

DFID - China

# **The CHARTS Project**

China AIDS Roadmap  
Tactical Support Project:

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# ACRONYMS AND ABBREVIATIONS

ACWF	All China Women's Federation
AIDS	Acquired Immuno-deficiency Syndrome
ARV	Anti-Retroviral drug
AusAID	Australian Agency for International Development
CASAPC	Chinese Association of STD and AIDS Prevention and Control
CASS	Chinese Academy of Social Sciences
CCDC	China Centre for Disease Control
CCM	Country Co-ordinating Mechanism
CNAO	China National Audit Office
CSO	Civil Society Organisation
DDC	Department for Disease Control
DFID	UK Department for International Development
GDP	Gross Domestic Product
GFATM	Global Fund for AIDS, TB and Malaria
GIPA	Greater Involvement of People Infected with or Affected by HIV/AIDS
GOC	Government of China
HIV	Human Immuno-deficiency Virus
IDU	Injecting Drug User
IEC	Information, Education and Communication
ILO	International Labour Organisation
IPPF	International Planned Parenthood Federation
M&E	Monitoring and Evaluation
MCH	Maternal and Child Health
MDG	Millennium Development Goal
MOC	Management Oversight Committee
MOFTEC	Ministry of Commerce of People's Republic of China
MOH	Ministry of Health
MSM	Men who have Sex with Men
NCAIDS	National Centre for AIDS Prevention and Control
NCSTD	National Resource Centre for STD and Leprosy control & Prevention
NGO	Non-governmental organisation
NIHE	National Institute for Health Education
NPC	National People's Congress
OSC	Oversight Committee
OVI	Objectively Verifiable Indicator
PHA	People living with HIV/AIDS
RMB	Chinese unit of currency; also known as Yuan
SCAWC	State Council AIDS Working Committee
STI	Sexually Transmitted Infection
SW	Sex Worker
TB	Tuberculosis
UN	United Nations
UNAIDS	United Nations Joint Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNGASS	United Nations General Assembly Special Session on HIV/AIDS
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
USAID	United States Agency for International Development
US CDC	United States Center for Disease Control
WHO	World Health Organisation

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# 1. SUMMARY

1.1 The project will give short-term support to promote better planning and co-ordination among Chinese and international partners, based upon the challenges and recommendations set out in the June 2003 Joint Assessment Report.

1.2 The Project will address constraints outlined in the UN/GoC Joint Assessment Report by supporting existing Chinese institutions to refine the systems and processes necessary to launch a viable, scaled up response to HIV/AIDS. The Project will focus on four key recommendations of the Report: 1) strengthening leadership and co-ordination of HIV/AIDS responses at national level; 2) improving mechanisms for exchanging and using information 3) enhance the capacity for implementation and monitoring at provincial and sub-provincial level and 4) mobilising necessary resources and utilising them more effectively.

1.3 First, the project will support activities to promote strengthened leadership and co-ordination, providing technical assistance to help Chinese agencies to clarify their roles and responsibilities, supporting joint planning processes and supporting organizations to improve policy analysis and reform. The project will provide financial and technical resources to the SCAWC to build its planning and co-ordination functions and promote greater involvement of CSOs in China's response to HIV/AIDS.

1.4 Second, the project will support mechanisms for exchanging and using information. It will support China's technical agencies to disseminate national and international best practice more efficiently and develop existing research and information networks.

1.5 Third, the project will enhance the capacity of provincial and local governments to implement and monitor interventions effectively by supporting advocacy and training to officials. It will develop mechanisms for improved needs-based planning and provide support to develop mechanisms for sharing technical guidance at provincial and local levels.

1.6 Fourth, the project will support on-going initiatives to mobilise and deploy human, technical and financial resources more appropriately. The project will build on existing research programmes to identify resource needs more accurately, and support agencies to allocate resources more efficiently.

1.7 HIV prevalence in China is still relatively low, estimated at 0.11% in the adult population. However, the country is experiencing increasingly rapid spread of HIV and, given the size of its population, will need to act quickly if it is to contain the epidemic at a manageable level. According to NCAIDS estimates, 1 million Chinese people have been infected with HIV and without effective preventive action this figure could rise to 12 million by 2010. If, however, effective interventions are scaled up quickly, this figure could be reduced to 2.2 million.

1.8 In the last few years the government has demonstrated growing commitment to launching an expanded, multisectoral response to HIV/AIDS. The current framework for the government's response to HIV/AIDS is in two documents – the "Chinese National Medium and Long Term Strategic Plan for HIV/AIDS Prevention and Control" (1998), and the "China HIV/AIDS Containment, Prevention and Control Action Plan" (May 2001). Both plans promote a multisectoral approach to HIV/AIDS prevention and control.

1.9 China has also created an institutional framework to tackle the epidemic, which includes a high-level multi-sectoral State Council AIDS Working Committee (SCAWC), its executive office (SCAWCO), as well as technical agencies and co-ordinating bodies at national and provincial level.

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1.10 Despite this progress, a 2003 GoC/UN Joint-Assessment report outlined a number of constraints to launching an effective, expanded response, including poor co-ordination, low awareness among key officials, weak capacity to implement national policies at provincial level and lack of resources. Though the national government has greatly increased funding in recent years, the combined total of national and provincial funding still represents only a fraction of the estimated funds necessary for an effective response.<sup>1</sup>

1.11 The international community is funding a number of HIV/AIDS interventions – particularly pilots and demonstration projects. However, with the government’s growing commitment to addressing the issue, international partners are now interested in supporting strategic initiatives to scale-up existing responses.

1.12 In the last year, considerable progress has been made in Chinese/international collaboration on HIV/AIDS. A Roadmap for joint strategic planning has been agreed, designed to strengthen GoC leadership in its decision-making and capacity to mobilise resources. A 2003 GoC/UN Joint-Assessment Report outlined the key barriers to mounting an effective response and made eight major recommendations. This project is designed to support these initiatives.

1.13 A joint GoC-UN-DFID working group developed this project memorandum. It has strong ownership from SCAWCO and MoH and places a strong emphasis on collaborative DFID-UN/expanded theme group support of GoC efforts. The goal of the proposed China AIDS Road-Map Tactical Support (CHARTS) Project is to accelerate the achievement of the HIV Millennium Development Goal in China. The purpose is to develop China’s strategic capacity to deliver an effective, co-ordinated response to HIV/AIDS. The project’s four outputs map directly to four recommendations in the Joint Assessment Report that address management and information issues.

1. Strengthened leadership and co-ordination at national level.
2. Mechanisms for information exchange and utilization developed and operationalised.
3. Enhanced capacity for implementation at provincial and sub-provincial levels.
4. Resource requirements mobilized and utilized.

1.14 The time frame for this project is three years, including a three month start up period to allow time for the SCAWCO to develop an initial work-plan and to complete the tendering process for the Resource Centre. Subject to the project’s successful implementation, further DFID funding may become available to address other Joint Assessment Report’s recommendations, particularly scaling up prevention and care interventions.

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<sup>1</sup> In 2002, a team lead by NCAIDS projected that China would need US\$395 million (3.24 billion RMB) between 2001 and 2005 to achieve “reasonable coverage” of prevention programmes alone.

## 2. LOGICAL FRAMEWORK

Narrative Summary	Objective, verifiable indicators	Means of verification	Assumptions
<p>Goal: To accelerate the achievement of the HIV MDG in China</p>			
<p>Purpose: To develop China's strategic capacity to deliver an effective, co-ordinated response to HIV/AIDS.</p>	<p>Institutional responsibilities clarified and implemented.</p> <p>Monitoring and evaluation system developed which meets local requirements and matches international best practice.</p> <p>Relevant technical knowledge and skills available.</p> <p>Overall resource framework agreed and implemented.</p>	<p>Independent assessment of changes in institutional roles and activities</p> <p>Policy review</p> <p>Budgeted plans and resource allocation for HIV/AIDS</p>	<p>New government continues to give priority to HIV/AIDS.</p>
<p><b>Output 1: Strengthened leadership and co-ordination of HIV/AIDS responses at national level</b></p> <p><u>Indicative activities</u> Clarify leading roles and responsibilities of key national and provincial agencies in China's response to HIV/AIDS and evaluate mechanisms for improving cooperation across sectors.</p> <p>Strengthen planning and co-ordinating capacity of the</p>	<p>1.1 Key government agencies at national, provincial levels develop and implement effective multisectoral strategic plans, work plans, and monitoring and evaluation.</p> <p>1.2 Co-ordinated planning and implementation of the national response among and between government, civil society and the international partners.</p>	<p>Review of policy-related data and research</p> <p>Strategic plans, workplans and budget allocations</p> <p>Training reviews</p> <p>National and provincial SCAWC reports</p> <p>Sectoral plans</p>	<p>Government at all levels willing to support genuine involvement of civil society organisations, vulnerable and affected populations</p>

<p>SCAWC and implementing agencies including capacity to identify technical/ knowledge gaps and source, contract and manage technical assistance.</p> <p>Evaluate lessons learned from existing planning process and its implementation. Support further extension, including annual planning and development of second 5-year plan.</p> <p>Strengthen the national monitoring and evaluation system by providing financial and technical support to integrate UNGASS recommendations with existing approaches.</p> <p>Support Chinese institutions to review current policy and law on HIV/AIDS.</p> <p>Improve linkages between domestic and international initiatives.</p> <p>Develop mechanisms to increase NGO, PHA and private sector involvement in China's response to HIV/AIDS</p>	<p>1.3 Monitoring and supervision system which meets local requirements and matches international best practice</p>	<p>International partner co-ordinating mechanism reports</p> <p>Review of policies</p> <p>Meeting reports</p> <p>Key informant interviews</p>	
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<p><b>Output 2: Mechanisms for information exchange and utilization developed and implemented</b></p> <p><u>Indicative Activities:</u> Support development of a strategic plan for managing and disseminating information on HIV/AIDS.</p> <p>Support collection of data for evidence-based planning and policy, including</p>	<p>2.1 National strategy and guidelines for information management of HIV/AIDS.</p> <p>2.2 Knowledge and skills training and support for government and the media available at national and provincial levels.</p>	<p>Strategy and guidelines for AIDS information</p> <p>Training reports</p> <p>Survey of journalists</p> <p>Resource centre reports</p> <p>Policy and media</p>	<p>Evidenced-based decision making is becoming the practice of the government agencies.</p> <p>The importance of scientific and accurate information is recognized for advocacy and</p>
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<p>epidemiological, socio-economic and financial information.</p> <p>Identify gaps and priorities for future research; and fund strategic research programme.</p> <p>Evaluate the outcomes, impact, costs and constraints of key Chinese interventions, including CARES.</p> <p>Synthesize the experiences and lessons learnt from HIV/AIDS pilots and disseminate best practice.</p> <p>Improve capacity at national and local levels to provide government and the media with regular and up-to-date information about HIV/AIDS.</p> <p>Improve understanding of HIV/AIDS issues of key journalists, editors and producers at national and provincial</p> <p>Develop and disseminate policy and media briefs targeted at key audiences.</p> <p>Identify and support influential individuals who are willing and able to conduct effective advocacy on issues around HIV/AIDS.</p>	<p>2.3 Networks of qualified institutions for synthesizing and disseminating best practices.</p>	<p>information produced</p> <p>Key informant interviews</p>	<p>decision making.</p>
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<p><b>Output 3: Enhanced capacity for implementation and supervision at provincial level and below</b></p> <p><u>Indicative activities</u> Advocacy and training of provincial, local and party officials to integrate HIV/AIDS into multi-sectoral planning, policy and management processes.</p> <p>Strengthen provincial Leading Groups and related management teams and increase planning, co-ordinating and monitoring capacity in seven provinces</p> <p>Strengthen capacity for providing and sharing technical guidance at provincial level (including China CARES).</p> <p>Develop mechanisms to involve vulnerable groups in policy, planning and implementation at local and provincial level.</p>	<p>3.1 HIV/AIDS included in policies, planning and management by government officials at provincial and local level.</p> <p>3.2 AIDS training included in party schools at various levels</p> <p>3.3 Necessary staff allocated and capacity building programmes in place</p>	<p>Government plans and budgets</p> <p>Review of materials developed, meeting reports and other documentation</p> <p>Review of staff deployment and development activities</p> <p>Review of monitoring data, records and surveys.</p>	<p>Activities to be followed up by strategic planning.</p> <p>Activities will be carried out in locations where advocacy and sensitisation activities have been successful.</p> <p>Overall M&amp;E system to draw on data generated by surveillance system</p>
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<p><b>Output 4: Resource requirements mobilised and utilised</b></p> <p><u>Indicative activities</u> Estimate need for different kinds of resources for short-term and long-term HIV/AIDS prevention and control.</p> <p>Research the social and economic impact of HIV/AIDS in different areas and regions.</p> <p>Develop evidence-based</p>	<p>4.1 Financial and human resource estimates developed, accepted and used for advocacy and planning.</p> <p>4.2 Methodologies for researching social and economic impacts of HIV/AIDS at provincial and sub-provincial level developed and initial results accepted by national and provincial authorities.</p>	<p>Research reports</p> <p>Meeting/ advocacy event reports</p> <p>Review of policy and programme documents.</p> <p>Mapping of resources</p> <p>Training reports</p> <p>Financial reports</p>	<p>Unit costs developed from pilot programmes accepted as representative reports</p> <p>Consensus obtained on packages of activities required</p> <p>Policy priorities use cost effectiveness data</p> <p>Advocacy efforts</p>
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<p>consensus on most appropriate and cost effective packages of interventions</p> <p>Develop an overall fund-raising policy and strategy.</p> <p>Identify responsibilities and strengthen the efficiency of resource use.</p>	<p>4.3 Methodologies and data systems for cost and effectiveness established and operational.</p> <p>4.4 Enhanced capacity developed for budgeting, financial management and reporting.</p> <p>4.5 Financial management reaches agreed standard.</p>		<p>support resource mobilisation</p> <p>Monitoring and evaluation data systems can be unified with financial reporting</p>
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## 3. RATIONALE

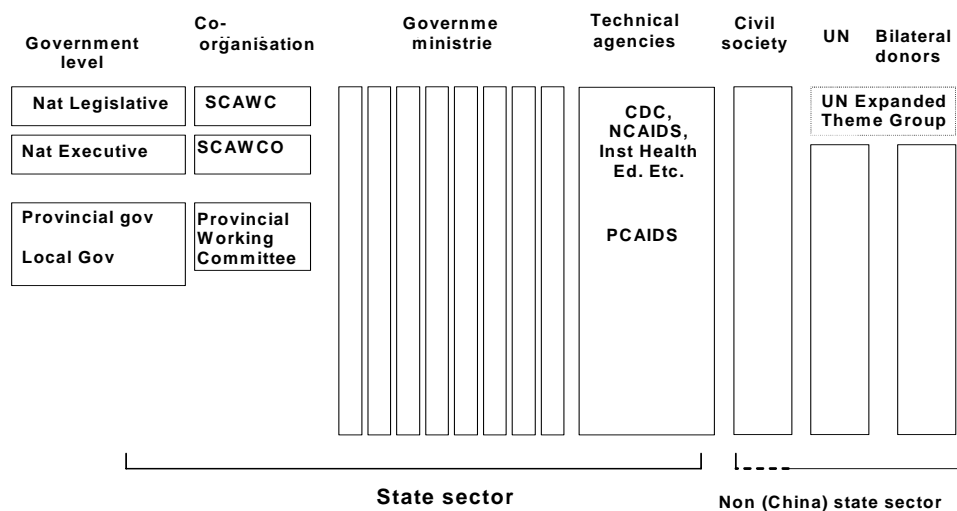
### 3.1 BACKGROUND

3.1.1 HIV prevalence in China is still relatively low, estimated at 0.11% of the adult population. However, the country is experiencing increasingly rapid spread of HIV and with its vast population, will need to act quickly if it is to contain the epidemic at a manageable level. By 2002, HIV cases had been reported in all China's provinces, municipalities and autonomous regions and according to official estimates, the number of reported new infections rose by 17% in the first half of 2002. An estimated million people in China are thought to have been infected with HIV+ and, according to NCAIDS estimates, without effective preventive action this figure could rise to 12 million people by 2010. If, however, effective interventions are scaled up quickly, this figure could be reduced to 2.2 million.

3.1.2 In the last two years the Government of China (GoC) has demonstrated increased commitment to launching an expanded response to HIV/AIDS. A number of national and international documents including the 2003 GoC/UN Joint Assessment Report and NCAID's 2002 'Socio-Economic Impact of HIV/AIDS in China' have been produced which describe the potential social and economic threat posed by HIV/AIDS. The new leadership, including the new General Secretary of the Chinese Communist Party Hu Jintao, recognise the issue as a policy priority.

3.1.3 Accordingly, the government has established an institutional structure to tackle HIV/AIDS (see figure one). A high level multi-sectoral State Council HIV/AIDS Working Committee (SCAWC), which includes representatives from most state ministries and key mass representation organisations, is responsible for overseeing the National Programme. An executive office (SCAWCO) located within the Ministry of Health serves as the secretariat for the Committee. Technical agencies have been created to provide technical support to the national AIDS programme. However, the system is new and key operational issues such as the working division of organisational responsibilities have yet to be resolved. Coordination problems and lack of resources are also preventing this structure from operating as effectively as necessary.

Figure one: China's organisational response to HIV/AIDS



3.1.4 Government investment in HIV/AIDS is increasing, but still lags behind NCAIDS estimates for adequate funding to launch a comprehensive response. Precise budget figures for HIV/AIDS expenditures at Provincial level are generally not available, but approximately 400 million RMB was spent in 2002 by provincial and local governments. Provincial and local leaders are open about the need to allocate more of their resources to HIV/AIDS. They also acknowledge that they need training in financial and project management to ensure that they are allocating limited resources most effectively.

3.1.5 While there is growing recognition of the significance of the HIV/AIDS issue among some senior decision makers, there is still a need to improve knowledge and understanding among government officials, particularly in non-health sectors and at provincial and local levels.

