertake such other activities as are conducive or incidental to its functions under the Act.

Government is now in the process of developing the Sixth National Development Plan (SNDP) and the NASF for 2011-2015. The current JFA comes to an end in December 2009 and NAC together with CPs in the JFA have agreed to extend the current JFA for another

year (to end in December 2010) to allow for the completion of the process of development of the Sixth National Development Plan (SNDP) and the 2011-2015 NASF. A future JFA will be based on the SNDP and 2011-2015 NASF. However, NAC and the Cooperating Partners in the JFA have agreed to undertake a comprehensive JFA review to look into (i) the processes, performance, the systems and structures for support for NAC and for CPs, (ii) the effectiveness of the donor alignment and harmonization between NAC and CPs, (iii) ascertain the success of the current JFA and draw lessons and make recommendations for a future JFA.

## **2.0 Purpose**

The purpose of the review is three-fold:

- To assess the overall performance of the JFA in contributing to the effectiveness of NAC and provide direction for a future JFA.
- To assess the effectiveness of donor alignment, harmonisation and relationship with NAC.
- To assess the effectiveness of NAC in delivering its objectives while taking into consideration the appropriateness of NAC's systems and structures at central and decentralised levels.

## **2.1 Objectives**

Broadly the review will achieve the following objectives:

- I. Analyse and review the overall performance of the current JFA against objectives and targets.
- II. Review and assess the performance of NAC at central and decentralised levels and the extent to which it is effective in carrying out its mandate.
- III. Analyse wider sector and contextual issues including sustainability of AIDS financing, donor alignment and harmonisation and the extent to which it is contributing to the effectiveness of NAC.
- IV. Outline and provide recommendations for a future JFA.

### **Specific tasks**

In order to clearly meet the objectives of the review and the exact performance of NAC JFA, the review will specifically undertake the following assignments:

- Assess the performance of NAC and the extent to which it is effective in carrying out its mandate
- Analyse and review the overall performance of NAC under the current JFA

- Analyse wider sector and contextual issues including sustainability of AIDS financing, donor alignment and harmonisation (JASZ and the commitment by CPs to implement the principles of the Paris Declaration and the Accra Agenda for Action) and the extent to which it is contributing to the effectiveness of NAC
- Review extent and effectiveness of JFA partners' relationship with NAC
- Summarise recommendations for the next JFA, and the possible ways forward that ensure a strategic response in support of NAC by the JFA in line with achieving the NASF goal and objectives and in line with JASZ.

### **3.0 Approach and Methodology**

In carrying out the review, the consultants under the leadership of the team leader shall:

- (i) Carry out interviews and discussions with NAC, JFA and all other relevant stakeholders to assess the views and perspectives.
- (ii) Review and analyse all relevant documents including the 2006 JFA review document, JFA document, the FNDP, NASF and the mid term review reports of both, NAC annual reports, policy documents, Organisation Capacity Assessment Reports over 2007 and 2009, Sector Institutional Assessment report and all other documents.
- (iii) Carry-out field visits to and interview a representation of sub-national structures (DATFs and PATFs) and community leaders.
- (iv) Prepare draft report to NAC and JFA CPs.

### **4.0 Timeframe**

It is envisaged that the process for the review will commence in mid January 2010 and be completed within 30 calendar days.

### **5.0 Consultant (s) requirements**

The review team will comprise three consultants. The *team leader*, an international development consultant, will have proven record of undertaking similar works and at least 10 years experience in the following areas:

- Review of national policies and strategic plans combined with good understanding of HIV/AIDS in development context.
- Detailed understanding of approaches and instruments to development assistance particularly pooled of joint funding arrangements and the links to broader development processes such as strategic planning and result based management and result based management
- Institutional Analysis and management with a special focus on public sector institutions.

The *second consultant* will be a local or regional consultant with expertise in institutional and organisational development, systems and procedures who has at least 6 years of experience in the following areas:

- Organisational and systems analysis of public institutions.
- Decentralisation processes.
- Human resources management.
- Monitoring and evaluation.

