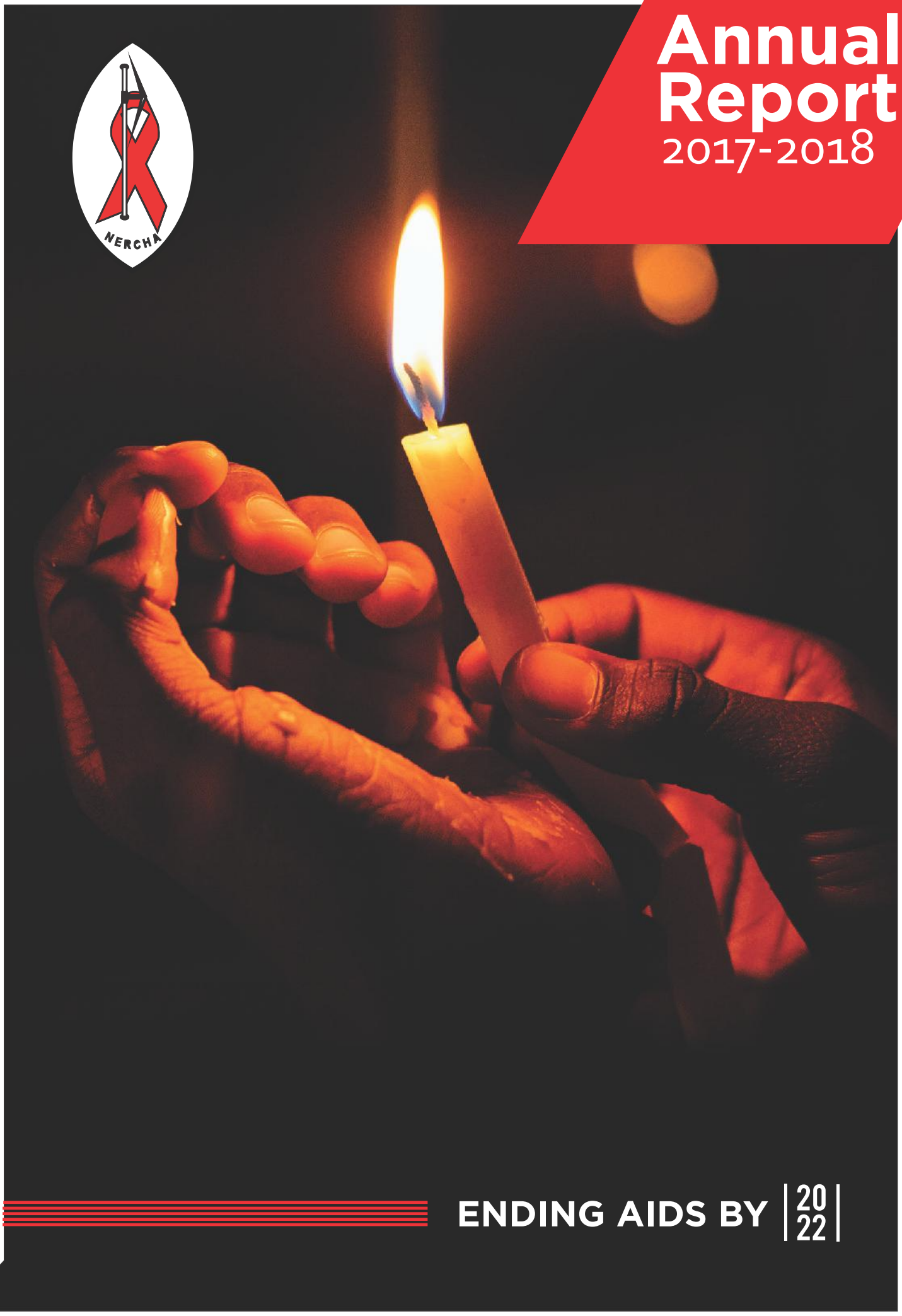
Annual Report 2017-2018



ENDING AIDS BY 2022



TOWARDS AN **HIV FREE** GENERATION

THE LAST MILE
ENDING AIDS BY 2022

CONTENTS

1. ORGANISATIONAL BACKGROUND 02
2. NERCHA BOARD/COUNCIL 03
3. STATEMENT BY THE PRIME MINISTER 05
4. STATEMENT BY THE CHAIRMAN 06
5. MESSAGE BY THE NATIONAL EXECUTIVE DIRECTOR 07
6. CORPORATE GOVERNANCE 08
7. HIV AND AIDS RESPONSE MANAGEMENT FOCUS FOR 2017/2018 10
8. COORDINATION AND MANAGEMENT OF THE NATIONAL MULTISECTORAL RESPONSE TO HIV AND AIDS 12
9. PROGRAMME PERFORMANCE AND COORDINATION 15
10. STRATEGIC INFORMATION MANAGEMENT, MONITORING, EVALUATION AND RESEARCH INITIATIVES FOR THE NATIONAL RESPONSE TO HIV AND AIDS 18
11. SUPPORT TO SECTORS TO MAINSTREAM HIV AND AIDS IN THEIR DEVELOPMENT PLANS 25
12. NATIONAL EVENTS 28
13. HOSTING THE WORLD AIDS DAY.....29
14. CONFERENCES, REGIONAL MEETINGD AND WORKSHOPS ATTENDED BY NERCHA 30
15. NERCHA STAFF WELLNESS AND HEALTHY LIVING 31
16. FINANCIAL PERFORMANCE AND MANAGEMENT OF GLOBAL FUND.....34
17. EVENTS GALLERY.....40

FINANCIAL STATEMENTS 47

ORGANIZATIONAL BACKGROUND

WHO WE ARE

The National Emergency Response Council on HIV and AIDS (NERCHA) is a government parastatal that was established in 2001 through an Act of Parliament (the NERCHA Act No. 8/2003) to oversee, coordinate and facilitate the national multisectoral response to HIV/AIDS. It is under the Prime Minister's Office.

OUR VISION

"An AIDS-Free Swaziland".

OUR MISSION

"To provide leadership for the national multi-sectoral response to HIV/AIDS, including creating an environment that supports efficient and effective service delivery to the people of Eswatini"



OUR CORE VALUES

Leadership

Accepting responsibility, leading by example, innovating, and openness to feedback and courageous, supportive.

Results-focused

Working with passion, effective and timely delivery and honor commitments.

Professionalism

Disciplined, organized, focused on efficiency, learning, support innovation and continuous improvement.

Teamwork and partnership:

Collaboration and interdependence.

Service/customer-driven

To both external and internal customers and respect.

Integrity

Accountable, transparent, ethical and honesty.