### 3.2 POLICY ENVIROMENT

3.2.1 China's policy environment for HIV/AIDS is changing rapidly. Ongoing changes in the epidemiology of the nascent epidemic, increasing awareness and commitment of officials at all levels of government and shifting perceptions about HIV/AIDS, are contributing to an emerging openness to more progressive policies.

3.2.2 The current framework for the government's response to HIV/AIDS is in two documents – the *Chinese National Medium and Long Term Strategic Plan for HIV/AIDS Prevention and Control* (1998), and the *China HIV/AIDS Containment, Prevention and Control Action Plan* (May 2001). Both plans promote a multi-sectoral approach to HIV/AIDS prevention and control. This steer from Beijing has opened the way for much-needed action and some enlightened provincial and local governments have used key language in the Action Plan to launch a range of interventions, from which important lessons can be learned.

3.2.3 Despite these interventions, which are in accordance with the National Strategic Plan and Action plan, there are no specific guidelines for implementation at provincial and local level. Though central government is beginning to accept the issue as a priority and

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respond accordingly, there is less understanding of the issue at provincial level. Provincial governments have to interpret and implement these national policies and in some cases, they encounter problems. In some provinces, national policies are either not being implemented effectively, or they are being actively contravened. While national policies prohibit discrimination against people with HIV/AIDS, for example, some provinces have introduced legislation which reinforces stigma, for example by requiring mandatory HIV testing or preventing people with HIV/AIDS from marrying. Provincial governments should consider revising these policies to make them consistent with national policies.

3.2.4 A number of international agencies have been and continue to invest in HIV/AIDS initiatives in China, predominantly to support project-based pilot and demonstration projects. Given the government's increasing prioritisation of HIV issues, many partners in the international community are now seeking to support strategic initiatives to help scale up responses nation-wide, such as AusAID's work with MOFTEC to support donor co-ordination and policy dialogue meetings.

3.2.5 China's awakening to the importance of responding more effectively to HIV/AIDS is accompanied by a willingness to turn to the international community for support. Qi Xiaoqi, Director General for the Department for Disease Control in the Ministry of Health was quoted late last year as saying, "We need international organisations to help us in this battle to control AIDS. We need more capital support and expertise".

3.2.6 In the last few months substantial progress has been made in co-ordinating international and domestic planning processes. A Roadmap for joint strategic planning has been agreed, designed to strengthen GoC leadership in its decision-making and capacity to mobilise commitment and technical and financial resources. In June of 2003, a Joint-Assessment Report produced by the GoC and expanded UN Theme Group described the HIV/AIDS situation and response to date, and made eight recommendations:

1. Improved government leadership and co-ordination
2. Perfecting surveillance and laboratory framework
3. Scaling up Information, Education and Communication (IEC) and Behaviour Change Campaigns (BCC).
4. Comprehensive care and treatment
5. Improving information exchange and utilisation
6. Improving implementation and monitoring
7. Revision of laws and regulations
8. Resource mobilisation and effective utilisation.

3.2.7 While there is now high-level agreement about the strategy for tackling HIV in China, the Road-Map process needs support if it is to meet its goals in time to maintain prevalence at a low level. At present, relatively little domestic or international funding spent on HIV/AIDS in China is supporting consistent improvements in the strategic capacity of national, provincial or local institutions to plan and manage an effective response. The WHO, with support from Swedish SIDA, will undertake many activities under recommendation 2 on Surveillance of the Joint Assessment. We are actively seeking support from other donors for activities under other recommendations, and hope that the UN will continue supporting some of them as well.

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### 3.3 PROJECT APPROACH

3.3.1 The project would give short-term support to promote better planning and co-ordination among Chinese and international partners, based upon the challenges and recommendations set out in the June 2003 Joint Assessment.

3.3.2 The Project will address constraints outlined in the UN/GoC Joint Assessment Report by supporting existing Chinese institutions to refine the systems and processes necessary to launch a viable, scaled up response (figure two). The Project will focus on four key recommendations of the Report: 1) strengthening leadership and co-ordination of HIV/AIDS responses at national level; 2) improving mechanisms for exchanging and using information 3) enhance the capacity for implementation and monitoring at provincial and sub-provincial level and 4) mobilising necessary resources and utilising them more effectively.

3.3.3 First, the project will support activities to promote strengthened leadership and co-ordination, providing technical assistance to help Chinese agencies to clarify their roles and responsibilities, supporting joint planning processes and supporting organisations to improve policy analysis and reform. The project will provide financial and technical resources to the SCAWCO to build its planning and co-ordination functions and promote greater involvement of civil society organisations in China's response to HIV/AIDS.

3.3.4 Second, the project will support mechanisms for exchanging and using information. It will support China's technical agencies to disseminate national and international best practice more efficiently and develop existing research and information networks.

3.3.5 Third, the project will enhance capacity of provincial and local governments to implement and monitor interventions effectively by supporting advocacy and training to officials. It will develop mechanisms for improved needs-based planning and provide support to develop mechanisms for sharing technical guidance at provincial and local levels.

3.3.6 Fourth, the project will support on-going initiatives to mobilise and deploy human, technical and financial resources more appropriately. The project will build on existing research programmes to identify resource needs more accurately, and support agencies to allocate resources more efficiently.

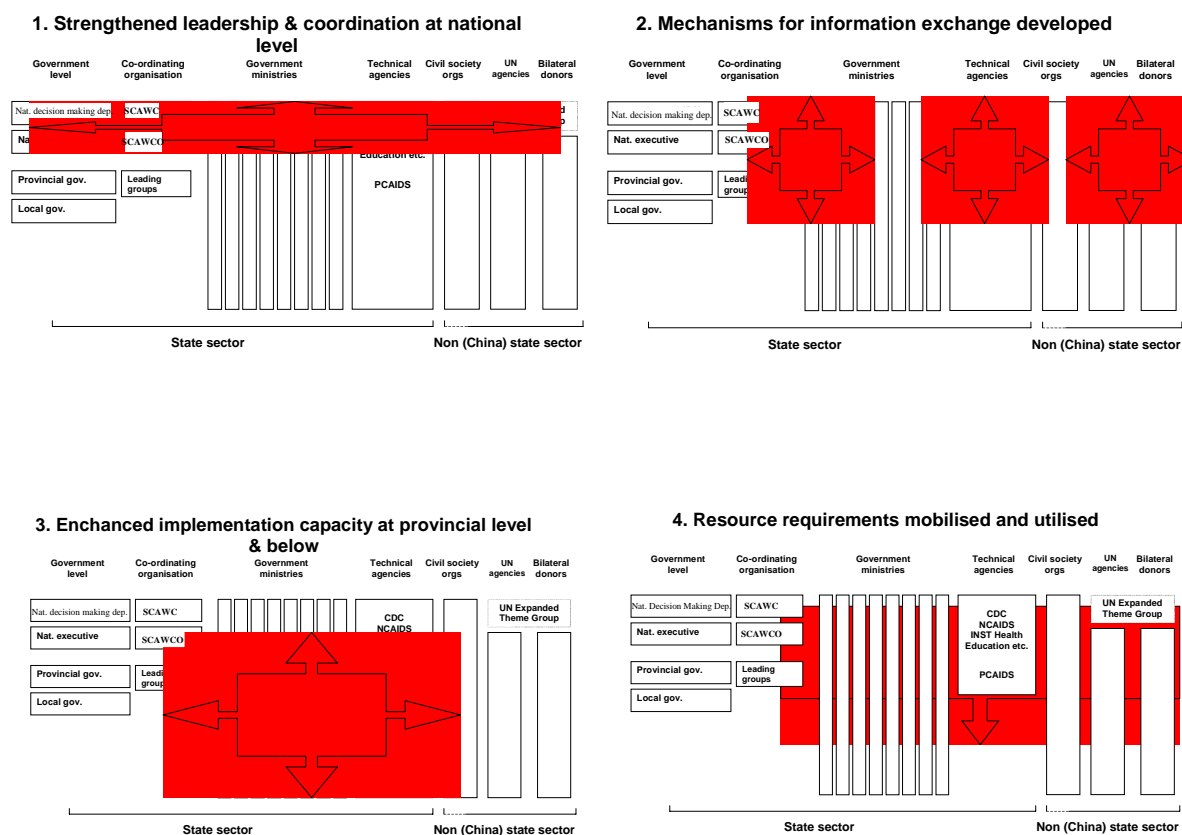
3.3.7 Given the importance of supporting integrated improvements as opposed to isolated interventions, the Project intends to focus its efforts at the national level and in 7 provinces, Hunan, Hubei, Gansu, Guangxi, Jilin, Sichuan and Zhejiang. Certain Project activities, such as strengthening the generation and dissemination of knowledge, will be of benefit nationwide. The project will consider expanding other activities, such as improvements in technical skills and advocacy, if there is sufficient demand and commitment at the provincial and/or local level.

3.3.8 Pilot provinces represent a range of different epidemiological patterns and institutional responses, including provinces in which HIV/AIDS pilot interventions are imminent or under way. This strategy will help to ensure that project activities complement the work of government and international partners in an immediate, practical way. In the past weak co-ordination and information sharing has reduced the potential impact of successful pilots. In the second place, it will make it easier to ensure that technical assistance is driven by the practical needs of potential beneficiaries. Thirdly, it will increase the chance that project activities are sustainable in the future. Where provinces can demonstrate evidence of successful interventions within a well co-ordinated government framework, government officials and donors alike are more likely to invest in future activities.

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3.3.9 DFID are funding pilot interventions in Sichuan. Using the CHARTS Project to improve strategic capacity and information-sharing in a HAPAC province will help to ensure that lessons learned from HAPAC pilots can be used to support more rapid and effective scaling up of interventions across provinces.

**Figure two: Organisational focus of activity by output**



### 3.4 APPRAISAL ISSUES

#### 3.4.1 Technical and Social

3.4.1.1 The potential social implications of HIV/AIDS in China have been thoroughly documented in the GoC/China Joint Assessment Report, which is attached as an annexe.

3.4.1.2 **Policy.** The policy environment in China is both an opportunity and a risk for the Project. The emerging acceptance of more progressive policies, particularly towards people most affected by HIV/AIDS, is an opportunity to support the development of policies that enhance the country's incentive and ability to respond. There is a risk, however, that lingering fear and misinformation about HIV/AIDS, combined with the fact that marginalised people (the rural poor, injecting drug users, sex workers etc) are most heavily affected by it, could lead to policies making it more difficult to work with these populations. However, both the opportunities and the risks associated with the policy environment reinforce the importance of working in this arena.

3.4.1.3 **Planning and Co-ordination.** There is a significant opportunity to work with government agencies to improve their integrated planning processes; for example, setting priorities based on relevant data, responding to the needs of affected constituencies, developing realistic budgets and translating strategic plans into practical work plans. There



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is an equally significant opportunity to improve co-ordination between government departments, between government and civil society, between government and international partners, and within the international community. The lack of effective co-ordination results in gaps and duplication of activity.

**3.4.1.4 Knowledge and Technical Skills.** An effective response requires accurate data to inform policy and planning. It also requires appropriate technical knowledge and skills for implementing effective interventions. Policy making and planning in China are constrained by a lack of information; mechanisms for sharing lessons learned from best practice need to be strengthened; effective pilot interventions have not been implemented more widely. Technical capacity to support scaled-up programmes can be strengthened. To improve the evidence base and develop technical knowledge and skills, the Project will support knowledge generation and sharing through resource centres, establishing a network of training institutions and field sites for sharing technical skills.

### **3.4.2. Economic and Financial**

3.4.2.1 The overall economic justification is the damage to China's development that would result from a widespread HIV/AIDS epidemic. The fact that AIDS tends to strike people during their most productive years could be damaging to the Chinese economy if the epidemic becomes more pervasive.

3.4.4.2 To date there has been little substantive work done on the specific economic consequences of HIV/AIDS in China. However, key longer-term macro-economic repercussions are clear; labour supply and savings rates will all decline. According to a report on the Socio-economic Impact of HIV/AIDS produced by NCAIDS, even a relatively low prevalence rate of 1.5% would cut more than a half percentage point a year off China's economic growth rate during the next 25 years.

3.4.4.3. The cost-effectiveness of DFID support for strengthening China's strategic infrastructure is difficult to prove. However, without significant improvements in this infrastructure, it is not clear if China could mount a stronger, more effective response to HIV/AIDS in time to prevent a widespread epidemic. Improving strategic infrastructure could help catalyse China's response and speed up its implementation. This would have a significant economic impact because delays in launching effective HIV prevention and control programmes would substantially increase the cost of future care interventions.

3.4.4.4 Improvements in strategic capacity would enable agencies to deliver higher quality interventions more cost-effectively. They would have the knowledge and skills to allocate resources where they will make the greatest difference. They would also be better equipped to advocate for additional resources at the national, provincial and local levels.

### **3.4.5 Institutional**

3.4.5.1 The fact that there is a broad-based and functioning institutional system extending from national to local level is a significant opportunity in China. These institutions may not currently have the human, technical and financial resources to manage the response to HIV/AIDS but they exist and appear receptive to acquiring the knowledge and skills to strengthen their response.

3.4.5.2 Co-ordinating interventions at different levels of government across organisational boundaries is a challenge. There are indications, however, that officials recognise the fundamental importance of efficient multisectoral collaboration on HIV/AIDS issues and will

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embrace this approach. As the executive arm of the SCCC, the SCAWC is well placed to promote multi-sectoral co-ordination.

3.4.5.3 Government institutions at every level need human, technical and financial resources to manage the response to HIV/AIDS. The limited funding available to most of these institutions undermines their ability to manage the response.

3.4.5.4 The international donor community has made real progress towards better co-ordination and active collaboration. There is widespread recognition in this community that the sheer scale of working in China requires co-ordination and collaboration.

3.4.5.5 Civil society is poised to play a greater role in China's response. While a fully supportive 'enabling environment' for NGOs may take several years to develop, there is an increasing openness within government to increase the role played by civil society – particularly mass organisations, but also domestic and international NGOs.

### **3.4.6 Environmental**

There will be no significant impact on the environment.

## **4. IMPLEMENTATION**

### **4.1 MANAGEMENT ARRANGEMENTS**

4.1.1 The central role of government in implementing China's response argues in favour of it having primary responsibility for this Project. The Office of the State Council AID Working Committee on HIV/AIDS (SCAWCO) is well positioned to take the lead. The Office is multi-sectoral and directly connected to senior officials, including Vice Ministers from each ministry. Its link with the SCAWC also enhances the Office's credibility at provincial and local levels, which is important to the Project's ability to succeed. Annex 5 includes a description of the project functions of the SCAWC and other partner organisations.

4.1.2 The SCAWCO will be responsible for managing the programme. A small Project Management Unit (PMU) (4 staff) located within the SCAWC office and under its management will provide support for this function. The SCAWCO/PMU will manage the project account and oversee contracts with the implementing agencies. A key part of the SCAWCO/PMU's role will be to identify technical cooperation (TC) needs among project partners and work with the Resource Centre to ensure those needs are met. The SCAWCO/PMU will also be responsible for routine project monitoring and evaluation – monitoring inputs, activities and outputs. The Project will provide financial and technical support to the SCAWCO/PMU to perform these functions for the duration of the project and build its capacity to do so in the future.

4.1.3 A Resource Centre will be responsible for managing technical co-operation (TC) for the project. This project will require a substantial amount of internal and external technical assistance. Given the scale of the challenges facing China and the short time frame of the project, it is unrealistic that a government agency such as the SCAWCO could manage this function without diverting resources from higher priority parts of their core mandate. The project TC management function will therefore be put out to international tender. The Resource Centre will be responsible for delivering core TC to the project to build the capacity of Chinese organisations to provide effective TC in the future. It will also source and manage more flexible TC as needs are identified by the SCAWCO/PMU.

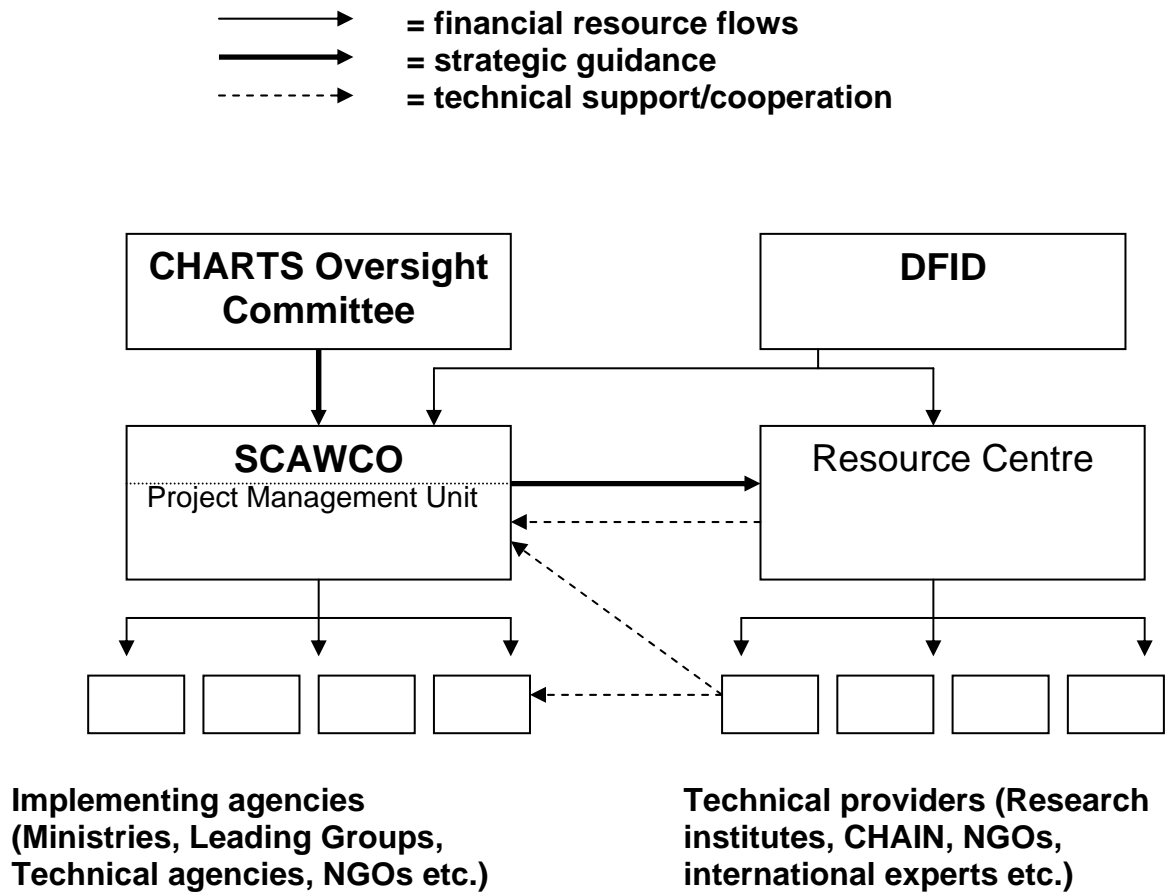
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4.1.4 A CHARTS Oversight Committee (OSC), will support the Project team. The OSC will comprise 7 or 8 people, each being senior representative from key ministries, including MOH and MOFCOM, representative from the SCAWCO/PMU (who will act as secretariat), plus representatives from the expanded UNTG (including a representative from DFID) and a representative from civil society. As committees of representatives from these agencies are already meeting for the Global Fund's Country Co-ordinating Mechanism (CCM) and the (yet to be fully operational) Roadmap steering committee, in the longer term it may be possible to merge the functions if doing so will not undermine the management effectiveness of the OSC. In the shorter term, members should ensure that project progress is shared with and complements other GoC/international initiatives. The OSC will meet quarterly to review Project progress against long-term strategic plans. They will ensure that the allocation of internal and external human resources are appropriate to the demands of the Project and monitor the relationship between the SCAWCO and the Resource Centre to ensure that their activities are being productively integrated.

