



Independent observer
of the Global Fund

KwaZulu Natal - the Saga Continues

No resolution has yet been reached regarding the Global Fund's disputed grant to KwaZulu Natal (KZN), one of South Africa's nine provinces. The grant, for \$72 million over 5 years, was approved in Round One, eight months ago.

The KZN proposal emerged from a joint project by the Nelson Mandela Medical School of the University of Natal, the KZN Department of Health, the Durban Chamber of Commerce, the National Association of People Living with AIDS, the Harvard AIDS Institute, and others. Dr. Richard Marlink, head of the Harvard AIDS Institute, told GFO that he had heard that members of the Fund's Technical Review Panel "thought the KZN submission was among the best of the submissions they had seen" in the Round One proposals. The proposal provides for various forms of HIV/AIDS prevention, care and treatment, including the expansion of antiretroviral therapy for health-care workers and three other population groups. (The Harvard AIDS Institute would be involved in the project but would not receive any of the grant money.)

The dispute over the grant involves three parties – two that have been disagreeing (the Global Fund, and the South African government) and one that has been keeping low waiting for the disagreement to be resolved (KZN).

The Fund has a policy that in most circumstances, proposals to the Fund must be submitted by national CCMs, or by sub-national CCMs approved by the national CCM. When the call for proposals was issued for Round One, South Africa's Finance Minister, Trevor Manuel, said that South Africa did not need the Fund's money – "It will assist in some developing countries, but it's not an issue in South Africa." Accordingly, no South African CCM was created. KZN therefore developed its own proposal, which it submitted direct to the Fund.

After KZN had submitted its proposal to the Fund, and just a few days before the closing date for

applications, the South African government shifted its position, declaring that the South African National AIDS Council (SANAC) would serve as the national CCM (though it was later pointed out that the terms of office of the SANAC members had all expired). The national CCM then submitted a separate \$93 million proposal of its own.

The South African government then put considerable pressure on KZN to withdraw its proposal, which it did – but too late to prevent the Global Fund from approving both the KZN proposal and the South African proposal. South Africa’s Health Minister, Manto Tshabalala-Msimang, then insisted that the KZN grant should be distributed “equitably” among all nine provinces, but the Fund declined. (The Fund’s position was that either the grant should be used for the purposes described in the original proposal, or the grant should be cancelled, leaving South Africa free to submit a modified proposal in a later round.) Dr. Tshabalala-Msimang then complained that the project would devote an inordinate percentage of its expenditure to vehicles. (Project representatives responded that only 0.4% of the allocation was for vehicles, to reach patients in inaccessible rural areas.)

Four months ago, Dr. Tshabalala-Msimang met with the Fund’s Richard Feachem to discuss the impasse. In a statement issued afterwards, both parties “agreed to keep the public and all relevant stakeholders informed regarding progress on the issues, and to work tirelessly to find quick and lasting solutions to these challenges, but not to conduct these discussions via the media.” Nothing more has been heard publicly, though project representatives remain hopeful.

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