THE BOARD OF DIRECTORS



Chief Ndzabankulu Simelane
Chairman



Honourable Thulisile Dladla
Vice Chairperson



Mr Mbuso Dlamini
Secretary to Cabinet



Mr Bheki Bhembe
PS Ministry of Finance



HRH Princess Gcebile
PS Ministry of Tinkhundla Administration & Development



Dr. Simon Zwane
PS Ministry of Health



Mr Musa Mdluli
Member



Mr Nick Jackson
Member



Mr Emmanuel Ndlangamandla
Member

THE BOARD OF DIRECTORS



Mr Mshumayeli K. Nxumalo
Member



HRH Prince Matatazela
Member



Rev. Simon Radebe
Member



Mr Vusi Matsebula
Member



Ms Fikephi Gule
Member

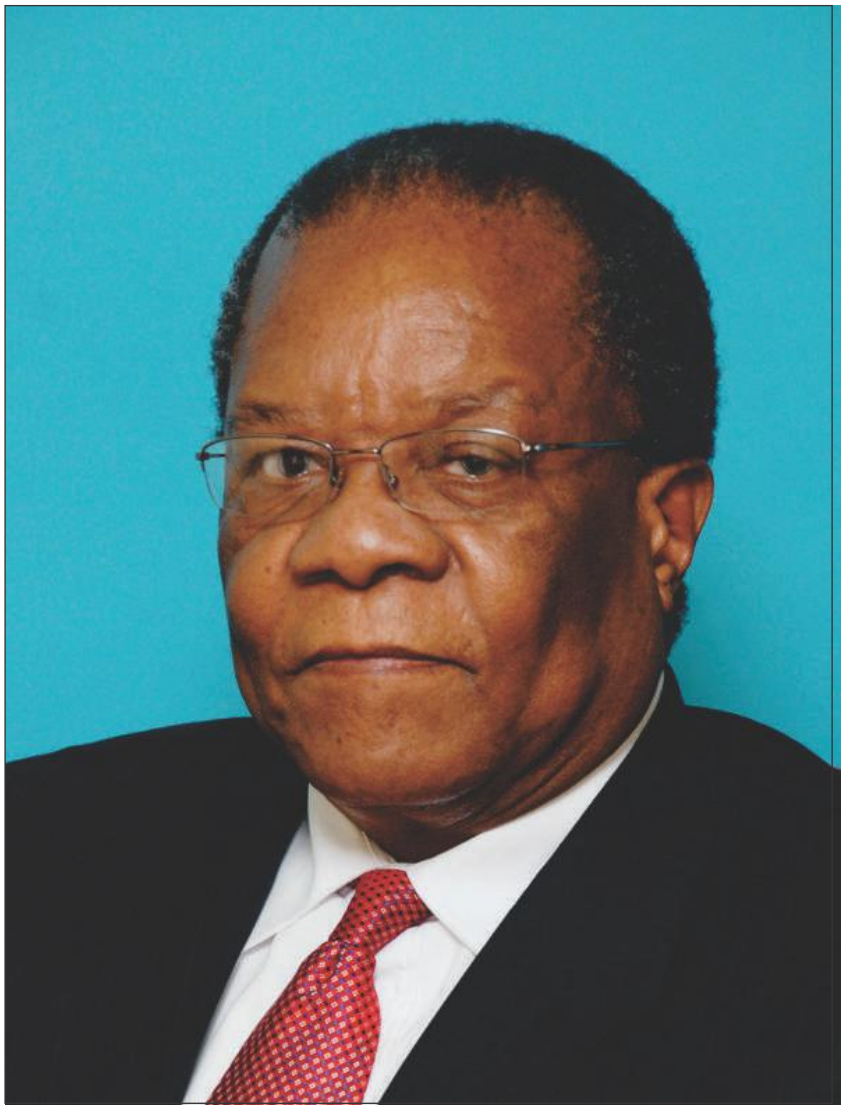


Dr. Jonathan Dlamini
Member



Mr Khanyakwezwe Mabuza
National Executive Director

STATEMENT BY THE PRIME MINISTER OF ESWATINI | DR BARNABAS SIBUSISO DLAMINI



Collectively, we have halved new HIV infections to achieve an unprecedented milestone the world over.

The country's response to the HIV and AIDS epidemic or pandemic as I refer to it started on a humble note. The 2003 “Indzaba Yetfu Sonkhe” (it is our collective concern) campaign galvanized unprecedented action from all key stakeholders to contribute their part in responding to the epidemic. The resultant effect was witnessing significant and positive change in the country as every person embraced the campaign and made effort towards the national call.

Today, a decade and half later, we stand proud to have been a part of such a phenomenal response. Collectively, we have halved new HIV infections to achieve an unprecedented milestone the world over. We have been able to put more people on treatment with antiretroviral treatment drugs largely procured through domestic resources. Although, like all countries we are facing serious economic challenges, the country has continually protected its investments in health and the response to HIV and AIDS. Additionally, AIDS deaths have been reduced, and People Living with HIV and AIDS are productive, living longer and contributing to the development of the country.

There is light at the end of the tunnel! I extend deepest gratitude to Their Majesties for the leadership and foresight that they have provided to the national response. The development partners both national and international have played an unparalled role in not only supporting the national efforts but leading the process of providing technical guidance to ensure the country is in the right direction.