4.1.5 The strategic nature of the Project requires the Project team to function in a co-ordinating capacity; identifying, supporting, monitoring and evaluating activities implemented by other agencies and consultants. This co-ordinating role is consistent with the organisational structures established by the GoC and the Expanded Theme Group, and will effectively strengthen structures that are already in place. It will also enable the Project to undertake more initiatives more efficiently and cost-effectively. However, this approach requires well-defined management systems to ensure that partners are implementing activities that are focused and meet Project standards (for example, effective, accessible, fair-minded, gender-sensitive, destigmatising). The project will provide technical assistance to help clarify roles and streamline management procedures from the start of the project.

4.1.6 There will be a three month 'start-up' phase of the project, during which time the SCAWCO will recruit staff and build the capacity of the SCAWC/PMU team. The SCAWC will develop a six-month work-plan and budget for the OSC to approve. They will also develop terms of reference for the Resource Centre and participate in assessing the Resource Centre bids. To assist the SCAWCO, some technical cooperation resources will be used to contract one to two people to work with the SCAWCO to help plan, budget, develop terms of reference and assess bids. It is hoped that the UN will also give assistance at this phase.

**Figure three: Organigram**



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## 4.2 TIMING

4.2.1 The Project will run for up to three years with an estimated start date in January 2004.

## 4.3 INPUTS

4.3.1 Total funding for this Project is £5 million. Detailed budgets will be refined during the strategic planning process and finalised at the workplan stage. However two thirds of the overall funding (£3.3 million) will be managed by the Government of China in line with agreed workplans. Up to one third will be provided through contracts between DFID and an international consultancy firm that will be identified through a tendering process.

4.3.2 A provisional budget organised by output appears below. DFID will provide a first tranche of funds for start-up operations and 'fast-track' interventions, according to the SCAWCO/PMU's initial six-month workplan. Once a Project budget and strategic plan has been finalised, DFID will release further funds (on receipt of statement of actual expenditure on first tranche).

Budget item	Total (£m)
Output 1:	1
Output 2:	1.5
Output 3:	1.5
Output 4:	0.4
<b>Start up</b>	0.1
<b>Sub-total</b>	
Evaluation	0.25
Contingency	0.25
Total	5

4.3.3 In addition to this DFID funding, the Government of Norway will provide up to 6,000,000 Norwegian Krone over three years.

## 4.4 CONTRACTING AND PROCUREMENT

4.4.1 Pending a final decision on the management structure of the Project, the GoC and DFID will contract a Resource Centre through international competitive bidding in accordance with EU (OJEC) directives to co-ordinate the provision of technical assistance for the project. The GoC will lead this process, with management support from DFID.

4.4.2 Any necessary equipment will be procured by appropriately qualified, DFID-approved agents through international or national bidding, depending on size. Other procurement will be of local goods and services, and will be subject to GOC procedures.

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## **4.5 ACCOUNTING**

4.5.1 DFID and the Government of China will agree on the scope and arrangements for a financial management system that allows for effective monitoring and reporting of all Project expenditures. It is particularly important that the system supports the management, monitoring and reporting of funds that are spent by the Project's implementing partners. Both the Project and its implementing partners should submit quarterly financial reports to DFID and the OSC.

4.5.2 Formal audits of the Project and its implementing partners will be carried out at the end of years 1 and 2 by the China National Audit Office (CNAO), which is responsible for auditing all government expenditures, as well as all World Bank funded projects.

## **4.6 MONITORING**

4.6.1 The PMU will have primary responsibility for routine monitoring of OVIs at the output level of the Project logframe. As needed, the PMU can request external technical assistance to obtain information required for verification and provide other support to the monitoring process.

4.6.2 For the duration of the Project, the PMU – in collaboration with the Project team – will submit quarterly progress reports to the OSC. These reports should measure progress on implementation against strategic and work plans as well as evaluate progress towards achieving Project outputs and the need to adjust plans.

4.6.3 Given the nature of this project, monitoring and evaluation at purpose level is effectively measuring the progress of the country programme. The Project team will endeavour to ensure that systems and indicators used for monitoring and evaluation complement systems that are already being developed by national and international agencies.

4.6.4 Baseline data will be gathered at the outset of the Project. However, baseline information should be supplemented by ongoing data collection throughout the Project in order to have an expanded data set for the start of the possible scale-up of the Project. Since many Project activities include data-gathering initiatives, building a comprehensive data set should be a straightforward and integral part of the Project.

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## 5 RISKS AND UNDERTAKINGS

5.1 The risks most likely to have a serious impact on the Project's objectives fall into four categories: political, institutional, economic and financial, and technical and social. For a more complete risk appraisal, see Annex 5. Key risks include:

5.2 **Political.** The main political risk stems from the residual suspicion of HIV/AIDS in some parts of national and provincial government. Scaling up an effective response to HIV/AIDS requires broad acceptance of two positions by government officials: 1) that HIV/AIDS poses a significant social and economic threat to the country and 2) that introducing a relatively controversial set of interventions, including harm reduction amongst drug users and improving services for vulnerable and marginalised groups, is an appropriate and effective way of addressing the issue. Without access to appropriate and convincing evidence, it is not necessarily obvious to officials that either is the case. There is greater political commitment to improve care for people with AIDS than in more controversial prevention activities. The recent change in government has introduced new national and provincial officials, some of whom will not have been exposed to recent HIV/AIDS advocacy campaigns. The project will seek to address these risks by improving the dissemination of reliable information and supporting advocacy activities among key officials. This risk should be rated as *medium to high*.

5.3 **Institutional.** Scaling up China's response to HIV/AIDS will require a relatively ambitious attempt at multisectoralism, requiring institutions to adopt new ways of working and complex inter-agency collaborations. Though significant progress has been made on this issue – particularly at national level – the Project has a relatively short timeframe and there may be limits to how far new approaches can be internalised within the relevant agencies. Placing responsibility for managing the Project within the Office of SCCC will help minimise this risk as it has appropriate institutional authority to co-ordinate a multisectoral approach. This risk should be rated as *high*.

5.4 **Economic and Financial.** Government in China has been going through a long period of retrenchment, restructuring and reform. There is considerable pressure on national and provincial budgets to address, for example, economic disparities between rural and urban areas. HIV/AIDS is not necessarily seen as a priority. The Project seeks to address this by developing advocacy capacity and improving mechanisms for ensuring resource allocations are based on appropriate evidence. However, there is a risk that HIV/AIDS interventions will slip down the agenda as more immediate – and less politically controversial – demands are considered. This risk should be rated *high*.

5.5 **Technical and Social.** HIV/AIDS in China affects some of the most marginalised and hard-to-reach populations. For example, migrants and the rural poor have limited or no access to affordable health services. Even if the government significantly scales up its response, these populations may be relatively unaffected unless on-going health and social security reforms effectively address these issues. This risk should be rated *medium to high*.

5.6 Overall, the risk to achieving the Project objectives is *high*. However, risks should be weighed against the potential gains in terms of catalysing a rapid, government-owned response. On-going risk assessment must be part of the monitoring agenda to ensure that the Project team is effectively addressing these issues.

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# Annex 1: TECHNICAL & SOCIAL APPRAISAL

## 1. INTRODUCTION

1.1 This Appraisal provides a technical and social justification for the design of a new Project to strengthen China's response to HIV/AIDS. Following a brief overview of the status of the epidemic and the current response in China, the Appraisal describes how the Project will support the development of the strategic infrastructure required for a more effective and significantly scaled up response. The Appraisal also draws on the findings and recommendations of separate consultancies on civil society, gender, and vulnerable youth.

## 2. HIV/AIDS IN CHINA

### 2.1 Current Status of the Epidemic

2.1.1 Despite relatively low prevalence, estimated at 0.11% in the adult population, China is experiencing increasingly rapid spread of HIV. By 2002, HIV cases had been reported in all provinces, municipalities and autonomous regions. According to official estimates, the number of reported new infections rose by 17% in the first 6 months of 2002 and, as of mid-2002, 1 million people were living with HIV.

2.2.2 There are serious localised epidemics in vulnerable groups. High prevalence rates have been reported among injecting drug users (IDU) in the provinces of Yunnan, Xinjiang, Guangxi, Sichuan, Guangdong, Gansu and Jiangxi, with more than 80% of IDU infected with HIV in some sites. Outbreaks have recently been reported in IDU in Hunan and Guizhou provinces, where sentinel surveillance found prevalence of 8% and 14% respectively. There are serious concerns about HIV spread among the large number of drug users in Beijing, Fujian, Jiangsu, Liaoning and Chongqing. Sharing of contaminated needles remains the most frequent mode of HIV transmission, accounting for 66% of reported new infections in China in 2001. Although information is limited, surveys conducted between 1997-2001 found HIV prevalence rates of 1.7%-2.5% in men who have sex with men (MSM), with rates of over 10% in Beijing. In 2002, MSM represented a third of in-patients in two Beijing hospitals caring for AIDS patients. HIV prevalence among female sex workers rose from below 1% in 1996 to 5% in Yunnan province and over 10% in Guangxi province in 2000.

2.2.3 Extensive infection has also occurred in Henan, Hebei, Hubei, Hunan, Shaanxi, Shanxi and Anhui provinces among rural farmers who sold blood and plasma to collecting centres that ignored basic safety procedures. A 2001 survey in rural eastern China found 12.5% prevalence among people who had donated plasma and 2.1% in their non-donor spouses.

2.2.4 Available evidence suggests that HIV will continue to spread in population groups engaging in risk behaviours. Drug use is a growing problem, with a 14% annual increase in the number of users between 1997 and 2001. While there are 900,000 registered drug users, the real figure is estimated to be as high as 6 million. Around 17% of drug users are women, half of whom sell sex. An estimated 10-30 million men have had sex with another man. Eighty per cent of gay men are married. Condom use with male partners and spouses is low. The commercial sex industry is expanding. There are an estimated 6 million sex workers. Rates of condom use by female sex workers with clients are low.



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2.2.5 There are concerns that wider dissemination of HIV and a large-scale epidemic is imminent. Heterosexual transmission is increasing, accounting for 7.5% of new cases in 2001, and there is evidence of heterosexually transmitted epidemics in Yunnan, Guangxi and Guangdong provinces. High rates of STI, which increased by 100% between 1996 and 2000, indicate high rates of unprotected sex. Levels of knowledge about HIV among risk groups and the general population are low. Widespread stigma and discrimination is a significant barrier to efforts to increase awareness, as well as to seeking testing and care, and to provision of quality treatment and support for people with HIV/AIDS.

### **3. Underlying Factors Contributing to Risk and Vulnerability**

3.1 China has in place many of the underlying factors that have contributed to serious epidemics in other countries: widespread poverty, rapid social and economic change, increasing migration and mobility, and gender inequalities.

3.2 The benefits of economic growth are not evenly distributed and there are growing disparities in wealth. According to official figures, 30 million people live in absolute poverty and 60 million are at risk of falling into poverty. Anti-poverty strategies do not reach the 30% of the rural poor living outside poverty counties. Unemployment, labour migration and a reduction in state support have contributed to rising urban poverty. Poverty increases vulnerability to HIV. The poor have least access to information and health services, including STI treatment, and fewer choices about avoiding risk behaviours. Poverty and lack of employment opportunities are key factors in rural to urban migration, sex work and blood selling. HIV infection associated with injecting drug use has been concentrated in ethnic minority communities, many of which are located near heroin trafficking routes. But ethnic minorities are disproportionately affected by poverty and by lack of access to education and health care. Minorities represent less than 9% of the population but 40% of the absolute poor and 36% of reported HIV cases.

3.3 Rapid social and economic change is leading to increased population mobility, with growth in internal business travel, tourism and rural to urban migration. Surveys of sex workers indicate that businessmen are an important client group. There are an estimated 100-140 million migrant workers in China, many of whom are vulnerable to HIV because of family separation, poor living conditions, and limited access to information and health services. There is also a risk of HIV transmission to rural communities when migrant workers return home. Social and economic change is reflected in changes in behaviour, with increases reported in premarital sex, divorce and abortion.

3.4 HIV is increasingly affecting women in China: the ratio of men to women with HIV changed from 9:1 in 1990 to 3.4:1 in 1995. Female vulnerability to HIV is associated with underlying economic and social inequalities. Women are disproportionately affected by unemployment, earn lower wages, and have less access to credit. Female illiteracy is 22.9% compared with 7.9% in men, and school drop out among girls is increasing because of high fees and the priority given to male education. Lack of education limits access to information. Surveys conducted by the ACWF indicate that women have lower levels of knowledge and awareness about HIV/AIDS than men. Women are also less likely to seek health care than men. In 2002, the Second Chinese National Sample Survey on Women's Status found 60.9% of rural women, compared with 21.8% of men, had delayed seeking medical treatment in past year. High rates of untreated STI have been reported in rural women, increasing their risk of HIV infection. Female migrants have higher rates of STI than other urban women, but are less likely to seek treatment from public clinics for fear of loss of employment. Stigmatisation of women with HIV/AIDS is a major barrier to seeking testing or treatment. It is difficult for women to protect themselves from HIV infection. Rural women cannot easily refuse sex or negotiate condom use with their husbands. Female sex workers and migrant

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workers are vulnerable to sexual abuse and exploitation. Women whose partners inject drugs or have sex with men are at increased risk of HIV.

#### **4. Impact of HIV/AIDS**

4.1 The impact of the epidemic is already being felt by individuals and families. Most of those infected and affected are in poorer communities, and HIV/AIDS is exacerbating existing poverty. Up to 50% of PHA have had to leave their job due to illness or discrimination. Households have lost 30% of their annual income after a family member became infected. To cover the high costs of medical care and treatment, families use savings, sell assets or borrow money. An AIDS patient typically spends RMB 17,518 on out-patient treatment. Per capita income is RMB 6,280 in urban and 2,253 in rural areas. The impact on women and children is especially severe. Women carry the main burden of care for the sick. Adverse effects on children include worse health and nutritional status and an increase in school drop out. UNAIDS predicts that, as a direct result of the epidemic, there will be 260,000 orphans by 2010. Individuals and families experience high levels of stigmatisation and discrimination. While China has yet to see an impact at the macro-economic level, a decrease in GDP of RMB 22.5-40 billion is predicted.

#### **5. STRENGTHENING THE CURRENT RESPONSE**

5.1 The Government of China (GOC) has recognised the urgent need to address HIV/AIDS. The need for a co-ordinated multisectoral approach is endorsed in national plans and the response is led by the inter-ministerial State Council AIDS Working Committee (SCAWC) for HIV/AIDS. The China Medium to Long Term Plan for Prevention and Control of AIDS (1998-2010) and China Plan of Action to Contain, Prevent and Control HIV/AIDS (2001-2005) reflect this increased commitment and provide the framework for the official response.

5.2 The target set out in the China Medium to Long Term Plan is to maintain the number of cases of HIV infection below 1.5 million by 2010. The Plan tasks government at different levels with integration of HIV/AIDS prevention and control into plans for social and economic development and investment, and identifies actions to be taken by government departments. The China Plan of Action outlines strategies to guarantee blood safety, strengthen surveillance, increase public awareness, reduce high-risk behaviours and improve care for PHA, with the objective of controlling the annual increase in HIV and STI incidence to less than 10% by 2005.

5.3 Growing commitment is also reflected in the increase in financial resources allocated to HIV/AIDS. Central government expenditure on HIV prevention rose from RMB 15 million in 2000 to RMB 100 million per annum for 2001-2005. RMB 950 million has been allocated to improve blood safety, 900 million to strengthen Centres for Disease Control (CDCs) in the western provinces, and 33 million to support 100 pilot care sites.

5.4 Despite these positive developments, China needs to strengthen its strategic framework to support an effective and expanded response. According to the GoC/UN Joint Assessment Report, constraints weak mechanisms for effective co-ordination, lack of information and skills to support effective strategic planning, weak capacity to implement programmes at provincial level and inadequate allocation of resources.. This Project will provide targeted support to address these constraints through building the capacity of existing mechanisms and institutions.

5.5 The credibility of the China-UK Project means that DFID is well placed to provide this support. The Project design also incorporates strategic elements of the China-UK Project (strategic planning, capacity building for NCAIDS, synthesis and dissemination of experience,

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and advocacy) and of the proposed China-UK HIV/AIDS Education Programme for Young People, which are more appropriate to the development of a scaled up response.