The *third consultant* will also be a local or regional consultant with expertise in financial management and should also have at least six years experience in the following areas:

- Review of financial management systems for the public sector organisation
- Approaches to management of multiple funding arrangements and linking it to strategic plans
- Financial systems, including accounting, reporting and auditing
- Resource mobilisation

## **6.0 Output**

The output of the review will be:

1. A preliminary report addressing the objectives and tasks as outlined in the TOR (not more than 30 pages)
2. A dissemination meeting with the JFA partners
3. A final report with clear recommendation for a future JFA
4. A draft JFA document

## **7.0 Management arrangements**

The review will be directly funded by JFA CPs and the consultants will be selected and managed by a joint steering committee (consisting of representatives from NAC and CPs).

## **ANNEX 2**

### **Persons seen**

#### **National AIDS Council**

Bishop Joshua HK Banda, Chair of Council

Dr BU Chirwa, Director General

Dr Alex Simwanza Director, Prevention and Multisectoral Response

Dr Oswald Mulenga Director, M & E and Research

Joseph Ngulube, Finance Manager

Dr Michael Gboun, UNAIDS M&E Advisor

Dr Naomi Hamada, JICA HIV/TB Programme Coordinator

Bruno Mweemba, Accountant

Bright Lengalenga, Internal Auditor

Nachilima M Felisho, Administrative Officer

Gladys Ngoma, PPP Focal Point

Mwilu Mumbi CSO Coordination

Joan Nkama Administrative Manager

Justine Mwiinga Donor Coordinator and PR Manager

Maxwell Muteteka Treatment, Care and Support Specialist

Dr Charles Shumba Vice-Chair, Treatment, Care and Support Theme Group

#### **Ministry of Health**

Dr VC Matonga, Permanent Secretary

Dr E Chizema, Acting Director Technical Support

Adam Lagerstedt Policy Advisor to the Permanent Secretary

Henry Kansembe, Chief Planner – Planning & Budgeting

#### **Ministry of Finance & National Planning**

Belinda Lumbala, Principal Planner

#### **Office of the Auditor General**

Davison Mendamenda, Deputy Auditor General

Evelyn Mutandwa, Principal State Auditor

Brigit Mkuyamba, Director of Human Resources

#### **Decentralised level**

Chibombo District

Colonel Chabakale, District Commissioner

Michelle Kanene District AIDS Coordinator (DACA)

Central Province

Cheelo Loyford, Provincial AIDS Coordinator (PACA)

Chongwe District  
Lucia Banda DACA

**Civil Society**

Alliance Zambia  
Olive Chiboola, Executive Director  
Lilian Byers, Programme Director  
Timothy Mbewe Child Specialist

KNAN  
Mrs E Mataka, Executive Secretary

NZPlus+  
Richard Sikananu, Executive Director  
Raymond Mwanja Finance and Admin Manager  
Kunyima L Banda

**Co-operating Partners**

Peter de Haan, Royal Netherlands Embassy

Dr Amaya Gillespie, UNAIDS Country Coordinator

Gerry Cunningham Head of Development Cooperation, Irish Aid  
Bronagh Carr, Development Specialist, Irish Aid  
Patricia Malasha, HIV/AIDS Advisor Irish Aid

Kristie Mikus Embassy of the United States, PEPFAR Country Coordinator  
Ian Milimo Project Manager PEPFAR  
Randy Kolstad USAID (by phone)

Angela Spilsbury, Human Development Team Leader, DFID

Namayuba Chiyota, Programme Officer, Royal Norwegian Embassy

Peter Jul Larsen, Minister Counsellor, Royal Danish Embassy  
Helge Moustsen, Finance Officer, Royal Danish Embassy  
Rona Lubinda, HIV/AIDS Programme Officer

## ANNEX 3

### Examples of templates

#### SUGGESTED PLANNING AND REPORTING FORMAT

##### Format of Plan

| NAC Strategic Plan Objective   | Main Activity   | Sub-activity   | Output                                   | Verifiable indicator  | Completion date | Person responsible | Budget (ZMK) | Source of funds |
|--|---|--|--|---|-----------------|--------------------|--------------|-----------------|
| To co-ordinate targeted prevention & BCC policy planning & interventions | Co-ordinate high impact prevention interventions based on latest evidence | Disseminate the Nat. HIV prevention strategy, condom strategy and new evidence on the 6 drivers in all provinces | Strategies disseminated in all provinces | Number of provinces where strategies have been disseminated | 31 December     | BCC specialist     | 354,030,000  | JFA             |