To the NERCHA Council, the support and guidance was exceptional. Since NERCHA was established by Act of Parliament No. 8 of 2003, the Council has worked tirelessly to provide leadership to the response blending cultural, traditional and homegrown response activities with those adapted from international partners to achieve the phenomenal response. Our civil society actors and communities have supported the response to achieve the most outstanding results. I implore all of you to continue the hard work. the darkest hour falls before dawn. This is the time to double your efforts and ensure that Vision 2022 is achieved. To the young people, you are the future of this country, take good care of yourselves and invest in the future of the country by adopting correct behavior and stay free of HIV.

STATEMENT BY THE CHAIRMAN |

CHIEF NDZABANKULU SIMELANE



This year has been one of the best years in the HIV response, where we got tangible evidence that the work we have been doing has had a positive impact. The findings of the second Swaziland HIV Incidence Measurement Survey (SHIMS II) showed that the HIV incidence has been cut by almost half. It is for that reason that I would like to thank all our partners who have generously dedicated the resources to halt the scourge. Their Majesties guided the nation in ensuring that no Liswati is left behind.

We have managed to reach the hard population with information services and care. I humbly appreciate His excellency, the right Honourable Prime Minister and the entire government for the pivotal support to NERCHA. Today, more Swazi's are on treatment and OVC's are supported with food in their schools and in their communities.

Lastly, the Council would like to thank the Directorate for the leadership they have provided in the response. NERCHA has continued to meet annual targets and our financials have improved in

A MESSAGE FROM THE NERCHA EXECUTIVE DIRECTOR | MR KHANYAKWEZWE MABUZA



The new strategy will ensure that those who are positive are enrolled in treatment and are virally suppressed.