5.6 The Project will combine China-wide initiatives and province-specific activities. DFID resources will be used strategically to complement domestic initiatives and programmes supported by multilateral and bilateral agencies, and to leverage additional resources. It will be important to explore opportunities for synergy and lesson learning with World Bank and AusAID HIV/AIDS programmes in Guangxi, Fujian, Shanxi and Xinjiang, which include policy development and institutional capacity building, and efforts under the Health 8 and TB projects to strengthen provincial level health education capacity.

## **6. OUTPUT 1: STRENGTHENED LEADERSHIP AND CO-ORDINATION OF HIV/AIDS RESPONSES AT NATIONAL LEVEL**

### **6.1 Co-ordinated Response**

6.1.1 The effectiveness of the response in China is constrained by weaknesses in co-ordination between government departments, between government and civil society, between government and international donors, and within the donor community. Lack of effective co-ordination results both in gaps and duplication of activity.

6.1.2 There is scope to strengthen the role of the State Council AIDS Working Committee (SCAWC) for HIV/AIDS, the key inter-ministerial co-ordination mechanism at national level, in promoting a multisectoral response. There is also scope to enhance the capacity of the SCAWCO, which performs a secretariat function and is responsible for promoting cross-ministerial activities, ensuring that decisions are implemented, and facilitating the implementation of the Plan of Action. This was recognised at the MOFCOM donor meeting in September 2002, where consensus was reached on the need to strengthen the role of the SCCC and to elevate the OSCCC. These developments offer an opportunity for DFID to provide targeted support to the SCAWCO and its secretariat to achieve more effective co-ordination between ministries.

6.1.3 Co-ordination would be improved by a clearer understanding of the extent to which other ministries and bureaus are engaged on HIV. The Project will support mapping of current and future activities of national and provincial agencies to clarify roles and responsibilities in the response to HIV/AIDS.

6.1.4 With the exception of the Country Co-ordinating Mechanism (CCM), established to support an application to the Global Fund, China lacks mechanisms for involvement of stakeholders outside government. Some provincial governments have recognised that they need to learn how to work with other stakeholders, such as NGOs and the private sector, but lack mechanisms for inclusion in policy and planning. The Project will evaluate lessons learned from establishing the CCM and from international experience to identify potential 'models' for broader multisectoral co-ordination and, if appropriate, provide support to build the capacity of national and provincial multisectoral co-ordination mechanisms.

6.1.5 Government agencies at national levels have limited capacity to develop and implement appropriate plans. While national plans of action specify the roles of ministries in the response to HIV/AIDS, support to assist ministries to focus their responsibilities and activities within sectoral plans is necessary. There is a significant opportunity to work with government agencies to improve their planning processes, so that these incorporate relevant and evidence-based data, and to consider how to put strategic plans into practice. The Project will provide technical and capacity building support for more effective strategic planning to national government agencies and ministries.

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6.1.6 China has a strong commitment to poverty reduction policies and programmes. The State Council Leading Group for Poverty Reduction, which co-ordinates poverty reduction programmes, recently expressed interest in participating in the SCAWC for HIV/AIDS. This could offer an important entry point for integration of poverty alleviation and HIV measures into planning processes.

6.1.7 The Project will work with the Ministry of Education at national and provincial levels, to strengthen capacity for strategic planning, implementation of policy on HIV/AIDS education in schools and with vulnerable youth, and training for educational administrators at provincial level. It will be important to link this to other MOE initiatives and current DFID support to basic education in Gansu province.

6.1.8 The project will support the process of improving linkages between domestic and international initiatives. The project builds directly on recommendations of the GoC/UN Joint Assessment Report and the management structure is designed to promote ongoing national/international collaboration on strategic initiatives. The Project will offer also provide support to MOFCOM to strengthen its capacity to co-ordinate international inputs, including funding for ongoing policy dialogue meetings between GOC and donor agencies. The Department of International Trade and Economic Cooperation (DITEA) of MOFCOM is responsible for co-ordinating international donor inputs. A series of donor co-ordination policy dialogue meetings, supported by AusAID, has provided a positive platform for dialogue and co-operation between MOFCOM and the donor community.

## **6.2 Inclusive, Accountable and Responsive Policy and Planning Processes**

6.2.1 The policy context in China is complicated. In some cases, provincial laws and regulations contradict national guidelines. While the GOC Plan of Action states a commitment to develop and update laws, rules and regulations relevant to HIV/AIDS, most of the important laws and regulations passed in recent years relate to protection of the blood supply. In particular, there is a need to evaluate the role of existing policies related to high-risk and vulnerable groups, and to address weaknesses in policies related to protection of the rights of PHA, quality, effectiveness and affordability of STI services, condom promotion, and sex education among other issues.

6.2.2 Support will be provided to organisations working in policy analysis, reform and development at the national, provincial and local levels. NCAIDS has already requested support to review experience of working with marginalised groups who engage in illegal behaviour, to provide evidence to demonstrate the effectiveness of a 'public health' approach rather than a 'criminal justice' approach. There are opportunities to work with a range of government and other agencies. For example, with the ACWF to explore ways to influence policy according to the interests of women and vulnerable groups, and to build on research and policy reviews on HIV and discrimination, and HIV and gender, carried out by Party Schools with funding from the China-UK Project.

6.2.3 The involvement of civil society organisations and PHA in policy processes is limited. Strengthening this involvement is a long-term objective. The Project will identify entry points for wider participation at provincial and local government levels in decision making, planning, implementation, monitoring and evaluation, including review of potential mechanisms for NGO and community group involvement in co-ordinating bodies at provincial and local government levels. Experience of policy development involving civil society organisations, for example, domestic violence legislation, will be reviewed to see what lessons can be learned. If appropriate, support will be provided to initiatives that promote greater involvement.

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6.2.4 Mechanisms for monitoring policy and implementation are weak. There is a plethora of monitoring frameworks and reporting requirements. UNAIDS is planning to introduce the Country Response Information System to facilitate reporting on national follow up to the UNGASS Declaration of Commitment. The GOC is considering how to develop clear indicators for monitoring progress against the Plan of Action. The Ministry of Health and UN Theme Group have identified a need to develop a common framework for monitoring and evaluation that facilitates joint learning and coherent reporting. The Project will provide technical assistance to review existing frameworks, systems, targets and indicators, develop proposals for a streamlined approach, and support related capacity development to enable GOC to monitor and report on progress.

## **7. OUTPUT TWO: MECHANISMS FOR INFORMATION EXCHANGE AND UTILISATION DEVELOPED AND OPERATIONALISED.**

7.1 An effective response requires accurate epidemiological, socio-economic and financial data to inform policy and planning, and appropriate technical knowledge and skills for implementing effective interventions. Policy-making and planning in China are constrained by a lack of information upon which to base decisions. Among many officials, particularly at provincial level, there is poor understanding of the potential impact of the epidemic and of effective policies and programmes that might be put in place. Though successful pilot studies are underway in China and good quality research is being done, mechanisms for sharing lessons learned nationally and internationally do not exist. Technical capacity to support scaled up programmes is weak.

### **Evidence based strategic planning**

7.2 The project will support the development of an overall strategic plan for information management of HIV/AIDS – one of the recommendations of the Joint Assessment Report. The Plan should address institutional roles and responsibilities and set out a strategy for ensuring that relevant and accurate information is accessible to key decision makers in a form that helps them to develop and implement effective policies. To support the plan, the project will also collect data required for evidence planning and policy and identify gaps and priorities for future research.

7.3 The China Plan of Action gives high priority to the development of a comprehensive surveillance system. WHO is assisting GOC to strengthen surveillance design and implement second generation surveillance. China CDC is collaborating with US CDC to improve surveillance design, guidelines, training and data use and to introduce these into a few selected provinces. Through the China-UK Project, DFID has provided support to improve surveillance in Yunnan and Sichuan provinces. The Project will review current plans and identify opportunities to support national and provincial efforts to strengthen surveillance and to ensure that data is made available to policy makers in an accessible and understandable manner.

7.4 Although some organisations and programmes have highlighted the links between HIV and other issues, for example, UNIFEM, the China-UK Project and ACWF have all supported HIV and gender initiatives, there is generally little dialogue between social scientists working in different areas of research. Researchers investigating poverty or gender issues do not necessarily consider HIV/AIDS, while HIV/AIDS research often fails to take account of wider factors. The China-UK Project supported the only national meeting that has been held on social science and HIV. Sustainable mechanisms to promote interaction and enable social

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scientists in academic institutions and mass organisation research departments to share information and experience would greatly enhance the quality of research.

7.5 To address gaps in the evidence-base, the Project will fund a planned and strategic programme of policy-relevant research. DFID will support a systematic review of existing non-epidemiological information to identify knowledge gaps, and of researchers currently working in HIV/AIDS and related areas to identify future potential partners. A clear set of research priorities will be established and identified researchers invited to apply for grants to conduct this research. Possible areas of research include sexual behaviour in vulnerable populations such as MSM, sex workers, youth, prison populations; factors contributing to stigma and discrimination and influencing uptake of HIV-related services; links between gender, women's rights and HIV, and between poverty and HIV/AIDS.

7.6 This programme will be complemented by training and technical assistance to develop Chinese capacity and skills to undertake studies of risk and vulnerability using a wider range of social science research methods. Opportunities to build on the Situation Analysis of Sexual Health methodology piloted by the China-UK Project will be explored. The project will also support the increased use of needs-assessment methodologies, to include vulnerable populations, existing interventions and implementing organisations.

7.7 In addition to capacity building, Project activities will help to mainstream HIV into social science research and to develop linkages between researchers from different disciplines. The potential to establish a multidisciplinary network of HIV/AIDS, social science and gender researchers, building on existing networks, will be explored. The Project will strengthen the capacity of institutions, such as the Chinese Academy of Social Sciences (CASS), to promote networking, increase awareness of the importance of integrating HIV/AIDS into existing activities, and disseminate HIV and social science research findings, through meetings, journals and the Internet. Consideration will also be given to developing the capacity of the network to provide consultancy expertise to GOC and other Project partners in future.

## **Improving information networking**

7.8 While there is growing awareness of the importance of multidisciplinary approaches, and of the potential contribution of social science to understanding the factors and processes that increase risk and vulnerability, most research to date has been funded by international agencies. The Project will support a series of forums to promote dialogue between social science researchers and policy makers at national and provincial levels, to increase recognition of role of social science and explore mechanisms for using social science perspectives and methodologies to inform policy and planning. One potential mechanism would be through collaboration between CASS and a high-level policy research group such as the State Council Development Research Centre. The Project will draw on experience of GRIPP and other DFID-supported initiatives to analyse the process of getting research into policy and practice.

7.9 At present there is no national centre or clearinghouse that promotes the sharing of information and experience between national and provincial levels and between provinces. A focal point for gathering, analysing, synthesising and disseminating knowledge to support an effective and expanded response to HIV/AIDS has been identified as a priority by NCAIDS and the China-UK Project.

7.10 The Project will build the capacity of NCAIDS to function as a national clearinghouse for surveillance and research data, and best practice experience for programming. Other important or potentially important national and provincial resource centres will be identified

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and strengthened, with a view to establishing a network of these centres. Capacity building will focus on developing skills for synthesis and analysis of experience, production of information in user friendly, accessible formats, and effective, targeted dissemination.

7.11 Initially, priority will be given to knowledge generation in three key areas: comprehensive interventions for high-risk groups, education and awareness raising for the general public, and approaches to working with youth in school and out of school. The Project will support a review of key interventions in China, including impact, constraints and cost-effectiveness. The findings will be used to determine interventions for replication at scale as well as being disseminated more widely. Current approaches to IEC appear to be having limited impact on public knowledge, attitudes and behaviour. There has been little analysis of the appropriateness of methods used or the extent to which IEC is reaching intended audiences. A review of best practice approaches to behaviour change communication, in China and internationally, will be conducted to inform planning, implementation and evaluation of future activities. This will also build on efforts by the China-UK Project to review IEC materials, streamline their development, and share those identified as most valuable. Finally, there has been no comprehensive analysis of the diverse range of prevention and education activities with youth that have been undertaken by different organisations. The Project will review existing initiatives, and synthesise and disseminate lessons learned about innovative and effective approaches to school-based and out of school interventions.

7.12 Technical capacity for implementing effective HIV/AIDS activities is limited. Immediate priority will be given to strengthening technical knowledge and skills to implement comprehensive interventions for high-risk groups, education and awareness raising for the general public, and approaches to working with youth in school and out of school.

7.13 The Project will support better networking between training institutions and field sites to promote wider sharing of knowledge and skills. Qualified national and provincial institutions, including those with existing international links, and successful field projects will be identified that can provide training, technical support, and practical hands-on experience. Partnerships will be established with these institutions and projects, and management of the network sub-contracted to a national partner organisation. Technical assistance may be required initially to develop courses and the skills to teach them. A needs assessment will be conducted to identify capacity building requirements. It will be important to ensure that mechanisms are established to enable provincial governments to obtain training and technical support.

7.14 Health promotion strategy design work undertaken for the World Bank and DFID has identified the need to improve provincial skills through training and exposure to international best practice. The Project will explore the potential to strengthen the capacity of provincial Health Education Institutes, drawing on the experience of private sector advertising and marketing agencies and the training expertise of academic institutions such as the Peking University Health Science Centre. The Project will also review opportunities to strengthen the capacity of institutions responsible for training and technical support for school-based HIV education and interventions with vulnerable and out of school youth.

## **HIV/AIDS and the media**

7.15 Public awareness is limited and people lack basic information. Misconceptions and discriminatory attitudes towards vulnerable groups and PHA are widespread, not helped by inaccurate and negative media coverage. There is considerable scope to use the media and propaganda infrastructure to improve public knowledge and awareness, to challenge stigma

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and discrimination, and to contribute, for example, to creating a more favourable climate for school-based HIV education that goes beyond abstinence messages. The media sector is changing rapidly, and growing independence has increased openness and demand for news. Radio and television are widely available, with estimated coverage of 92% and 95% of the population respectively. Print media are also important: newspapers are the second most popular medium after television. The China Plan of Action specifies that central and provincial radio and television stations should broadcast advertisements or programmes on HIV at least once a week. Newspapers are also tasked with featuring weekly reports and public service advertisements.

7.16 Some media work has already been done, including a mapping exercise undertaken by the Institute of Journalism and Communication and a recent review of AIDS issues in the Chinese media. UNICEF has supported training for journalists and the State Broadcasting Bureau has also conducted media training. However, provincial and county media are poorly resourced and lack access to up to date information. The media also require support to improve the quality of broadcasts and reporting and to integrate HIV/AIDS messages more effectively: surveys indicate that public preference is for entertainment and drama programmes rather than public service broadcasts.

7.17 Opportunities to build on existing initiatives to strengthen media coverage of HIV/AIDS will be assessed. Support will be provided to develop a strategic plan for media capacity building, with priority given to strengthening knowledge and skills of national and provincial broadcasting bureaus and professional organisations such as the National Journalists Association. The project will support the development of systems for ensuring accurate, updated information for journalists, to include work on costings and resource estimates developed under output four.

## **8. OUTPUT THREE: ENHANCED CAPACITY FOR IMPLEMENTATION AND SUPERVISION AT PROVINCIAL LEVEL AND BELOW.**

8.1 Though considerable progress has been made in terms of policy development at national level, there is relatively weak capacity to implement and monitor interventions at provincial level. Some provinces have implemented successful pilot activities, but investment in training, awareness raising and planning capacity is needed to scale up these activities consistently and equitably across provinces. Equally, while funding for interventions is becoming more available (for example through the World Bank Health 9 Programme or China Cares, lack of demand for interventions at provincial and local level means that potential funds are not being taken up.

8.2 Provincial and local officials are not consistently aware of the potential impact of HIV/AIDS, or of the progress that has been made in developing effective responses to minimise this impact. This has meant that the issue has tended to remain relatively low priority. Policy implementation has also been inconsistent, both in terms of national plans, and across different ministries. In some cases, for example, policy departments have launched crack-downs on sex work and drug use, potentially undermining progress that has been made on developing trust in harm reduction programmes. From an early stage, the project will support advocacy and training for provincial, local and party officials to integrate HIV/AIDS into multi-sectoral planning, policy and management processes. Advocacy and training should address key misconceptions about HIV/AIDS, including routes of transmission, its epidemiology and appropriate ways of controlling the problem.

8.3 Provincial leading groups, responsible for co-ordinating responses to HIV/AIDS, are nominally in place at provincial level. However they are not routinely equipped with the knowledge, technical skills and co-ordinating capacity to manage, co-ordinate and monitor programmes. The project will develop a programme of support to leading groups and



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related management groups in at least five provinces, ensuring that lessons learned from this process enable similar programmes to be rolled out to different programmes in the future.

8.4 Capacity for providing and sharing technical guidance at provincial level needs to be strengthened. As funding for interventions becomes more available, both from GoC and external sources, it will be important to strengthen mechanisms for ensuring that necessary technical support is available to implementing organisations. Improved technical ability should also build demand for increased funding and improve absorptive capacity, which has been identified as a problem.

8.5 Comprehensive information about risk behaviours to inform the development of effective interventions is not available. Relatively few studies have investigated the sex industry, the clients of sex workers, and sexual networking. Assumptions about sexual risk behaviour, for example among truck drivers and migrant workers, are based on experience in other countries rather than concrete evidence. Little is known about the social characteristics and sexual behaviour of MSM, drug use among sex workers, or the sexual behaviour and partners of IDU. Understanding of how rapid social change and uneven economic development are influencing HIV risk behaviours, especially in young people, is limited.

8.6 There is also little information about the social, economic and cultural determinants of the epidemic, which could inform policies aimed at reducing vulnerability. Links are not always made between epidemiological and socio-economic analysis. The ways in which factors such as poverty, livelihoods, gender, youth, migration and ethnicity influence vulnerability to HIV are poorly understood. Likewise, studies of the impact of HIV/AIDS are few. While stigmatisation and discrimination is acknowledged to be a significant problem, there has been no analysis of the underlying factors in order to develop effective strategies to tackle stigma and discrimination.