**Report format**

| Date         |        |                   |                   |          |                    |                    |          |
|--------------|--------|-------------------|-------------------|----------|--------------------|--------------------|----------|
| Sub-activity | Output | Target VI to date | Actual VI to date | Variance | ZMK Budget to date | ZMK Actual to date | Variance |
|              |        |                   |                   |          |                    |                    |          |

Notes

**ANNEX 4****Suggested planning and reporting schedule for NAC JFA**

| <b>Date</b>     | <b>Old Year Event</b>   | <b>Action</b>                                 | <b>Action By</b>          | <b>New Year Event</b>   | <b>Action</b>                | <b>Action by</b> |
|-----------------|---|---|---------------------------|-------------------------|------------------------------|------------------|
| 31 Dec          | End of the financial year   | Accounts to be closed                         | FM                        | Start of financial year | NAC receives budget from MOH | MOH<br>FM        |
| 31 Jan          |   | M&E figures to 31 Dec to be returned to NAC   | DACAs,<br>PACAs<br>Others |                         |                              |                  |
| Mid-Mar         | M&E analysis for annual report  | M&E figures to be collated by NAC             | M&E                       |                         |                              |                  |
| Mid-Mar         | Draft Final accounts to be produced                                     | NAC to produce draft final accounts for audit | FM                        |                         |                              |                  |
| March           | Meeting of Partnership Forum  |   |                           |                         |                              |                  |
| 31 March        | Draft annual report and unaudited final accounts to be submitted to CPs |   | FM<br>M&E                 |                         |                              |                  |
| 2 <sup>nd</sup> | JFA meeting   | NAC and                                       | DG                        | <b>Decision on</b>      | <b>TORs and</b>              | <b>NAC</b>       |

|             |                                  |   |                         |  |  |                  |
|-------------|----------------------------------|---|-------------------------|--|--|------------------|
| week April  |                                  | CPs consider draft annual report & accounts | CPs                     | <b>TA for prep. Of NACSP 2011-15</b>                 | <b>funding agreed for TA</b>                       | <b>&amp; CPs</b> |
| End April   |                                  |   |                         | MOH meeting to prepare technical planning guidelines | NAC to attend meeting                              | NAC F&P          |
| April - May | External audit of final accounts | Auditors conduct audit of final accounts    | FM<br>External Auditors |  |  |                  |
| Early May   |                                  |   |                         | MOH issues financial ceilings                        | NAC starts prep. Of annual work-plan with partners | NAC F&P          |
| May         |                                  |   |                         | <b>NACSP 2011-15 preparation starts</b>              |  |                  |

Zambia Review of Joint Financing Agreement

|            |  |                                  |              |                               |   |  |
|------------|--|----------------------------------|--------------|-------------------------------|---|--|
|            |  |                                  |              |                               |   |  |
| 31<br>May  | Final accounts audit report produced   | Final audited accounts complet'd | Auditor      |                               |   |  |
| 31<br>May  | M&E final report produced  |                                  | M&E Director |                               |   |  |
| Mid-June   | Annual report presented to NAC Council                                       |                                  | DG           | MOH national planning meeting | NAC to share its planning intentions with MOH |  |
| 30<br>June | NAC Annual Report submitted to Minister in accordance with Sec 18 of the Act |                                  | DG           |                               |   |  |
| 30<br>June | NAC Annual Report submitted to Partners                                      |                                  | DG           |                               |   |  |