There are areas that need to be addressed for these targets to be met. HIV prevention remains a challenge, as there are inadequate programmes to provide Social Behavior Change (SBC). In fact, the decline in the funding of SBC intervention, particularly those targeting adolescent girl and young women (AGYW), may have resulted in the high number of new infections. This is the population group that has the highest HIV incidence. While a few programs were established in selected communities and schools, there is a need to scale up and intensify.

There is also a need to reconfigure the coordination of the response. As the national coordinating entity, NERCHA coordinates the response through various structures.

This has been a good year in which the country has made further positive strides in the HIV response. Several studies and evaluations (such as the Swaziland HIV Incidence Measurement Survey 2, and the eNSF evaluation among others) to measure the progress in the implementation of HIV programs, and achievement made from previous years, which have revealed the country has met its high-level target. These include; reduced number of new infections, reduced number of babies born with HIV and as well as an improvement in life expectancy. For this, I applauded the government, development partners, implementing partners and all those who have contributed to making this possible.

The country has developed and launched a new National Strategic Framework (NSF 2018-2023) which aims at ending AIDS as a public health threat. The key target for this framework is to ensure that HIV new infection are further halved, and that all those who are positive know their status and accessing relevant services.

The role of these structures is to ensure that there is sufficient coverage of the targeted population by the services, and that all implementing partners are guided by the eNSF in executing their duties. A review of the coordination framework was conducted to improve the coordination of the response. NERCHA is developing a new coordination framework that will focus on efficiency. The country has continued to receive external support from the Global Fund, donor development partners, and multilateral and bilateral partners. This constituted 60% of national needs to HIV/AIDS. The Kingdom of Swaziland contributed 40%. It is this financial support that has enabled us to make the achievements we celebrate today.

May I conclude by expressing my appreciation given by the NERCHA Council, the Government of Swaziland, partners in the response and people living with HIV for the support, and the NERCHA staff for their commitment and hard work. As NERCHA, we would like to assure you of our commitment to end AIDS by 2022.

I thank you.

CORPORATE GOVERNANCE

The governing body of the NERCHA Directorate is the National Emergency Response Council on HIV and AIDS. The Council is composed of 15 non-Executive Members and one Executive Member, being the National Executive Director. The Council's powers and functions are articulated in the NERCHA Act No. 8 of 2003 and it is accountable to the Prime Minister for its performance.

The Council met three times during the financial year and considered, amongst other business:

- the quarterly performance of the NERCHA Directorate;
- Externally Audited Financial Statements and to consider the Auditor's Findings Reported in the Management Letter;
- Internal Audit Reports;
- Results of the Review of the extended National Multisectoral HIV/AIDS Strategic Framework 2014-2018; and,
- The National HIV/AIDS Strategic Framework for 2018-23;
- To strengthen its governance role, the Council executes its functions through three sub-committees which interrogates in detail the progress updates provided by the NERCHA Directorate. These Committees are as follows:-

A. The Executive Committee; which also functions as a Remuneration Committee, takes decisions on urgent matters that cannot wait for the full Council. The Remuneration Committee function of this Committee are mainly Human Resource Environment, recruitment and remuneration for Senior Management. This Committee met seven times during the year. They provided guidance on policy and ensured good governance for NERCHA considered issues. The Committee is made up of five members and these are:

1) **Chief Ntabankulu Simelane**
Chairperson
2) **Hon. Thulisile Dladla (MP)**
Member
3) **Mr Mshumayeli Knox Nxumalo**
Member
4) **Mr. Musa Mdluli**
Member
5) **Dr. Jonathan Dlamini**
Member

B. The Finance and Audit Committee; responsibility is to oversee the risk management of the NERCHA Directorate. This Committee met four times during the year to, amongst other business, consider the following:

- The financial management of the NERCHA Directorate;
- the appointment and performance review of both internal and external auditors; This includes approving the audit plans and reviewing the reports from these auditors.
- Review the Quarterly Performance Reports of the NERCHA Directorate and approving same for Council Consideration and subsequent submission to the Public Enterprise Unit;

The Finance and Audit Committee is comprised of five members, and these are:

1) **Mr. Musa Mdluli**
Chairperson
2) **Mr. Nick Jackson**
Member
3) **Mr. Mbuso Dlamini** -
Member
4) **Ms Fikephi Gule**
Member
5) **Hon. Thulisile Dladla (MP)** –
Member

C. The Response Management and Coordination Committee; oversees the coordination and monitoring of multi-sectoral HIV programmes and grant performance met three (3) times this financial year. This Committee reviews all programmatic plans and reports of the Directorate. They considered among other issues;

- Review of the extended National Multisectoral Strategic Framework

CORPORATE GOVERNANCE

on HIV and AIDS (eNSF);

- Development of the National Multisectoral Strategic Framework on HIV and AIDS 2018-2023.