8.7 At present, the voices of vulnerable groups including young people, high-risk groups and PHA are not routinely included in planning processes. DFID is considering supporting a civil society programme specifically to strengthen the capacity of civil society organisations (demand-side), however this project will identify and support a variety of mechanisms to enable greater inclusiveness in government planning decisions. A flexible approach will be given, with support given to participatory research methodologies, as well as increasing representation of vulnerable groups in planning fora.

## **9. OUTPUT FOUR: RESOURCE REQUIREMENTS MOBILISED AND UTILISED**

9.1 In recent years the central government has increased its budget on HIV/AIDS prevention and control significantly, but national estimates indicate that spending still falls far short of actual needs. A preliminary estimate by national and international experts in 2002 was that \$US400,000 million in the following five years for nationwide HIV/AIDS prevention alone, while the cost of treatment would be even higher.

9.2 The shortage of funds for AIDS will result in less coverage in prevention and care and inadequate implementation. Without more detailed cost-benefit analysis, it is also unclear whether current spending patterns on HIV/AIDS is as cost-effective as it could be. There is no clear operational fund-raising plan to generate resource commitments from different sectors. At an operational level, the lack of clear, long-term funding commitments discourages long-term planning. There is also a need to mobilise and make better use of social and private sector resources. Though some efforts have been made to promote involvement from the private sector, for example interventions funded by the China UK project and Harvard University, at present, there is no established, routinised mechanism for mobilising social resources.

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9.3 HIV/AIDS is a difficult and politically sensitive issue. Experience in China and internationally indicates that without compelling evidence that the issue is of direct relevance to them, officials tend to downplay the issue. To launch an appropriate response, decision-makers need a clear understanding of two key points. The first is that HIV/AIDS poses a significant social and economic threat to their constituents and is an issue they need to address. The second is that introducing relatively controversial interventions such as improving services for marginalised groups and adopting a harm reduction approach to illegal drug use, is an appropriate and ultimately cost-effective way of addressing the issue.

9.4 Progress has already been made in developing cost estimates for interventions in China, including work done by the World Bank and the NCAIDS 2002 Socio-Economic Impact Study. The project will build on this by supporting the development of detailed, evidence-based estimates of the human, technical and financial resources needed for short- and long-term prevention and care in China. These estimates should then be used to develop estimates of resource packages required to effectively tackle HIV/AIDS to support national planning processes such as the second Five-year Action Plan, as well as provincial programmes. A system for regularly updating these estimates should also be supported.

9.5 Though impact studies have been done in China, they have tended to be small and relatively isolated. The project will fund applied health economics research on the social and economic impact of HIV/AIDS in different areas and regions.

9.6 The project will also support applied research on the cost-effectiveness of different prevention and care strategies. At present, decision-makers have to rely on estimates based on international experience, rather than up-to-date evidence of the cost and impact of Chinese interventions undertaken. The project should also build consensus across government on the most appropriate and cost-effective packages of interventions in different contexts.

9.7 Developing an overall fund-raising strategy, which clearly identifies the responsibilities of central and local government, NGOs and the international community is a key recommendation of the GoC/China Joint-Assessment Report. The project will conduct a mapping exercise to identify available resources from national, international and private-sector organisations. This data can then be used as the basis for estimating the cost responsibilities of different agencies under existing national policy. The project will support initiatives to develop a comprehensive strategy for mobilising resources. The project will support implementation of the strategy by developing proposal-writing capacity at national and provincial level. It will also support advocacy activities to mobilise additional resources.

9.8 To improve resource management, the project will support activities designed to identify responsibilities and strengthen the efficiency of resource use. It will develop capacity for budgeting, financial management and reporting among implementing partners, and ensuring that financial reporting for national programmes is linked to indicators of effect.

## **Annex 2: INSTITUTIONAL APPRAISAL**

### **1. INTRODUCTION**

China has an extensive institutional infrastructure that could be strengthened and leveraged to play a significantly greater role in the country's response to HIV/AIDS. This Appraisal is an overview of the different institutions involved in the multisectoral response to HIV/AIDS in

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China, including government, civil society and the international community. It also looks at several related institutional issues including co-ordination and funding.

## **2. GOVERNMENT: NATIONAL, PROVINCIAL AND LOCAL**

2.1 The government of China is an intricate network of interconnected institutions, which extend from the national level to the most remote village. The civil government is led by the National People's Congress (NPC), which has the sole legal authority to pass laws. The State Council is responsible for the administration of the national government, which is handled by 34 ministries, commissions and mass organisations. Within this structure, the State Council can issue regulations addressing multisectoral issues; individual ministries can issue sector-specific regulations.

2.2 Provincial government has a parallel structure to the national system with a Provincial People's Congress that has the ability to pass province-specific laws. There are provincial equivalents or extensions of the various national ministries, commissions and mass organisations. This vertical network extends down to the county level.

2.3 Counties have responsibility for the townships, administrative villages and natural villages within their areas. These townships and villages are where most of China's rural population resides. Local governments are quite independent, with the ability to make decisions about activities and budgets. However, at both the provincial and local levels, government officials must follow the national government's lead on high-profile political issues and service and budget priorities.

2.4 An across-the-board downsizing in government staffing began in 1998 at the national level and moved through the province and lower levels in the following years. This downsizing greatly reduced government capacity and the function of government institutions has become one of policy formulation, technical guidance and knowledge dissemination rather than direct intervention.

2.5 Civil government operates side-by-side with China's Communist Party hierarchy with all levels of government following the party's direction on major policy matters. Party membership is a requirement to hold government office. The Central Party School based in Beijing sets the training agenda for national and local level Party members; it also trains more than 1,000 lower level officials at its Beijing campus each year.

2.6 The government is the major institutional actor in China's response to HIV/AIDS. And while there is growing recognition of the significance of the HIV/AIDS issue among some senior decision makers, there is a need to improve knowledge and understanding among government officials, particularly in non-health sectors and at provincial and local levels. The limited understanding of the potential economic and social impact of HIV/AIDS among government officials is one of the reasons why China has not made much-needed investments in its strategic capacity to respond.

## **3. HIV/AIDS INFRASTRUCTURE**

3.1 In 1998, the government issued the "Chinese National Medium and Long Term Strategic Plan for HIV/AIDS Prevention and Control." Which focused on ensuring the safety of the blood supply, STD control, surveillance, drug abuse and sex work. In 2001, a separate report – "China HIV/AIDS Containment, Prevention and Control Action Plan" – was published. The Action Plan, which is a five-year plan running through 2005, includes harm reduction and prevention initiatives targeted at injecting drug users and sex workers, including clean needle,

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drug substitution and condom promotion programmes, as well as community-based treatment and care programmes for infected and affected individuals and families.

3.2 Oversight of the National AIDS Programme is the responsibility of the State Council AIDS Working Committee (SCAWC). This Committee is comprised of representatives from all 29 ministries, commissions and mass organisations, including the All China Women's Federation (ACWF), the Youth League, the Labour Union and the Red Cross Society. A Vice Minister represents each ministry on the Committee. The SCAWC meets at least once a year to make major policy decisions and approve the budget.

3.3 All 29 members organisations on the SCAWC have specific institutional roles and responsibilities for HIV/AIDS work. They range from the work of MOFCOM in co-ordinating the efforts of bilateral donors and multilateral agencies to the IEC work that the Ministry of Public Security does with sex workers and injecting drug users.

3.4 The SCAWCO, which serves as the secretariat for the Committee, is located within the Ministry of Health (MOH). The director of the Office is the Vice Minister for Health, who also represents the MOH on the SCAWC. Each ministry has a designated contact person, usually at the Director General or Director level, who acts as liaison for the Office for day-to-day operations. All special government allocations for AIDS activities are channelled through the Office.

3.5 The Department of Disease Control (DDC) in the Ministry of Health was the original focal point for China's HIV/AIDS efforts. Officially, the DDC is still designated as the primary department for AIDS prevention and control, with responsibility for co-ordinating implementation.

3.6 Technical support to the National AIDS Programme is the responsibility of the China Centre for Disease Control (CCDC), the National AIDS Prevention and Control Centre (NCAIDS), which maintains the national HIV/AIDS surveillance system, and the National Centre for STD Control and Research (NCSTD).

3.7 The National AIDS Resource Centre, located within NCAIDS, is a policy and information centre for the national AIDS response, with a mandate to provide technical guidelines, draft recommendations for national policies and develop information for the mass media and for other sectors. By its own admission, the Resource Centre is largely health-focused and has been relatively weak in incorporating other perspectives into its work. It is also weak in the area of policy advocacy, especially its ability to segment messages to different decision-making constituencies.

3.8 The National Institute for Health Education, which merged with the CCDC in 2001, is the designated "instructional centre" for health education and promotion in China. A National AIDS Expert Committee advises the SCAWC and has four working groups (Epidemiology, Clinic and Virology, Social Behaviour, Health Education), each chaired by a leading specialist from a Chinese technical institution.

3.9 Despite a multisectoral framework for the HIV/AIDS response, the Ministry of Health and its vertical network still remains the major institutional actor responsible for implementing and co-ordinating the AIDS response at each level. Unfortunately, its capacity to direct the effort has been limited by staff shortages. The MOH suffered cuts of 40% of its staff in national government restructuring.

3.10 The national-level framework for tackling HIV/AIDS is replicated at the provincial and local levels. Each province is responsible for establishing a Provincial AIDS Co-ordinating Committee chaired by a Vice Governor. The status and effectiveness of these committees varies from province to province. Municipalities and counties have similar committees,

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chaired by the vice mayor. Parallel to the national level, health departments take the lead on AIDS work in all provinces, municipalities and counties, acting as the secretariat for the multisectoral Co-ordinating Committee.

#### **4. MULTISECTORAL CO-ORDINATION**

4.1 Co-ordination among different sectors is problematic, especially where there is competition for funds and political visibility. For example, the lack of co-ordination between the health and family planning ministries negatively affects collaboration, even though there is overlap in their mandates. In some cases, there is even a poor record of collaboration within ministries themselves.

4.2 The vertical structures of government with its lines of authority, budgets and mandates for each sector makes it difficult to forge productive horizontal relationships. Despite its responsibilities across the response, as a less influential ministry, it is difficult for the MOH to pursue these horizontal relationships, especially with more powerful sectors. Moreover, the crisis of public finance at the local level and the requirement that each sector allocate funds from its regular budget for its sectoral HIV/AIDS activities also limits what is currently done collaboratively.

#### **5. FUNDING ISSUES**

5.1 At the national level, funding for the Action Plan is passed through the SCAWCO. A portion of these funds is provided as a subsidy to provincial governments. Within each province, subsidies are in turn provided to poorer areas to implement the plan while richer areas are expected to shoulder the main financial burden for implementing activities, which leads to multiple unfunded mandates.

5.2 Funding is a particularly critical issue at the local level. Governments have the ability to collect taxes, charge fees and make funding decisions at the county level and below. However, there are shortcomings in fiscal accountability and transparency, with very little participation by the public in setting priorities and making decisions.

5.3 With fiscal decentralisation and devolution, provincial and local governments have major funding responsibilities. The crisis in local public finance in many poor areas means that there are usually limited funds for AIDS programmes. This contributes to large variations in service delivery at the local level. In the case of HIV/AIDS, if there is no subsidy for prevention and care programmes, it is unlikely such programmes will be undertaken, given local finance, staff capacity, and competing political priorities. Most city and county officials controlling such decisions, especially those in more remote areas, have a limited understanding of the social and economic impacts of HIV/AIDS or sufficient knowledge of domestic and international best practices that could be replicated locally.

#### **6. CIVIL SOCIETY AND MASS ORGANISATIONS**

6.1 In China a distinction must be made between independent NGOs and those organised by government, including mass organisations. In the field of HIV/AIDS, most non-government activities are implemented by mass organisations and government-affiliated NGOs and these usually adhere to the government and party agenda.

6.2 Mass organizations reach down to the local level and play an important role to in reaching their constituencies with HIV/AIDS education and services. Many have already incorporated HIV/AIDS activities into their routine programmes but there is an opportunity to

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strengthen the activities of these organisations. The NIHE is supposed to play this role but in reality its infrastructure and reach at the local level are quite weak.

6.3 The All China Women's Federation and the Youth League are two key mass organisations. They have branches throughout the country extending from central to village levels through which they have mounted AIDS education activities. The China Family Planning Association (the IPPF affiliate) also has branches down to the village and community level throughout China, and has taken on HIV education work, especially targeted at youth. The China Red Cross Society also has branches throughout the country and has carried out innovative work such as peer education on HIV/AIDS amongst young people. Recently, China's national Labour Union began HIV/AIDS education using its organisational structure.

6.4 Two examples of government-affiliated NGOs include: 1) the Chinese Association of STD/AIDS Prevention and Control (attached to the MOH), which was founded in 1993, has the mandate to co-ordinate non-governmental organisations working on AIDS and has formulated an action plan for HIV/AIDS NGOs in China, and 2) Beijing Association of STD/AIDS Prevention and Control (attached to the Beijing Health Bureau), which has been very active in AIDS activities in Beijing city.

6.5 Operating under the auspices of the Chinese Association of STD/AIDS Prevention and Control and Ditan Hospital's Infectious Disease Department, a new government-organised NGO for people living with HIV/AIDS was established in 2002. Mangrove is a self-support group that is designed to be an umbrella group for all such groups in China; it is planning projects in Guangdong, Sichuan, Yunnan, and Henan. Until Mangrove was established, there was little recognition of the need to include the voice of HIV-infected people in policy discussions and programme design.

6.6 China has not yet developed a truly independent NGO sector although there has been rapid development in the last decade with an increasing number of civil society organisations registered and operational throughout the country and an evolving legal and regulatory framework. In this category of NGOs, only a very few work on HIV/AIDS. These include the China AIDS Network, based at Union Medical College in Beijing (recently merged with Beijing University's Medical College) and the Yunnan Reproductive Health Research Association. Qingdao Medical University publishes a magazine for gay men entitled "Friends Exchange" which is widely circulated and contains safe sex education and AIDS prevention information. AIZHI Action, China's most independent – and most controversial – NGO working on AIDS, has an internet list-serve providing international and domestic subscribers with information and reports on international best practices and the status of the epidemic in China.

6.7 A number of issue-based NGOs have sprung up in recent years. Their activities are often research and/or advocacy-based; they usually do not provide services and they operate in a restricted legal and regulatory context. Nevertheless, many of these organisations have direct channels to government through the patronage of influential officials and by the dual roles of their directors and founders as government employees. However, very few of them work on HIV/AIDS.

6.8 A number of international NGOs have representative offices in China and have been actively implementing AIDS projects through local governments and counterparts, usually health organisations. Save the Children Fund UK has been working in China since the mid 1990s, especially in Ruili, Yunnan with a focus on sex workers. The Australian Red Cross has been collaborating with the Yunnan Red Cross since the mid 1990s on youth AIDS education efforts. Marie Stopes International recently opened an office and is also focusing on young people and AIDS education. Futures Group Europe, PSI and DKT have resident staff working on condom social marketing. Oxfam, Salvation Army and CARE International have all

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initiated prevention projects in China. Medecins sans Frontieres has been in the forefront of treatment and care through its direct assistance to poor communities by physicians and nurses and has recently re-focused much of its China efforts on HIV/AIDS treatment and care issues. They have already played a significant role in initiating new practices such as peer education, counselling in drug rehabilitation centres, and training of trainers for HIV/AIDS.

6.9 China lacks an indigenous philanthropic sector and most charitable assistance to China's NGO sector is provided from abroad. A number of government-sponsored Foundations have been set up affiliated with government ministries, such as the China Charities Federation, China Primary Health Care Foundation, the Amity Foundation, the China Population Welfare Foundation and the China AIDS Foundation, but the funding they provide for domestic philanthropic activities is mainly obtained from foreign funders or from government. There has been relatively little work on AIDS by these domestic foundations to date but they may provide existing infrastructures for future outreach.

6.10 There has also been relatively little private sector involvement in the AIDS response, though some multinational corporations have expressed an interest in expanding their corporate HIV/AIDS initiatives in China.

## **7. INTERNATIONAL PARTNERS**

7.1 In the last few years there has been a marked increase in donor assistance to China for HIV/AIDS prevention and care. A donor meeting organised by the United Nations resident representative for China in 1997 helped raise attention in the bilateral and multilateral donor community of specific initiatives requiring foreign funds and technical assistance and resulted in a significant increase in funding over the following several years.

7.2 The main bilateral donors to China's HIV/AIDS efforts are the UK, Australia, and the US. DFID's China-UK HIV/AIDS Prevention and Care Project provides £15.3 million over five years for strengthening strategic planning and management capacity, prevention and care. The Australian government has supported projects in Xinjiang and Yunnan, with future work planned for Tibet and Guangxi and has recently provided important support to MOFCOM to strengthen its donor co-ordination role. The US government is initiating support through the US Centers for Disease Control for improving HIV surveillance and voluntary testing and counseling nationally and has provided NIH support for research on prevention, epidemiology and vaccine development. USAID has plans to support work on HIV prevention in Yunnan and Guangxi.

7.3 The key multilateral agencies working on HIV/AIDS issues have been the World Bank, UNAIDS, WHO, UNICEF, UNDP, ILO and UNFPA. UNAIDS has played a co-ordinating role among this growing set of actors in recent years.

7.4 The World Bank's project has provided \$33 million for HIV/STD prevention and control in four provinces: Xinjiang, Shanxi, Fujian, and Guangxi and supports institutional and policy capacity building, blood bank management, management of STDs, and behaviour change and care for infected persons.

7.5 The UN's Programme Acceleration Funds have supported a number of important initiatives, including needed work on behavioural, surveillance and legal aspects. In addition to its co-ordinating role, UNAIDS piloted a strategic planning initiative in several provinces and their active outreach work, including timely publications and updates, has benefited the entire international community working on AIDS. The WHO has initiated a national 100% condom program for sex workers, has been a long-time supporter of efforts to improve STI management and epidemiological surveillance and more recently has been assisting China

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on negotiating patents and laws related to the domestic production of ARVs. UNICEF's projects are mainly in the Mekong region in the southwest, although other projects are scattered throughout the country, including in Henan province. UNDP projects and priorities include efforts to promote legal and rights perspectives and reforms to support AIDS prevention and care. UNFPA has included HIV/AIDS prevention in a larger reproductive health project in 32 rural counties throughout the country. ILO has recently begun addressing HIV/AIDS in the private sector and with the Labour Union.