Zambia Review of Joint Financing Agreement

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|                      |   |                           |                            |  |  |   |
| July                 | NAC report for Jan-June submitted to Partners |                           | FM<br>ME<br>Others         |  |  |   |
| Mid-July             | Joint Annual Perf. Review                     | To include session on JFA | NAC<br>Partners and others | <b>NACSP drafted &amp; costed</b><br><br>NAC & CPs agree priorities for annual workplan  |  | NAC & CPs<br><br>NAC & CPs                              |
| Aug                  |   |                           |                            | <b>NAC &amp; CPs agree draft NACSP</b><br><br><b>Negotiat's start on JFA3 2011-15</b><br><br>NAC/JFA partners finalise annual plan/budget<br><br>NAC Council approves annual plan/budget |  | NAC & CPs<br><br>NAC & PPs<br><br>NAC & CPs<br><br>NACC |
| 2 <sup>nd</sup> week | Meeting of Partnership                        |                           |                            | <b>NACSP submitted to</b>  |  | DG  |

|            |                               |  |           |   |                                |         |
|------------|-------------------------------|--|-----------|---|--------------------------------|---------|
| Sept       | Forum                         |  |           | <b>Council</b><br><br>NAC to submit annual plan/budget to MOH   |                                | NAC F&P |
| End Sept   |                               |  |           | MOH submits its plan/budget inc. NAC plan to MFNP   |                                |         |
| Early Oct. | NAC prepares report July-Sept |  | FM<br>M&E | Possible adjustments to annual plan/budget required by MFNP<br><br>Revised annual plan/budget submitted to MFNP<br><br>MFNP submits plans/budget to Cabinet | NAC to adjust plan if required |         |
| Oct - Dec  |                               |  |           | Budgets debated in Parliament   |                                |         |

Zambia Review of Joint Financing Agreement

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|--------------------------------|--|--------------------------|--|-----------------------------------|--|--|
| Nov                            | Meeting<br>NAC/JFA<br>partners                   | To firm up<br>disburs'ts |  | <b>To agree JFA<br/>3</b>         |  |  |
| 2 <sup>nd</sup><br>week<br>Dec |  |                          |  | Parliament<br>approves<br>budgets |  |  |
| 30<br>June<br><b>2011</b>      | NAC submits<br>final report<br>on JFA to<br>CPs. |                          |  |                                   |  |  |

## ANNEX 5

### Documents Reviewed

DFID (2008) Project Completion Report for STARZ programme of support to NAC

JFA 2007-2009 NAC and Partners

Joint Assistance Strategy for Zambia ( JASZ) 2007-2010 April 2007

Morah, E and M. Ihalainen (2009) '*National AIDS Commissions in Africa: Performance and Emerging Challenges*' Development Policy Review 27(2), pp185-214

NAC 2009 Action Plan and Budget

NAC 2010 Action Plan and Budget (draft)

NAC Chart of Accounts

NAC Creating a National HIV And AIDS Fund In Zambia Mwale and Phiri Southern Africa Research Institute

NAC Guidelines for Budget & Work Plan Preparation for 2010.

NAC Management Accounts 1 July to 31 December 2009

NAC Summary Action Plan 2007-2009

NAC/SHARE 2007-2009 Baseline and First Follow up Organisational Capacity Assessment Report for the National HIV/AIDS/STI/TB Council in Zambia

National AIDS Council (2006) National HIV and AIDS Strategic Framework

National AIDS Council 2009(a) Joint Mid-Term Review of the National AIDS Strategic Framework 2006-2010

National AIDS Council 2009 (b) A Supplement to NASF 2006-2010 Based on Joint Mid-Term Review held in 2008

National AIDS Council 2009 (c) National HIV Prevention Convention: Securing Zambia's Future

National AIDS Council Annual Progress Report January 2009-December 2009

National HIV and AIDS Fund Study Tour (Mozambique & Zimbabwe) Report October 2008.

OECD (2005) Paris Declaration on Aid Effectiveness

OECD (2008)Accra Agenda for Action

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Ollier, L and R. Siamwiza (2006) Review of the Joint Financing Agreement for the Zambian National HIV/AIDS/STI/TB Council DFID Health Resource Centre

Republic of Zambia Joint Financing Agreement Regarding the Implementation of the National AIDS Council Strategic Plan 2007-2009

Republic of Zambia Ministry of Finance and National Planning (2009) Mid-Term Review of the Fifth National Development Plan

UNAIDS 2004-2005 Mainstreaming Strategy Note

UNAIDS 2009 AIDS Epidemic Update

UNAIDS et al 2009 Zambia HIV Prevention Response and Modes of Transmission Analysis

Zambia National AIDS spending Assessment for 2005 and 2006. Technical Report. Ministry of Health and National AIDS Council