The Committee is comprised of five (5) members and these are:

1) Mr. Emmanuel Ndlangamandla – Chairperson
2) Dr Simon Zwane – Member
3) Mr Vusi Matsebula – Member
4) HRH Princess Gcebile Dlamini – Member
5) HRH Prince Matatazela Dlamini – Member

D. External Auditors:
KPMG Chartered Accountants, Umkhiwa House, 195 Karl Grant Street, Mbabane, H100

E. Internal Auditors:
RSM Swaziland, Synergy House, Kashgar Estate, Hhelehhele, Manzini, M200

F. Legal Advisors:
Robinson and Bertram, Ingcongwane Building, Gwamile Street, Mbabane





HIV AND AIDS RESPONSE MANAGEMENT FOCUS FOR 2017/18

1. HIV AND AIDS RESPONSE MANAGEMENT FOCUS FOR 2017/18

In 2017/18, NERCHA continued to mobilise and lead the national multisectoral HIV/AIDS response of the country towards ending HIV and AIDS by 2022, i.e. making HIV and AIDS a non-public health threat. The goal for ending AIDS was pronounced by His Majesty, King Mswati III during the opening of the Swaziland Parliament in February 2015. NERCHA determined that achieving the indicators, prescribed by the eNSF 2014-2018, is key in achieving the country's vision. The performance of the indicators is reported as follows:

Table 1: eNSF Impact Indicators Showing Targets and Achievements

Indicators	Baseline	2015 target	2018 target	2017 Status	Source	Comments
Reducing HIV incidence rate from 2.9% in 2011 to 1.4% by 2018.	2.9% (2011)	1.4%	1.4%	1.48%	SHIMS 2	Incidence has declined
Reduction of HIV infected infants from 16.4% in 2011 to 2% in 2018 amongst infants aged 18-24 months.	16.4% (2011)	5%	2%	2%	@017 HIV Programmes Report	HIV infection in infants has declined
Increased Life Expectancy from 47.2 years in 2011 to 55 years in 2018 for women.	47.2 years (2011)	50 years	55 years	48.1 years	CSO	Life Expectancy is increasing
Increased Life Expectancy from 43.2 years in 2011 to 50 years in 2018 for men	43.2 years (2011)	45 years	50 years	48.9 years	CSO	Life Expectancy is increasing
Reduction of Maternal Mortality Rate (MMR) from 320/100,000 in 2011 to 200/100,000 in 2018	320/100,000 (2011)	270/100,000	200/100,000	389/100,000	WHO Country Estimates	MMR is increasing slowly
Reduction of AIDS related deaths	4721	3527	3263	3458	Swaziland HIV Estimates and Projections	AIDS related deaths have declined

The country has had a success at impact level as most impact indicators seem to be on the positive trajectory, save for the Maternal Mortality Rate (MMR), which continues in a negative trend. The HIV response plan activities for the next few years will ensure that the success is entrenched, and effort will be placed on improving MMR.

ENDING AIDS BY 2022



COORDINATION AND MANAGEMENT OF THE NATIONAL MULTISECTORAL RESPONSE TO HIV AND AIDS

2. COORDINATION AND MANAGEMENT OF THE NATIONAL MULTISECTORAL RESPONSE TO HIV AND AIDS

In ensuring a coordinated national multisectoral HIV and AIDS response NERCHA continued mobilizing AIDS Service Organizations to sustain the delivery of high impact services and mobilize the public, through forums such as World AIDS Campaign, to access HIV/AIDS services. NERCHA also provided the strategic guidance on programs and activities that could be presented to funders like PEPFAR and the Global Fund to fight AIDS, Tuberculosis and Malaria. In addition to this day-to-day coordinating role, NERCHA undertook the following strategic initiatives during the year under review:

2.1 Review of the extended National Multisectoral Strategic Framework on HIV and AIDS (eNSF)

In preparation for the development of an HIV and AIDS strategic framework that would take the country to 2023, NERCHA undertook a review of the extended National Multisectoral HIV and AIDS (eNSF) 2014 – 2018. This review measured the extent to which impact indicators anticipated in the eNSF were achieved and these included:

- The reduction of new infections and AIDS Related Deaths.
- Programme efficiency:
- Adequacy of resources for the response; and,
- Effectiveness of Coordinating Mechanisms including NERCHA.