7.6 Private foundations, notably the Ford Foundation and the Barry and Martin's Trust, have played an important role in funding innovative activities and demonstration projects in China over the last decade.

7.7 As more international agencies have begun to support the Chinese government's AIDS response in recent years, the need for increased co-ordination is evident. A number of provinces (notably Yunnan, Guizhou and Xinjiang) now have multiple donors funding similar efforts, while many provinces, including some badly affected ones, have no international projects at all. Recently, MOFCOM has taken a lead role in bringing together the international community in an effort to better co-ordinate donor inputs to China's national AIDS response. The UN Expanded Theme Group on HIV/AIDS has provided a forum for international partners to regularly meet and share information but has been less effective as a true co-ordination mechanism. There is a clear opportunity to strengthen the process by which the key players work together to systematically co-ordinate their efforts.

## 8. OTHER INSTITUTIONS

8.1 A Country Co-ordinating Mechanism (CCM) has been established to meet governance and accountability requirements for the Global Fund for AIDS, Tuberculosis and Malaria (GFATM). The CCM is comprised of 13 government, private sector and NGO organisations working on AIDS and includes a person living with AIDS. It was intended that the CCM would be expanded to include 52 public, private and NGO members in future and would function as a link to the SCAWC.<sup>2</sup>

8.2 A number of academic institutions have done research and training on AIDS determinants and impacts and a more limited number provide qualitative social science perspectives. In general, however, this research has been *ad hoc*. People's University Institute for Research on Gender and Sexuality has led in sexual behaviour research. Qinghua University's Institute for Social Policy Research (School of Management and Public Policy) has taken a lead in research and advocacy on issues related to minorities and poverty and its relation to AIDS risk. Qinghua University (in collaboration with Harvard University) is initiating an AIDS public policy training programme for government officials at national (sectoral ministry), provincial and local levels to introduce international and Chinese best practices in AIDS prevention and control and to assist in the development of local and sectoral strategic planning.

8.3 A number of Family Planning Research Institutes (Shanghai, Chengdu in Sichuan) have done research on AIDS risk behaviour among youth, and the acceptability of condoms among sex workers and clients. Kunming Medical College and the Yunnan Reproductive

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<sup>2</sup> China has submitted a second-round application to the Global Fund for \$96.55 million to provide treatment and care for people living with HIV/AIDS in seven provinces. However, it appears that this application may not be successful and the impact on long-term viability of the CCM could be significant.



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Health Research Association have also undertaken social science studies of AIDS among minorities, women and young people.

8.4 Though these initiatives are positive, China's leading social science institutions (CASS and the provincial academies of social science) have done little work on HIV/AIDS issues. Topics such as orphans, minorities, gender, poverty, and public welfare, need to be brought into these influential institutions. The mechanisms for bringing social science perspectives into the policy process are weak and are based mainly on personal connections of researchers with government officials involved in AIDS policy and programme formulation.

8.5 The media is essentially a state operation in China with a sizeable infrastructure in print, television, radio and film outlets. Overall, the media has a broad reach and can be very influential. For example, print media is widely available – although more so in urban areas – with newspapers being the most popular format. Television is estimated to reach 95% of the population, extending even to remote rural areas; radio reaches 92% of the population. With the government's increasing openness, there is now an ability to provide more accurate coverage of HIV/AIDS, which could have a significant impact on knowledge and awareness among the general population.

## 9. OTHER ISSUES

9.1 The lack of institutional mechanisms to include the community's voice in the political process has limited the impact of community perspectives on HIV/AIDS policy and planning at all levels. There are restrictions in place to prevent interest groups from organising and staging demonstrations and protests. Specifically, there are no institutional mechanisms for affected communities and individuals to participate in the design of programmes that address their issues. Mangrove, the newly created umbrella organisation for PHAs may be able to fill this particular niche but it remains to be seen whether a government-organised mechanism can be a legitimate channel for the infected and affected to insert their voices in the policy debate.

9.2 Responsible and accountable resource allocation and governance is a major agenda item for the government and Party administrative and fiscal reform programmes. However, current good practice is more often the result of honest and committed local officials than of any formal institutional oversight.

9.3 As a means to protect the rights of PHAs, China's legal institutions remain weak. Some laws and regulations have been passed in recent years to support the HIV/AIDS response but most relate to protection of the blood supply. Stronger laws protecting the rights of infected persons are important because limited public knowledge about HIV/AIDS has fostered a climate of stigma and discrimination. The lack of an independent judiciary and still undeveloped civil legal system also means that legal recourse is limited for those whose rights have been violated.

## 10. STAKEHOLDER ANALYSIS

<b>Stakeholder</b>	<b>Interest</b>	<b>How project affects particular interest</b>	<b>Priority of interests</b>

State Council Coordinating Committee (SCAWC) on HIV/AIDS	Achievement of targets and delivery of policy	(+)	1
	Increased financial resources	(+)	
SCAWCO	Strengthened coordination and policy role and capacity	(+)	1
	Increased profile, financial and human resources	(+)	
	Increased workload	(-)	
National Centre for AIDS/STD Control and Prevention (NCAIDS)	Increased planning and management capacity	(+)	1
	Strengthened national resource centre	(+)	
	Increased workload	(-)	
Ministry of Health and national Centre for Disease Control (CDC)	Strengthened surveillance systems	(+)	1
	Leadership of China's response	(-)	
	Strengthened systems to meet global and national reporting requirements	(+)	
Ministry of Foreign Trade and Economic Cooperation (MOFCOM)	Increased financial and human resources	(+)	1
	Improved capacity and mechanisms for donor coordination	(+)	
Ministry of Education	Effective school-based HIV education	(+)	1
	Human resource	(+)	

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<b>Stakeholder</b>	<b>Interest</b>	<b>How project affects particular interest</b>	<b>Priority of interests</b>
State Broadcasting Bureau	Effective public education about HIV/AIDS  Increased capacity and skills of media	(+)  (+)	1
Provincial governments	Increased financial resources  Achievement of targets  Strengthened capacity for coordination, planning and implementation  Concerns about local economy, investment, tourism	(+)  (+)  (+)  (-)	1
Ministry of Justice and Public Security Bureau	Enforcement of legislation and control of illegal behaviours	(-)	1/2
Other national ministries represented on SCAWC	Achievement of SCAWC directives  Achievement of sector targets  Increased resources	(+)  (+)  (+)	1/2
Communist Party and Party Schools	Social stability  Increased knowledge and awareness of party	(+)  (+)	1/2

	officials		
National Institute for Health Education and provincial equivalents	Increased resources Strengthened skills and capacity	(+) (+)	1/2
Mass organisations (All China Women's Federation, Red Cross, Youth League, Labour Union)	Achievement of SCAWC directives Strengthened capacity to implement strategic plans Increased financial resources	(+) (+) (+)	1/2

<b>Stakeholder</b>	<b>Interest</b>	<b>How project affects particular interest</b>	<b>Priority of interests</b>
Government-affiliated NGOs and official NGO networks	Increased financial resources Strengthened coordination and networking	(+) (+)	1/2
Independent domestic NGOs and networks	Increased influence and more favourable regulatory and operational environment Increased financial resources Strengthened skills and capacity	(+) (+) (+)	1/2
PHA groups and networks	Increased influence Increased financial resources	(+) (+)	1/2

	Strengthened skills and capacity	(+)	
State and independent mass media and media agencies	Increasing audience share Better public awareness and knowledge Improved knowledge, skills and access to information	(?) (+) (+)	1/2
Academic and training institutions	Increased financial resources Strengthened technical and human resource capacity	(+) (+)	1/2
Social science researchers and networks	Access to research funds Increased influence and dialogue with policy makers Improved networking and interdisciplinary working	(+) (+) (+)	1/2

<b>Stakeholder</b>	<b>Interest</b>	<b>How project affects particular interest</b>	<b>Priority of interests</b>
International and bilateral donor agencies	Strengthened coordination mechanism Increased financial resources Achievement of policy and programme objectives	(+) (+) (+)	1/2
Private sector	Success in competitive market, productivity and profits Corporate social responsibility	(?) (+)	2
DFID	Achievement of MDGs Leveraging additional resources Influence Poverty and gender focus	(+) (+) (?) (+)	2
International NGOs	Improved regulatory and operational environment Partnerships with Chinese NGOs and PHA groups Increased resources	(+) (+) (?)	3

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## **Annex 3: ECONOMIC APPRAISAL**

### **1.**

1.1 The economic justification for DFID investment in this Project is to minimise the adverse impact on China's development that would result from a widespread HIV/AIDS epidemic. Economic models indicate that an epidemic with a relatively low prevalence rate of 1.5% would cut more than a half percentage point a year off China's annual economic growth rate during the next 25 years.

1.2 Currently, the economic impact of HIV/AIDS in China is most serious at the individual and family levels, where loss of income and increased medical expenses can be devastating. Surveys have shown that only 21% of individuals remained in the same job after becoming infected with HIV and that families lost 30% of their annual income after a family member became infected. In addition, the cost of treatment far exceeds average annual income, placing a substantial burden on households. A recent study showed 75.5% of AIDS patients paid medical bills directly. Many families used savings, while some borrowed money or sold assets, to pay for treatment.

1.3 As the number of people with HIV/AIDS rises, China's health infrastructure is coming under increasing stress. In areas with a high prevalence, there is already a lack of beds and trained medical professionals. Over the coming years, the demand for HIV/AIDS-related public expenditure will put tremendous pressure on the management capacity and financial resources of government at the local, provincial and national levels.

1.4 HIV/AIDS has both direct and indirect impacts on China's macro-economy. Direct impact is primarily for medical expenses. In 2001, the medical cost for all AIDS patients was 215 million RMB. In 2010, this figure could rise to 1.98 billion RMB if the prevalence rate remains below 0.3% or as high as 6.01 billion RMB if the prevalence rate approaches 1.5%. The indirect impact stems largely from lost productivity; the fact that AIDS tends to strike people during their most productive years could be particularly damaging to the Chinese economy if the epidemic becomes more pervasive.

1.5 Although HIV/AIDS has yet to produce a significant impact at the macro-economic level, it is vital that comprehensive and effective measures are implemented to avoid long-term damage to China's development.

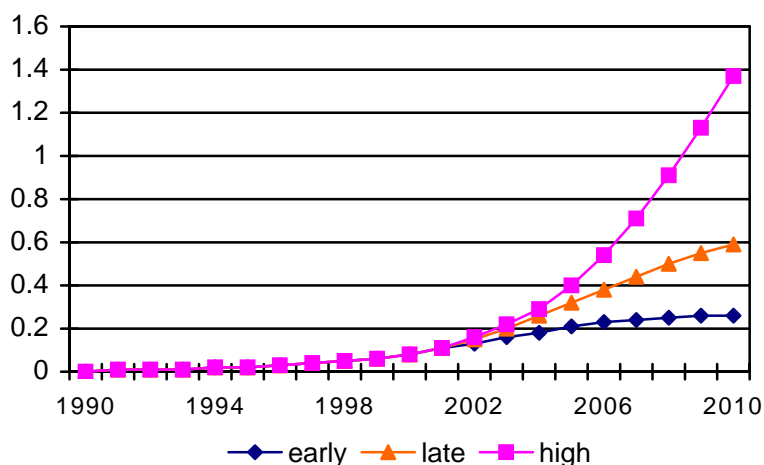
### **2. THE VALUE OF AN EARLY AND STRATEGIC RESPONSE**

2.1 The epidemic in China is nascent and, although it is spreading rapidly, is relatively concentrated in particular populations and geographic areas. Therefore, China would benefit significantly from an early and strategic response.

2.2 The cost effectiveness of responding early to HIV/AIDS has been well documented in recent years. In a recent report titled "The Socioeconomic Impact of HIV/AIDS in China," representatives from the National Centre for AIDS Prevention and Control (NCAIDS), China Centre for Disease Control (CCDC), Beijing Institute of Information and Control (BIC), National Health Economics Institute (NHEI) and The Futures Group International (TFGI), projected HIV prevalence in China in three different scenarios: High (no further intervention programmes are implemented and HIV prevalence reaches a high, generalised level in 2010), Early (intervention measures are taken in the early stage and HIV prevalence stops increasing as of 2004) and Late (measures are taken in the late stage and HIV incidence

does not level off until 2007) (Figure 1).<sup>3</sup>

**Figure 1: Adult HIV prevalence (%) in 3 scenarios**



2.3 Using the macro-economic component of the AIM model in Spectrum, the loss to GDP in the early scenario is estimated to be 7.6 billion RMB in 2010, a cumulative loss of 22.5 billion RMB in ten years. In the High scenario, the GDP lost to AIDS will reach 15.9 billion RMB in 2010, a cumulative loss of 40 billion RMB in ten years. This model reinforces the economic consequences of responding to HIV/AIDS earlier rather than later.

2.4 Because HIV/AIDS is relatively concentrated in specific populations and geographic areas, China has an opportunity to prevent a wider epidemic if it moves quickly and strategically. However, the diversity of both the affected populations and geographic areas means that China must mobilise a broader response than is often considered necessary for an emerging epidemic. For example, the fact that HIV/AIDS is affecting the general population in several provinces as the result of unsafe blood donations is particularly challenging. Providing targeted services to these people is a very different proposition from providing targeted services to other at-risk populations in China such as injecting drug users (IDUs) and sex workers (SWs). The sheer size of China and its population also has an impact on implementing an early response; for example, sizeable groups of at-risk populations, including IDUs and SWs, are found across the country.

2.5 The challenges posed by China's emerging epidemic reinforce the importance of a strategic approach to an early response from both the international community and domestic institutions. For the international community, the size of China and its population limits the potential reach and effectiveness of an approach that focuses only on funding direct interventions for affected or at-risk populations. Multilateral agencies, bilateral donors, international NGOs and foundations are simply not in a position to provide the amount of financial and technical support required for the integrated response needed in China.

2.6 For China itself, the financial and technical demands of the response require adequate strategic capacity, which can ensure that available resources are allocated as efficiently and effectively as possible. If the country's response continues to be defined by scaling up interventions – whether internally or externally funded – without sufficient attention to the strategic infrastructure necessary to support those interventions, it is unlikely to have the

<sup>3</sup> Support for the report, "The Socioeconomic Impact on HIV/AIDS in China," was provided by DFID, the UN Theme Group in China and UNICEF.



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required impact on the spread of HIV. Without an adequate strategic infrastructure, which includes the ability to conduct ongoing, integrated strategic and tactical planning, to formulate and implement appropriate policy, to generate, collect, analyse and use appropriate data, and to promote effective collaboration between government and civil society, China's response will be fragmented and, consequently, ineffective at maintaining a low prevalence rate.

2.7 Unlike many countries grappling with HIV/AIDS, China does have a functioning state system and well-developed mechanisms for communicating horizontally and vertically across the different levels of government. In many respects, the basic components of the necessary strategic infrastructure are in place in China, but greater efforts are required to bring these components together to manage an effective and expanded response.

### **3. INVESTING IN STRATEGIC INFRASTRUCTURE**

3.1 The impact of investments in strategic infrastructure is not well researched or well documented. However, preliminary analysis of historical investments in HIV/AIDS projects in developing countries indicate that an ineffective or non-existent strategic infrastructure severely limits the ability of those projects to have a cost-effective and sustainable impact on the epidemic. The World Bank has recognised the importance of strengthening the strategic capacity of countries to respond to HIV/AIDS; although most of the Bank's active projects for HIV/AIDS continue to focus on interventions, since July 2001, it has funded projects in Nigeria, Madagascar, Senegal and Grenada, which included significant and specific support for strategic capacity related to HIV/AIDS.

3.2 There is some evidence that underscores the value of investing in strategic infrastructure. For example, an analysis of the Mbeya Regional AIDS Control Programme (MRACP) in Tanzania,<sup>4</sup> published in November 2000, clearly recognises the accrued benefits of the project's investment in strategic activities such as:

- developing managerial and technical capacities at regional and local levels;
- deploying a flexible and adaptable planning tool that relies on inputs from multiple constituencies;
- undertaking operational research to generate new knowledge and skills; and
- using advocacy among regional and national authorities to achieve wide political support and prepare the ground for wider involvement of non-health sectors in the response to HIV/AIDS.

3.3 The benefits from investing in the strategic infrastructure in the Mbeya Programme parallel several of the outputs in the logframe for the new Project in China.

3.4 The cost-effectiveness of DFID support for strengthening China's strategic infrastructure is difficult to prove. However, without significant improvements in this infrastructure, it is not clear if China could or would mount a stronger, more effective response to HIV/AIDS in time to prevent a widespread epidemic. Improving strategic infrastructure could also help catalyse China's response and speed up its implementation, which would have a significant economic impact because – as outlined above – international experience has demonstrated that delays in launching effective prevention and control

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<sup>4</sup> DFID provided support to the Mbeya Programme on multiple levels, including investments in health facilities, strategic and tactical planning and STD drugs.

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programmes permanently and substantially raise the cost of future control and care interventions.

