

CHAIRMAN'S STATEMENT

1.0 INTRODUCTION

I take great pleasure in reporting on the audited financial statements of National AIDS Council for the year ended 31st December 2010. The Council helped the country to cover ground in scaling up access to HIV & AIDS services in Zimbabwe.

2.0 OPERATING ENVIRONMENT

The operating environment was characterized by both economic and political stability. The economy registered growth of 8% compared to 5% in 2009, a development that resulted in increased AIDS Levy collections. Inflation for the year was 2.7%. The marginal increase in prices of goods and services kept plans realistic and made implementation of activities more predictable.

The world economic recession experienced in 2009 resulted in the reduction in funding of national multi-sectoral response to HIV by funding partners. In the process some implementing partners folded their operations leaving gaps that were not covered.

REGULATORY FRAMEWORK

The Council was established by Act of Parliament Chapter 15:14. It also administers the National Trust Fund (NATF). The fund is commonly referred to as AIDS levy and is 3% of pay as you earn (PAYE) and 3% of income tax levied on companies. The levy is collected on behalf of the Council by Zimbabwe Revenue Authority (ZIMRA) and remitted to NAC on a monthly basis.

The 2010 financial statements have been prepared in compliance with the provisions of the Public Finance Management Act (Chapter 22:19), the National AIDS Council Act (Chapter 15:14) and International Financial Reporting Standards (IFRS).

Resources in the NATF are utilized according to percentages that were set by the NAC Board for each thematic area, which are as follows Prevention 10%, Care and Treatment 50%, Enabling Environment 5%, M&E, Programme Management and Coordination 6% and

Programme logistics and support 29%. Grants from donors are used in line with the specific grant agreements.

The Council procurements are guided by the State Procurement Board Act. The turn-around time for procuring high value items particularly medicines and medical equipment averages three months and the funds earmarked for these procurements are invested in the money market to allow the due procurement processes to be concluded/finished.

3.0 FINANCIAL PERFORMANCE

The total income that accrued during the period under review was \$39.9 million compared to \$21.3 million in the previous year. Of the \$39.9 million \$20.5 million came from the AIDS levy compared to \$5.7 million in the previous year. The 259% increase in the collections was mainly through the increased capacity utilization by industry and commerce. I want to applaud the law abiding citizens and corporates who paid their individual and corporate taxes on time for this remarkable achievement.

The donor community brought in \$18.7 million compared to \$15.6 million in 2009. Global Fund to fight AIDS, TB and Malaria contributed \$17.4 million compared \$14.3 million of this amount in the previous year. I wish to register my appreciation to the donors who brought into the country resources to help us respond accordingly to the pandemic.

Total expenditure stood at \$42.8 million compared to \$11.3 million in 2009. I am however pleased to note that 79% (\$33.9 million) of this expenditure was on activities HIV & AIDS response initiatives. The two major components of the response namely prevention and care and treatment accounted for \$9.4 million and \$22.1 million respectively of the \$39.3 million.

RESPONSE TO HIV & AIDS

The Country has 1.2 million people living with HIV with a prevalence rate of 13.6% compared to 14.3% in 2009. New infection dropped significantly to 0.85% during the period from about 1% the previous year. 347 172 people against the total of 593 168 people who are in urgent need of treatment were on treatment. The number of people who needed ARVs treatment increased

because of change of treatment guidelines by World Health Organisation (WHO) during the course of the year. The new guidelines require patients with CD4 count level of 350 to be initiated on treatment as compared to CD4 count of 200 previously used. The 347 172 patients who were on treatment were funded as follows Global Fund 35%, US Government 18%, Expanded Support Programme led by the Department of International Development (DFID) United Kingdom 22%, AIDS Levy 24% and others including private sector 1%. It is sad to note that 76% of our patients on treatment were funded by donors.

4.0 CORPORATE GOVERNANCE

NAC is committed to the highest standards of good corporate governance based on the principles of openness, integrity and accountability. All dealings with stakeholders were done professionally in consideration of their interests as well. The Board Members consistently attended both Board and Committee meetings throughout the year.

The NAC Board was fully constituted during the year with all its Board Committees functional. NAC has 4 Committees namely; The Executive Committee (ExCom), The Finance, Audit and Administration Committee (FAAC); The Operations, Research & Disbursement Committee (ORD) and the Advocacy and Public Relations Committee (APR). The terms of reference of each Committee are clearly defined.

The Executive Committee

The Committee was made up of 4 non-executive Directors, comprising of the NAC Board Chairman and Chairpersons of the three other committees of the Board. The key function of the committee was to dispatch urgent Board business that arises between Board sittings.

Membership- Reverend Dr M. C. Kuchera (Chairman), Dr P.S. Makurira (Vice Chairman and Chairman of Operations, Research and Disbursement Committee, Mr. D. Mutambara Chairman Public Relations & Communications Committee, Ms. C. Chitiyo Chairperson Finance Audit and Administration Committee and Dr T Magure NAC Chief Executive Officer.

Finance, Audit and Administration

It is made up of 3 non-executive directors and the NAC Chief Executive Officer. *Internal and External auditors have unrestricted access to the Committee. The major responsibilities of the Committee are:*

- a) Review of the Accounting Policies, procedures in line with international Accounting and Financial Reporting standards the NAC Act and the Public Finance Management Act.*
- b) Report on the financial performance of the Council*
- c) Review internal controls and risk management system.*
- d) Supervise the Internal Audit function*
- e) Overseeing the engagement, performance and independence of external auditors.*

Membership: Ms C Chitiyo (Chairperson) Mr. B. Mazhindu, Brigadier General (Dr) G. Gwinji - Permanent Secretary Ministry of Health and Child Welfare , Mr. R. Majongwe. Dr T Magure – Chief Executive Officer.

Operations, Research and Disbursement Committee

Is made up of 3 non executive Directors and NAC Chief Executive Officer. Its key functions are:

- a) Coordinate the implementation of the national response in line with the national strategic framework.*
- b) Monitoring and evaluating programmes and intervention being used in the national response.*
- c) Overseeing the engagement and performance of researchers in the national response.*
- d) Leading and coordinating the review and development national strategy on HIV & AIDS.*

Membership: Dr. P.S. Makurira (Chairman), Mr. B. Nyathi, Mr. D. Ngwenya and Dr. T. Magure – Chief Executive Officer.

Public Relations and Advocacy Committee

3 non executive Directors and *NAC Chief Executive Officer* make up the committee. The key functions of the Committee are:

- 1) Enhance the image of the Council
- 2) Advocating and lobbying for enabling environment for the national response to HIV & AIDS.

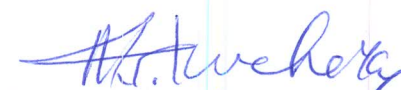
Membership: Mr. D. Mutambara (Chairman), Ms. B Tonhodzayi-Ngondo, Mrs. F Mashavave, Dr T Magure.

5.0 HUMAN RESOURCES

Human resources remain a critical factor in the success of the national response. The Board took a deliberate effort to retain all critical staff. Various staff development activities were undertaken to ensure continuous skills development and capacity strengthening of the organization.

6.0 OUTLOOK

The development of national strategic framework, Zimbabwe National AIDS Strategic Plan 11 (ZNASP II) to lead the nation on how respond to HIV & AIDS in the next five years (2011-15) is near completion after a year of intense consultations. The strategy is targeting zero new infections, zero AIDS related death and zero discrimination.



Rev Dr. M. C. Kuchera

BOARD CHAIRMAN

31st October 2010