The evaluation also took stock of strengths, successes, weaknesses and challenges in the implementation of the multi-sectoral response. The recommendations from the evaluation were used to inform the next National multi-sectoral HIV. Some of the key findings were as follows:

- The eNSF was aligned and responsive to national and international frameworks
- It addressed the key drivers of the HIV epidemic
- New infections target of 1.4% has been met. (according to SHIMS2)
- Generally, programme performance was on course to meet 2018 target although there were program areas in prevention that needed strengthening
- One' Multisectoral Coordinator (NERCHA) was sustained at political and policy level but not at lower levels
- One' M&E System (at NERCHA) eNSF results framework in place
- M&E system was not working efficiently

2.2 Development of the National Multisectoral Strategic Framework on HIV and AIDS 2018-2023

The development of the National Strategic Framework 2018-2023 was fully rolled out with some strategic planning sessions with policy and technical working teams. The framework has set the target to reduce new infections by 85%, reduce AIDS related deaths by 50% and eliminate all forms of stigma and discrimination. This strategy aims at ensuring that 95% of People living with HIV (PLHIV) know their status, and that 95% of those that who know their HIV status are on treatment and that 95% of those on treatment are virally suppressed. The 95:95:95 target is building on the global 90:90:90 target that the country achieved in the previous eNSF. This strategy will scale up HTC service uptake by using self-test method and Index testing. Screening for opportunistic infections and co-morbidities has been included. Within response management, a review of the current coordination architecture will be undertaken to create a more aligned coordination and leadership function.

Financial sustainability of the response is another area that forms priority during the next plan period. Mechanisms for sustainable financing will be intensified since this NSF will be implemented in a resource-constrained environment. A two-pronged strategy has been proposed to mobilise resources from domestic, private and international sources and to maximise allocative and implementation efficiencies. A costed National Operational Plan (NOP) for the NSF 2018-2022 was also developed.
The National Strategic Framework (NSF 2018-2023) was launched by His Excellency the Prime Minister, who was represented by the Deputy Prime Minister.

2. COORDINATION AND MANAGEMENT OF THE NATIONAL MULTISECTORAL RESPONSE TO HIV AND AIDS

The NSF which has been duped "The Last Mile" seeks to accelerate actions that will drive the country towards ending AIDS as a public health threat by 2022. The Eswatini ending AIDS goal is eight years earlier than the global target. This is directly depended on all sectors playing their role in the operationalization of the NSF.

2.3 Development of the National Multisectoral HIV and AIDS Coordination Framework

NERCHA acknowledges that ending AIDS by 2022 will require an effective and efficient coordinating framework that would align itself with the dictates of the NSF 2018-2023.
NERCHA has produce an National Coordination framework. This is a document is to guide the relationships of coordination structures in efficiently implementing the new National Multisectoral HIV and AIDS Strategic Framework (NSF) 2018-2023.
The framework is guided by four working principles:

(I) **Government leadership:** Government leads the multisectoral coordination of HIV and AIDS. This will be done by providing policy guidance, strategic direction and sustaining the commitment to finance the HIV response.

(ii) **Stakeholder involvement:** there shall be Coordination platforms through which stakeholders can share information and lessons learnt and jointly plan and review implementation of the NSF.

(iii) **Use of existing structures:** Utilisation and capacity strengthening of existing coordination structures to ensure sustainability. Community level structures will be strengthened to integrate HIV.

(iv) **Holistic coordination:** The coordination framework focuses on all aspects of the response – policy, strategy, financing, planning, coverage, research, monitoring and reporting.

The coordination framework outlines the multi-sectoral structures and operational mechanisms that will facilitate sectoral, programmes, resources and decentralised coordination. It also provides guidance on the transformation of some coordination entities to their new roles in the new coordination framework.

2.4 Development of the National Multisectoral HIV and AIDS Strategic Information (M&E and Research) Plan

NERCHA initiated the process to develop the national multisectoral HIV and AIDS Strategic Information Plan. The plan will serve as an accountability framework to monitor progress in implementing the NSF 2018-2023. Its direct link to the strategy is through the NSF Results Framework that lists a set on indicators at impact, outcome and output level that will be tracked routinely and episodically. The plan will include key research areas to be prioritized to support the NSF. NERCHA organized a workshop for the Strategic Information Technical Working Group (SI TWG) conceptualize the development of the National HIV SI Framework. The SI TWG was set up to develop the NSF Results Framework and the identify key research areas. This activity is supported by the World Bank.