3.5 Although there is no direct way to estimate the value of this type of capacity development, it is clear that achieving Project outputs could have a significant impact on the ability of key government agencies at the national, provincial and local levels to better understand HIV/AIDS and its effect on their constituents and to plan and manage their response more efficiently and effectively. For example, with improvements in strategic infrastructure:

- Improved co-ordination, between government sectors and between international donors and domestic institutions, would strengthen coherent planning and prioritisation and the effective and efficient allocation of available resources to address identified priorities.
- Better co-ordination among international partners would also lead to better sharing of information, including lessons learned, and to the ability to leverage each other's comparative advantages in future work.
- Strengthened capacity within the SCAWCO on HIV/AIDS would enable it to play a more active and central role in China's overall response. Corresponding improvements within NCAIDS would enable that organisation to provide better technical support to national, provincial and local constituencies.
- Provincial and local government officials would be trained on the integration of HIV/AIDS into multisectoral planning, policy and management processes, giving them the knowledge and skills to plan and deliver a stronger response; one which is tailored to their specific circumstances and which includes high-quality, cost-effective interventions.<sup>5</sup>
- Existing epidemiological, socioeconomic and financial data would be factored into policy and planning work; this shift to a stronger evidence-based approach would have a broad impact on the response, including resource allocation.
- Mechanisms to generate, gather, analyse and use relevant knowledge – e.g., targeted social science research on key issues related to HIV/AIDS, expanded behavioural surveillance and strengthened resource centres – would be an integral part of the China's response, resulting in better informed debates and decision-making across sectors at national, provincial and local levels.
- Practical training in proven technical skills would be available through a network of Chinese institutions and field projects; access to this training would enable participants to have a "hands-on" understanding of the knowledge and skills required to launch and sustain interventions while also contributing to improvements in the quality of existing and planned interventions.
- Government would recognise and encourage the ability of civil society, including independent NGOs, PHA organisations and the private sector, to play a central role in the country's response to HIV/AIDS.

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<sup>5</sup> The Project will not be funding interventions directly so the standard cost-effectiveness data on activities such as infections averted and DALYs gained is not an appropriate part of the economic appraisal. However, this critical cost-effectiveness analysis should be an integral part of the Project's initiatives with national, provincial and local government to ensure that this knowledge is included in their planning and implementation processes.

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- Individuals and organisations in China would be better equipped to use advocacy to influence policy, educate decision-makers and opinion-leaders and leverage additional resources at the national, provincial and local levels as well as in the international arena.

3.6 Improvements in strategic capacity would have a long-term impact across the economic spectrum in China. For example, at the micro level, the ability of government and civil society to deliver sustainable, high-quality, cost-effective services, including prevention, care and treatment, will have a profound effect on individuals, families and communities. Within national, provincial and local government, the ability to work in a more conducive policy environment, have access to accurate and appropriate information and skills, do better planning, collaborate with civil society and advocate for more resources will have a significant impact on the efficiency and effectiveness of government agencies and officials.

3.7 Given the dearth of information on the value of strengthening a country's strategic capacity to manage its response to HIV/AIDS, the Project, DFID, its Chinese colleagues and the international community would be well served if both the approach as well as the tangible and intangible outcomes were documented, analysed and disseminated. As mentioned above, preliminary analysis of the situation in developing countries supports the hypothesis that inadequate strategic capacity has limited the effectiveness of the technical response to HIV/AIDS. If this Project can contribute to a better understanding of the value of strategic infrastructure in organising and managing an HIV/AIDS response, it could have significant implications in many other settings.

## **SUSTAINABILITY**

4.1 The key to the Project's sustainability will be future GFATM and GoC resources to fund a comprehensive response to HIV/AIDS. Without these resources being forthcoming, the strategic capacity developed by this project will not be utilised and will not be sustainable.

## **5. CONCLUSION**

5.1 Little information is available on the economic case for investing in the strategic infrastructure that underlies a country's response to HIV/AIDS. There may be grey literature but if it does exist, it is not widely circulated. The focus on most economic analysis continues to be on interventions and related issues, such as commodities.

5.2 Given China's resources and its capacity to address large and complex issues if they are a priority, there are strong reasons to believe that a DFID investment in the strategic infrastructure required for an effective HIV/AIDS response would have a significant and outsized impact on the situation in China. However, the general rule that supports early action on HIV/AIDS also applies to strategic capacity; an investment in strategic capacity is more cost-effective when it is made earlier, rather than later, further supporting the case for DFID funding for this Project and, pending its success, an expanded Phase Two.

5.3 Twenty years into the world's response to HIV/AIDS, it is clear that new approaches are required. While a focus on specific interventions have had some success, this approach has generally not led to the integrated, comprehensive, well-managed and sustainable response that is so critical to long-term success. An investment in strategic infrastructure in China could demonstrate the viability of this approach and it could influence decisions to make similar investments in other countries.

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# Annex 4: RISK APPRAISAL

## 1. POLITICAL RISKS

1.1 The main political risk to the Project stems from the residual suspicion of HIV/AIDS amongst some sections of national and provincial government. Scaling up an effective response to HIV/AIDS requires broad acceptance of two contentions. The first is that HIV/AIDS poses a significant social and economic threat to the country. The second is that introducing a relatively controversial set of interventions and improving services for marginalised groups, is an appropriate and effective way of addressing the issue. Without access to appropriate and convincing evidence, it is not necessarily obvious to officials that either is the case.

1.2 Until relatively recently the Government has been reluctant to admit HIV/AIDS was a significant problem in China. This political sensitivity was compounded by high profile and hostile coverage in the Western media of HIV infection caused by unregulated blood transfusion. In the last five years, and particularly the last two years, there have been significant shifts in official opinion resulting in press conferences, policy changes and the establishment of an institutional infrastructure to address HIV/AIDS. At national level there now seems to be broad acceptance of the idea that HIV/AIDS is a serious issue, although there is less acceptance at the provincial level.

1.3 The risk of a high-level political U-turn on HIV/AIDS is small and the in-coming government is thought to be supportive of AIDS interventions. However, the change in leadership at national and provincial levels does bring some risk. The previous leadership has been the focus of considerable amounts of advocacy, which appeared to be working. Some new officials will not be as familiar with HIV/AIDS issues and may have different views on its prevention and control. In Chinese politics, the support of key government officials is critical to implementing programmes and policies. Further advocacy will be necessary to reduce this risk.

1.4 The fact that China is in a relatively early stage in the HIV/AIDS epidemic provides an opportunity to bring it under control with cost-effective, proven interventions. However, it also means that the epidemic is still focused among some of the most marginalised groups in China – sex workers and injecting drug users, for example. In the past, the policy response to this has been to scale up official clampdowns on ‘deviant’ behaviour including drug use, homosexuality and sex work. This type of response directly undermines attempts to reduce risk behaviour and improve services (for example STI treatment, or condom promotion/needle exchanges) among high risk groups.

1.5 There now exists a body of proactive advocates for HIV/AIDS issues in the country, and a core of state employees who are knowledgeable about HIV/AIDS and motivated to improve the national response – particularly at the national level and within public health circles. Controversial programmes, including harm reduction, are also being implemented in some provinces on a pilot basis. The proposed Project seeks to develop and support this capacity. However there is still pressure to adopt more punitive approaches towards the groups most associated with HIV infection. Though there has been considerable acceptance of harm reduction approaches among SCAWC members and HIV/AIDS representatives of key organisations including the PSB and the Ministry of Justice, it will be difficult to persuade implementers, particularly at the provincial level, of the logic of the public health approach.

1.6 China is a large and diverse country and provinces have considerable autonomy over the way they choose to prioritise, interpret, budget and implement central policies. Equally, the central government’s influence over the provinces is limited. Some provinces have been

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resistant to addressing HIV/AIDS, and when they have done, they have approached it in ways that run counter to the national strategy. There is a risk that despite a carefully planned advocacy to increase provincial-level motivation to scaling up the response to HIV/AIDS, there will still be resistance. The Project seeks to address this by increasing the capacity to conduct advocacy in the provinces about the framework for a national plan, providing evidence of national and international best practice.

## **2. INSTITUTIONAL RISKS**

2.1 There is a risk that key organisations with responsibility for co-ordinating the response to HIV/AIDS are relatively new and have yet to clarify their roles, responsibilities and comparative advantages both internally and in relation to other organisations. NCAIDS, for example, is valued for its technical expertise, but representatives of more established and more influential government agencies are reluctant to be co-ordinated or 'led' by the organisation. The SCAWCO has a somewhat ambiguous position within NCAIDS and issues about its institutional position are still to be resolved. Clarifying these issues and improving the Office's management capacity will be as critical to the project's success as increasing technical skills and information sharing.

2.2 Institutions with responsibility for executing HIV/AIDS interventions are already stretched and could become overwhelmed during a scaling-up process, making it difficult for them to develop strategically, to prioritise activities appropriately and to ensure the quality of interventions. This is also true of the HIV/AIDS team within DFID Beijing, which is arguably already working at an unsustainable rate. It will be important to ensure that organisations have appropriate resources and develop realistic, clearly demarcated work plans at an early stage of the project.

2.3 Scaling up China's response to HIV/AIDS will require a relatively ambitious attempt at multisectoralism, requiring institutions to adopt new ways of approaching issues and inter-agency collaborations, for example between MOFCOM and the SCAWCO. Though significant progress has been made on this – particularly at national level – the proposed Project has a relatively short timescale and there may be limits to how far new work approaches can be internalised within the relevant agencies. Placing responsibility for managing the Project within the Office of SCAWC will help to minimise this risk as it has appropriate institutional authority to co-ordinate a multisectoral approach.

2.4 Intense international interest in HIV/AIDS in China has stimulated a number of different donor interventions, often planned and implemented at relatively short notice. This has placed extra burdens on organisations that are already stretched and has meant that activities have been reactive rather than developed coherently. Monitoring efforts, for example, have evolved to respond to the demands of international reporting and would benefit from being rationalised and more directly tailored towards programming needs. The proposed Project specifically seeks to address this type of planning issue, however donors and international agencies will need to co-operate more fully with each other and with national organisations, or the domestic agenda will continue to be driven externally. If China's most recent application to the Global Fund is successful this will place an additional strain on AIDS organisations.

2.5 Large-scale projects of this nature that specifically focus on developing strategic infrastructure are relatively new, both internationally and in China. There is a risk that some stakeholders will fail to understand the logic behind it and hence to fully buy into the programme. There are already expectations among stakeholders that a larger proportion of the funds will be spent on more immediately tangible interventions such as Behaviour Change campaigns or improvements in clinical infrastructure. This risk is already being reduced by organising the outputs around strategic recommendations in the Joint

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Assessment Report and ensuring that key management/design decisions have been made on a consultative basis. The management structure has been designed to ensure that project activities are needs-driven.

### **3. ECONOMIC AND FINANCIAL RISKS**

3.1 The state sector in China has been going through a long period of retrenchment, restructuring and reform. There is considerable pressure on state and provincial budgets, for example to address economic disparities between rural and urban areas. HIV/AIDS is not necessarily seen as a priority. The Project seeks to address this by developing advocacy capacity and improving mechanisms for ensuring resource allocations are based on appropriate evidence. However, there is a risk that HIV/AIDS interventions will slip down the agenda as more immediate - and less politically controversial - demands are considered.

3.2 There seems to be stronger political motivation to channel funds towards care than prevention activities. Executive Minister of Health Gao Qiang's speech in UNGASS stated that ARV treatment would be available for all those in rural areas and those urban poor who are not covered by any health insurance scheme. The strong national and international interest in providing ARV treatment - particularly for people 'innocently' infected with HIV through unsafe transfusions or injections - risks overshadowing more controversial expenditure on preventing HIV transmission among vulnerable and high risk groups. This is reflected by the high-profile official emphasis on state funding of antiretroviral therapy. This preference is reinforced by a tendency to focus spending clinical and medical interventions, including surveillance, safe blood and ARVs. To date, the response to HIV/AIDS has been led and dominated by medical professionals and health organisations. It may be difficult to shift this tendency, especially moving away from a health-bureau-led response at provincial level. The project should support advocacy that addresses this imbalance.

3.3 There is a financial risk due to the possible RMB appreciation, given the strong international pressure to the Chinese government, especially from the US, Japan and Europe.

### **4. TECHNICAL AND SOCIAL RISKS**

4.1 There are a number of social risks associated with this Project, related to the fact that many of the ultimate target groups for HIV/AIDS interventions are vulnerable and marginalised. Historically, China has prioritised collective rather than individual rights; protecting the perceived interests of the greater number of people over minority groups. More liberal interventions require a challenging conceptual leap.

4.2 Rapid social and economic change means that the epidemic could worsen more rapidly than is currently anticipated. This would place extra burdens on the response to HIV/AIDS.

4.3 There is a risk that the still somewhat punitive policy environment will undermine progress on technical issues. There may, for example, be on-going political difficulties in acquiring and publishing surveillance data and research findings. This will in turn affect the quality of evidence available for planning and advocacy purposes.

4.4 There is an inherent risk that in devolving Project management to national organisations, DFID will lose some of its direct influence over Project activities. Project-based activities have relatively clear lines of responsibility and accountability to the donor. In promoting more participatory planning activities, and to some extent institutional structures, it may evolve in new and unforeseen ways. With financial controls and sufficient staff to continue DFID's existing proactive co-ordinating and advisory role, this risk is manageable and offset by the greatly increased likelihood of ensuring sustainable interventions.

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# Annex 5: MANAGEMENT ARRANGEMENTS

## 1. INTRODUCTION

1.1 Given the strategic nature of the Project's work as well as its necessarily ambitious scope and schedule, two critical factors will have a dramatic impact on its ability to succeed: 1) the Project's institutional home and 2) its overall management capacity.

1.2 The government has a central role in scaling up China's response to HIV/AIDS, which argues strongly in favour of it having primary responsibility for this Project. While there is a clear need and demand for external technical assistance to support the implementation, there are key advantages in having an agency within the national government be the institutional home for the Project and manage its activities. These advantages include issues of access to decision-makers and Project partners, credibility, co-operation and sustainability.

1.3 The Project must have a robust and flexible management capacity, which combines the essential expertise of qualified government staff with appropriate technical assistance from international and domestic consultants. In addition, the Project team must be inherently multisectoral if it is going to work effectively both horizontally (e.g., different ministries, commissions and mass organisations and different sectors of civil society) and vertically (e.g., national, provincial and local levels) in China.

1.4 The Project must be able to build on the growing belief among various agencies and organisations working on HIV/AIDS in China that better co-ordination and collaboration at all levels – e.g., between international partners, between Chinese partners, between international and Chinese partners, between national and provincial agencies – would greatly enhance the country's response to HIV/AIDS.

## 2. MULTISECTORAL GOVERNMENT PARTNERS

2.1 A key consideration in evaluating the Project's potential partners within the Government of China is the importance of multisectoral support for and participation in Project activities. Specifically, discussions with representatives from across national and provincial government have indicated that the Project would struggle if it were too closely identified with the health sector. Representatives from the health sector itself agreed that the Project's success hinges on its ability to include a full range of sectors – finance, education, public security, foreign trade, transportation, women's and youth affairs *et al* – in its management and operations.

2.2 At the present time, there are only two viable multisectoral organisations within the Government of China working on HIV/AIDS at the national level: The State Council AIDS Working Committee on HIV/AIDS (SCAWC) and the Country Coordinating Mechanism (CCM).

2.3 The SCAWC is the most senior body charged with addressing HIV/AIDS in China. Its membership includes senior representatives from the 29 ministries, commissions and mass organisations that are the backbone of government administration. The SCAWCO is a new and potentially powerful institution that has the ability to have a dramatic impact on China's response to HIV/AIDS.

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2.4 Each member organisation also has a designated contact person, usually at the Director General or Director level, who acts as liaison for day-to-day work of the Committee. This second tier of the SCAWC functions on a more *ad hoc* basis with small, informal sub-groups addressing issues relevant to their particular ministries.

2.5 The third tier of the State Council AIDS Working Committee is the SCAWCO, which essentially functions as the secretariat for the Committee. The Vice Minister of Health heads the Office, with administrative support provided the China Centre for Disease Control (CCDC). Historically, the SCAWCO had been understaffed and had a limited operating budget; recently new staff members have been hired and additional operating funds have been made available. Supporting this office to ensure the proposed SCAWC system works effectively will make a long-term contribution to a sustainable, main-streamed response to HIV/AIDS in China.

2.6 The Country Coordinating Mechanism is the organisation mandated by the Global Fund for AIDS, Tuberculosis and Malaria (GFATM) for countries applying to the Fund for financial support. In China, it is the most broadly representative senior body addressing HIV/AIDS. Although the national Ministry of Health manages the CCM, its membership includes representatives from different national ministries, representatives from the international community (including donors and NGOs) as well as representatives from Chinese civil society. Provincial government officials have also been included in many of the CCM's discussions.

2.7 Currently, there is no formal secretariat for the CCM, largely due to the fact that its work to date has consisted solely of developing and submitting applications to the Global Fund for different projects. However, with TB and malaria projects approved in the first round of Global Fund applications, China is beginning to prepare to implement those projects, which will have an impact on the operations of the CCM, including the development of a more permanent structure to manage those operations.

2.8 The most striking similarity between the SCAWC and the CCM is that as new organisations both have limited track records. There is reason to believe that they could play important roles in strengthening and co-ordinating China's response to HIV/AIDS. The main difference between the organisations is that the SCAWC is the State Council mechanism for coordinating AIDS responses nationwide, with members from government ministries and government organized mass organizations. Over the past few years the SCAWC has played a growing role in the fight against AIDS in China. The CCM, however, is a new mechanism established to meet the GF application requirements and its role has yet to be established, given its externally driven nature. representatives

### 3. The State Council AIDS Working Committee Office (SCAWCO)

3.1 After considering a series of options (see paragraphs below), it was determined that the SCAWCO is best situated to be the government partner for the Project. The Office is well positioned to take the lead on this Project. It is implicitly multisectoral and its connection to senior officials, including Vice Ministers from each ministry, makes it a compelling partner. It already has parallel institutional responsibilities. Its link with the SCAWC enhances its credibility at the provincial and local levels, which is important to the Project's ability to succeed. Most importantly, it has the support of key ministries, commissions and mass organisations to take a more active role in China's response.



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3.2 Placing the Project within the SCAWCO will enhance its capacity and reinforce its role as the primary hub for co-ordinating and strengthening China's response. In fact, the Project's work to strengthen the strategic framework dovetails nicely with the Office's mandate to support the work of the SCAWC. Not only will the Project improve the capacity of the members collectively, it will also strengthen their strategic capacity individually.

3.3 While there are risks associated with this partnership, including its limited track record and the need to improve its capacity, the potential to make a significant contribution to China's response to HIV/AIDS overwhelmingly outweighs the risks.