PROGRAMME PERFORMANCE AND COORDINATION

3. PROGRAMME PERFORMANCE AND COORDINATION

NERCHA continued to ensure that HIV/AIDS programming implementation remained coordinated so at to maximize service coverage, uptake of services and to achieve the outcomes anticipated in the extended National HIV/AIDS Strategic Framework 2014-2018. This section will provide brief highlights on the thematic areas that NERCHA facilitates on to achieve good HIV/AIDS outcomes.

3.1 Prevention of New HIV Infections

In any public health strategy, prevention plays a critical role in reducing the burden of any disease, to those that are affected, their families, health budget and sustainable development goals. The prevention of new HIV infections remained a priority focus area for NERCHA during the year under review. The country's efforts in reducing new HIV infections was measured through the second Swaziland HIV Incidence Model Survey (SHIMS 2) during the year. The study revealed that these efforts have actually reduced new HIV infections from the baseline of 2.9% in 2011 to 1.48% in 2017/18. NERCHA attributes this to the coordinated efforts of all stakeholders including the leadership provided by Government in the entire HIV/AIDS response.

Notwithstanding the pronouncement of these achievement, NERCHA continued to ensure that HIV prevention is intensified, and undertook a lot of initiatives during the year some of which are summarized below:

3.1.1 Developed a National HIV Prevention Coordination Framework

To achieve the goal of being an HIV free nation by 2022 which requires fast-tracked strategies to further reduce new infections, NERCHA in collaboration with stakeholders, began the process the of developing a National HIV Prevention Coordination Framework. During the conceptualization of the prevention framework it was also observed that prevention of services had to be integrated to ensure that recipient of services received comprehensive services at each time of interacting with a service provider. To this end, core package for HIV prevention was developed to guide the provision of HIV interventions in an integrated approach. It ensures that prevention services are designed to address the behavioral, biological and structural issues facilitating vulnerability of key and priority population.

The core package advocates for the non-verticalization of HIV prevention, rather a person must be targeted with a package of services addressing the 3 areas mentioned above. By developing the core package, the Kingdom of Swaziland has completed one of the steps of the SADC commitment which are:

a) Know your epidemic
b) Identify geographic incidence of HIV
c) Identify packages - there must be a minimum package for all members states
d) Set targets
e) Monitor progress towards achieving targets

3.1.2 Research and Development for HIV Prevention

To further reduce new HIV infections, NERCHA facilitated the following researches, which had not been completed at year end:

- Research on the impact of economic empowerment of young girls and adolescent women in reducing new HIV infections. In this regard NERCHA partnered with the World Bank, and sourced additional funding from the Global Fund to investigate the impact of conditional cash transfers in reducing new infections. This study includes participants who are currently in school and those out of school. The study is backed by a psycho social support program provided by the Swaziland Action Against Gender Abuse (SWAAGA).
- Collaborated with the Ministry of Health and other partners to investigate strategies of introducing Pre- Exposure Prophylaxis (PrEP) amongst the population identified to be at risk of contracting HIV infections. A Prep Demonstration Project was initiated in September 2017 by three partners in three regions of the country. At the time of

reporting the uptake of Prep within the Demonstration Project had progressed well and findings thereof will guide the development of a Prep policy and guidelines for the country. These partners are:

- ✓ MSH who are implementing the project in the Shiselweni region;
- ✓ Clinton Health Access Initiative whose implementation is concentrated in the Hhohho region; and
- ✓ Family Health Initiative (fhi360) whose project is implemented in the Manzini region.

- Following the release of the SHIMS 2 outcome information on the HIV incidence, NERCHA undertook a review of the Comprehensive HIV Epidemiology Program Review Analysis (CHEPRA). This study had been concluded just before the release of the SHIMS information and sought to establish which behaviors were likely to drive new infections and which populations new infections would be prevalent.