3.4 In addition to the risks, there are specific obstacles that must be surmounted for the SCAWCO to partner with DFID on the Project. These include: 1) the Office currently has no direct mandate to work with a bilateral donor or any other international partner, 2) the Office technically reports via the Ministry of Health and, since that could pose a problem for other ministries in the long term, it may require transitioning to a new reporting structure and 3) there is limited space within the CCDC building to expand the Office's operations. But as is the case with the risks, the various obstacles are outweighed by the potential to have a significant impact on the strategic infrastructure for China's response to HIV/AIDS.

3.5 As an integral part of the SCAWCO, the Project becomes a means to improve links between the office and other key agencies and organisations involved in the HIV/AIDS response at national, provincial and local levels. In fact, the Project's ability to improve linkages horizontally and vertically is integral to its objective, given the importance of these links in strengthening the strategic infrastructure for the response in China.

3.6 There are two organisations that should be closely linked to the SCAWCO from the outset of the Project: the CCM and MOFCOM. Initial links to the CCM would include providing technical assistance to develop its management and operational systems, including short-term support for establishing a small, independent secretariat, and formalising the relationship between the two organisations to minimise duplication of efforts and maximise their ability to leverage each other's work.

3.7 As the official point of contact for bilateral donors and multilateral organisations as well as its standing as an influential ministry within the government, MOFCOM is well positioned to play an important role in the success of the Project. For example, at the outset of the Project, MOFCOM and the SCAWCO should work together to integrate the international focus of MOFCOM's work on HIV/AIDS with the domestic focus of the SCAWCO. Longer term, MOFCOM can contribute significantly to co-ordination work with the international partners as well as the private sector.

#### **4. MANAGEMENT APPROACH**

4.1 Three factors – the strategic nature of the Project, its ambitious scope and its equally ambitious schedule – have defined the management approach.

4.2 The strategic nature of the Project dictates that partner organisations – ranging from national and provincial government agencies to international NGOs to Chinese universities and mass organisations – will implement Project activities under contract. Consequently, the Project team will act primarily in a co-ordinating capacity; identifying, supporting, monitoring and evaluating activities implemented by partner organisations. By playing a co-ordinating role, the Project will be able to efficiently and cost-effectively undertake more initiatives, more rapidly. However, it will require the Project to have well-defined management systems that ensure implementing partners are deploying activities that are properly focused and meet the Project's quality standards (e.g., effective, accessible, fair-minded, gender-sensitive, destigmatising).

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4.3 The ambitious scope and schedule of the Project specifically demands that the management approach be flexible – even entrepreneurial – so that the Project can act quickly and decisively. If management is too entrenched, the Project's ability to take the initiative and/or rapidly respond to changing circumstances will be compromised and this will severely limit its effectiveness. Staff must have significant delegated responsibility if they are to effectively manage the multiple partnerships that are the cornerstone of the Project's approach.

4.4 In addition, the management of the Project should be a dynamic example of the style of management that DFID hopes to foster in the partner organisations that are involved with the Project: open, transparent, inclusive, collaborative, decentralised, efficient and accountable.

4.5 Project support may be needed to coordinate activities at provincial level, and this may be done through provincial leading groups or by contract with Implementing/TC partners as appropriate.

#### **4.5.1 *The “Mainstreamed” Project Team***

4.5.1.1 The long-term impact of the Project will be significantly greater if it does not have a parallel organisational and management structure to the SCAWCO. In other words, the Project should not supplement the activities of the Office as much as it should be integrated into its activities as part of expanding the Office's overall capacity.

4.5.1.2 Making the Project an integral part of the SCAWCO will require a hybrid approach to its management. While it will require management support, it does not need a “managing agent” in the typical sense. And while it is a DFID-funded project housed within government and will need focused, day-to-day management, it should not be a traditional Project Management Office with a separate staff (Chinese or international). If the work of the Project is going to be sustained, its management responsibilities must be seamlessly integrated with the SCAWCO.

4.5.1.3 To help establish a strong, government-owned base for the project, there will be a three month 'start-up' phase of the project, during which time the SCAWCO will recruit staff and build the capacity of the SCAWCO/PMU team. The SCAWCO will develop a six-month work-plan and budget for the OSC to approve. They will also develop terms of reference for the Resource Centre and participate in assessing the Resource Centre bids. To assist the SCAWCO, some technical cooperation resources will be used to contract one to two people to work with the SCAWCO to help plan, budget, develop terms of reference and assess bids. It is hoped that the UN will also give assistance at this phase.

#### **4.5.2 *The First Six Months***

4.5.2.1 After the initial start up phase, the first six months of the project will start in full. This phase of the project will focus on building the capacity of the SCAWCO to manage both this project and future multi-sectoral HIV/AIDS programmes. Three new staff will be recruited for the PMU through an open, competitive recruitment process. Ensuring that the SCAWCO and PMU are established, and working effectively together will be a top priority and external management support should be brought in to help 1. clarify organisational roles and responsibilities within the SCAWCO and other key partners.

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4.5.2.2 During this phase, the SCAWCO/PMU will work with project partners to prepare a comprehensive strategic plan that identifies and prioritises activities in the three year project. The Plan should also include consideration of the resources (technical and financial), systems, processes and technical assistance needed to implement and manage the activities that underlie the outputs in the logframe. From this Strategic Plan, the PMU and Resource Centre will develop more detailed six monthly work-plans for approval by the CHARTS Oversight Committee.

4.5.2.3 During this time the project team will also begin to identify and develop terms of reference for potential implementing partners. An important part of this process will be to think about what, if any, technical assistance implementing partners will need, and to work with the resource centre to identify and begin contracting TA accordingly. The purpose of this exercise is to ensure that the project can sign contracts with appropriate partners and begin implementing activities as soon as management systems become operational.

4.5.2.4 Though management issues within the SCAWC system will be prioritised at the start of the project, it will be useful to contract some core interventions – for example advocacy and training or support for strategic planning – in the first few months before workplans are finally signed off. An important ‘fast track’ activity will be to finalise and agree the project’s monitoring and evaluation criteria. Project achievements will be intricately linked with the achievements of the national programme as a whole, so indicators should be developed in a way that supports the process of developing national monitoring and evaluation criteria. These ‘fast track’ activities should be agreed during the initial planning phases. The OSC should give approval to spend more than £100,000 at this stage.

4.5.2.5 At the end of six months, the Project team and the OSC will evaluate progress made. If progress is not going well in setting up the project, the OSC will recommend actions to put the project on track.

### 4.5.3 .The next six months (months 7-12)

4.5.3.1 In the next six months, implementation will begin in full, The PMU will take the lead on proving that the systems and processes that have been developed can be effectively deployed and will be responsible for creating and overseeing contracts with implementing agencies. The Resource Centre will be responsible for identifying, managing and contracting Technical Assistance to implementing partners. The OSC will meet at quarterly intervals to review progress and provide strategic guidance. Approval to spend more than £150,000 on external assistance must be secured from the OSC.

4.5.3.2 Most of the work in these months will be identifying and developing relationships with implementing partners, as well as working with them to plan and implement project activities. Individual activities should become operational as they are ready. Monitoring of every activity should begin immediately, so that improvements can be made continually, not delayed for an arbitrary monitoring and evaluation time-frame.

4.5.3.3 Towards the end of this phase, the PMU and Resource Centre should develop new workplans for the year two for approval by the OSC. At the end of the year, the project team and the OSC will evaluate the status of project activities, including an assessment of whether staffing and resources is appropriate to the workload. If the work is substantially delayed or under-performing, DFID and the Goc should review the project to determine whether or not it should go forward and in what form.

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#### 4.5.4 Year two and three

4.5.4.1 Years two and three will be the full-scale implementation phase, by which time all activities should be underway. The primary objective of this phase is to expand the number and reach of activities. The SCAWCO, will continue to have primary responsibility for implementation, with external technical assistance available on an as-needed basis. However, as scaling up will inevitably add pressure to their management system, they should carefully monitor their ability to support an expansion of project activities without a loss of quality in the activity.

4.5.4.2 The OSC must closely monitor the process of expanding the number and reach of activities, with a focus on ensuring that the work of the project is institutionalised across different sectors. At this stage of the project, success will depend heavily on the on-going cooperation of the ministries that constitute the SCAWC itself. Without it, the SCAWCO will lose credibility and its ability to sustain multi-sectoral support. Coordination initiatives, such as seconding representatives from different ministries into the SCAWCO, should be considered.

#### 5. OTHER ARRANGEMENTS...

5.1 During the design of the Project, other management arrangements within the Government of China were considered. None of the other options had the some convergence of positive factors and potential benefits as the SCAWCO. Listed below is an overview of several of the options that were considered:

5.2 **China Centre for Disease Control.** The International Projects Office within the CCDC, which is the institutional home for the China-UK Project, is well equipped to manage a traditional bilateral project. However, as an integral part of the Ministry of Health, the CCDC is not well positioned to manage a project as fundamentally multisectoral as this one. Based on input from other national, provincial and local representatives, it is clear that a strong link with the Ministry of Health could, in the short term, delay the Project's launch and, in the long term, undermine its effectiveness.

5.3 **China-UK Project.** The China-UK Project has a very high profile in the country and is well respected for the work it has done and is doing. It is perceived to have sufficient independence from the CCDC and the Ministry of Health that it could have a role with a multisectoral project such as this one. However, adding significantly more and significantly different work to the China-UK Project could detract from its focus on developing and deploying innovative models of prevention, care and treatment. In addition, the model of a traditional bilateral approach (e.g., a Project Management Office) was not considered appropriate for the Project because of the advantages of giving the government a greater role in the Project's management.

5.4 **MOFCOM.** Given its long-standing role with bilateral donors, the ongoing success of its work and its interest in HIV/AIDS, MOFCOM would be an interesting home for the Project. Although it is obviously unrelated to the Ministry of Health, MOFCOM would have a similar challenge mobilising multisectoral support for the Project. The input from national, provincial and local representatives clearly expressed a preference for an institutional home for the Project that did not give a single ministry or constituency exceptional control over the Project's direction.

5.5 **Country Co-ordinating Mechanism.** The inherently multisectoral structure of the CCM meshes well with the Project. However, with its basic structure and operating guidelines

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driven by an external organisation (i.e., the Global Fund), it would not appropriate for it to serve as the institutional home for a bilateral project.

Note: The fact that these organisations were not seen as institutional homes for the Project does not diminish their high value as Project partners.

## 6. Project functions by organisation

### CHARTS Oversight Committee

6.1 The CHARTS Oversight Committee's function is to oversee the strategic direction of the project. The Committee will meet at the start of the project to reach agreement about activities, priorities and budget for first six months, and meet quarterly thereafter. The committee will comprise 7/8 designated senior representatives (ie. Director Generals, Country Representatives, Health Advisers etc) of the following organisations:

- ❑ SCAWC (MoH [CDC and Department for International Co-operation], MOFCOM and other key ministries) (3/4 representatives)
- ❑ SCAWCO (committee secretariat and chair) (1)
- ❑ Expanded UN Theme Group + DFID (2)
- ❑ Civil Society Organisation (1)

6.2 The committee's core functions will be as follows.

- ❑ To provide strategic direction to the project
- ❑ To approve workplans;
- ❑ To assess on-going project performance and to ensure that the project adapts flexibly to evolving circumstances.
- ❑ Oversight of project monitoring and evaluation at purpose level, including insuring that it is linked with monitoring and evaluation of the national programme and in line with international (UNGASS) standards.

6.3 The OSC is effectively a working group making key management decisions. Partners should therefore seek to ensure representation remains as consistent as possible – with a designated representative attending regularly. In the longer term, it may be possible to merge the committee function with similar groupings of representatives – for example the CCM or the Expanded Theme Group – if doing so will not compromise the committee's management effectiveness. In the shorter term, members should ensure that project progress is shared with and complements other GoC/international initiatives.

### SCAWCO/Project Management Unit

6.4 A Project Management Unit (PMU) located within the SCAWCO offices and under their management will be responsible for managing the project – holding the main project account and overseeing contracts with implementing agencies. The PMU will also be responsible for routine project monitoring and evaluation at output level – monitoring inputs, activities and outputs. The SCAWCO/PMU will develop six-monthly work-plans for project activities, and then work with the Resource Centre to develop a Resource Centre work-plan to provide technical support for these initiatives. Both work-plans will be submitted to the CHART's Oversight Committee for approval together. The PMU's core functions are as follows:

- ❑ To manage the main project account
- ❑ To develop strategic plan and six-monthly work-plans.
- ❑ To work with the Resource Centre to develop its six-monthly work-plan to provide the project's TC needs.

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- ❑ To draw up and manage contracts with implementing agencies (government ministries, provincial leading groups, technical agencies etc)
  - ❑ To identify TC needs both within the SCAWCO and implementing agencies. Work with the Technical Cooperation Contractor to commission TC inputs and agree Terms of Reference.
  - ❑ Routine monitoring and evaluation, including inputs, activities and outputs.

6.5 At the provincial level, co-ordinating and management role may be undertaken by the Provincial Coordinating Committees (Leading Groups) or contracted to implementing partners, as appropriate.

6.6 The Project will provide human, financial and technical assistance to support the SCAWCO and leading groups to perform these project functions and build their capacity to do so in the future.

### **Resource Centre**

6.7 The function of the Resource Centre will be to manage the provision of flexible, demand-driven Technical Co-operation to the project, based on needs identified by the Project Management Unit.

6.8 This project will require a substantial amount of internal and external technical assistance. Given their existing workload and the short time frame of the project, it is unrealistic to think that a government agency could manage this function without drawing resources away from higher priority parts of their mandate. The TC management function will therefore be put out to international tender according to OJEC criteria. The tendering process will be led by the GoC and managed by DFID.

6.9 The Resource Centre will be responsible for delivering core TC to the project to build the capacity of Chinese organisations to provide effective TC in the future. Commissioning of TA should be in accordance with transparent criteria based on international best practice for sourcing and managing TA. The Resource Centre will have a base in Beijing and must be able to demonstrate substantial experience in managing international and national TC.

1. Develop six-monthly work-plan to support the PMU's strategic plans and to provide core technical co-operation to support project activities.
2. Manage Technical Co-operation contracts with Chinese and international partners
  - ❑ Identify appropriate TA in support of the work-plan agreed jointly with the PMU.
  - ❑ Draw up terms of reference/work-plans/contracts and ensure consultants are fully briefed.
  - ❑ Financial management of consultant inputs.
  - ❑ Organise venues/meetings for TC activities as required.
  - ❑ Source and manage flexible TC as needs are identified by the PMU.

6.10 A Framework agreement will be advertised within OJEC for an international organisations to provide a range of expertise, as required by the needs of the strategic plan. It would be the responsibility of the Resource Centre to find someone suitable to meet the need identified, who would be employed or sub-contracted by the Resource Centre. The Resource Centre would be responsible for work carried out by employees and sub-contractors.

### **Implementing agencies**

6.11 Implementing agencies will be contracted by the SCAWCO/PMU to implement specific activities in accordance with the Project Logframe. Where possible, implementing agencies will be Chinese. In accordance with the project purpose, the project seeks to ensure

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that the experience and knowledge generated by implementing activities is institutionalised within the Chinese institutional structure.

6.12 Recognising the relatively limited experience in HIV/AIDS, approximately one third of the total budget per output will be spent on providing TC to management/implementing agencies.

6.13 Implementing agencies will be responsible for the management, monitoring, and reporting of funds they spend. Both the Project and its implementing partners should submit quarterly financial reports to DFID.

### **Technical Providers**

6.14 Technical Providers will be responsible for providing TA to the SCAWCO/PMU and implementing agencies to build their capacity in the long term. They must be able to demonstrate substantial experience in the area in which they are commissioned.

### **Expanded Theme Group**

6.15 The Expanded UN Theme Group is an integral partner in the CHARTS project. Firstly, the project is organised around four key recommendations of the joint GoC/UN Joint Assessment. Secondly, the project will build on existing GoC and UN initiatives, for example by strengthening or complementing existing programmes. The Expanded Theme Group will therefore engage with the project in two main ways:

1. Representation on the CHARTS Oversight Committee.
2. To provide support to project activities, including strategic advice and technical inputs, in accordance with each agency's core mandate.

### **Pilot Provinces**

6.16 The project will provide support to 7 provinces to build provincial capacity to implement HIV/AIDS interventions. Project sites will be agreed by all the project partners and should represent a cross-section of epidemiological patterns and institutional responses.

6.17 Selected sites should include provinces in which HIV/AIDS pilot interventions, for example the China CARES or the World Bank's Health 9 project, are imminent or under way. This will help to ensure that project activities complement the work of government and international partners in an immediate, practical way and will make it easier to ensure that project TC is driven by the practical needs of potential beneficiaries. Finally, it will help to ensure that project activities are sustainable. Where provinces can already demonstrate evidence of successful interventions, or have the potential to obtain funding to do so in the future (such as the Health 9 Provinces), government officials and donors alike are more likely to invest in future activities.

6.18 It is likely that at least one of the provinces will be currently working with the China/UK HIV/AIDS Prevention and Care Project (HAPAC). DFID are funding pilot interventions in Sichuan and Yunnan. Using the CHARTS Project to improve strategic capacity and information-sharing in HAPAC provinces will help to ensure that lessons learned from HAPAC pilots can be used to support more rapid and effective scaling up of interventions across provinces.

## **7. CONCLUSION**

7.1 The Project – its strategic focus, its scope and its schedule – is an ambitious undertaking. But it is also a necessary undertaking because of the window of opportunity that

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exists to begin improving China's response to HIV/AIDS by systematically improving its strategic capacity.

7.2 The management approach to this Project should reflect the ambitions of the Project. Highly motivated, entrepreneurial management is a hallmark of many organisations in China. The challenge facing the Project is to develop a management ethos and organisational culture that matches the success and accountability of motivated, entrepreneurial management with the consensus-building approaches that are so important in government circles and with the inclusiveness that is required to ensure that the voices of those infected and affected by HIV/AIDS are heard and heeded.