3.1.3 Super – fast tracking of HIV Prevention

a) Global HIV Prevention Coalition Roadmap Development

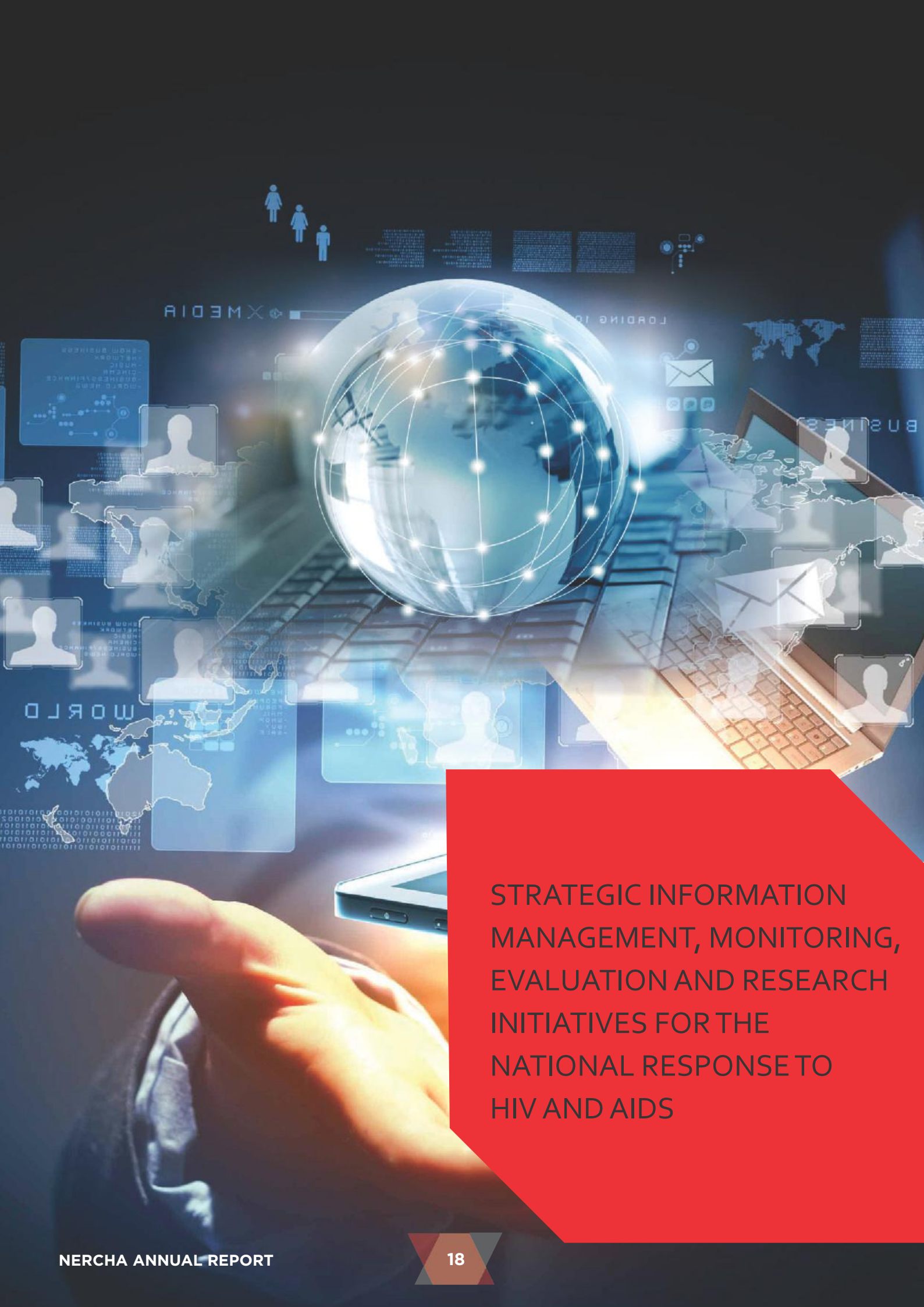
Swaziland launched the HIV Prevention Road Map on the 1st December 2017 building onto its Launch in Geneva in October the same year. The Prevention Road Map guides countries with 5 pillars: *(1) Combination prevention for AGYW; (2) Combination prevention with Key Populations; (3) VMMC and SRH services for Men and Boys; (4) Comprehensive condom programmes and (5) Rapid introduction of PrEP*. The road map contains 10 action points for countries to reinvigorate HIV prevention by 2020:

1) Conduct a strategic assessment of key prevention needs and identify policy and programme barriers to progress
2) Develop or revise national targets and road maps for HIV prevention 2020
3) Make institutional changes to enhance HIV prevention leadership, oversight and management
4) Introduce the necessary legal and policy changes to create an enabling environment for prevention programmes
5) Develop national guidance, formulate intervention packages, identify service delivery platforms and update operational plans
6) Develop a consolidated prevention capacity-building and technical assistance plan
7) Establish or strengthen social contracting mechanisms for civil society implementers, and expand community-based responses
8) Assess available resources for prevention and develop a strategy to close financing gaps
9) Establish or strengthen prevention programme monitoring systems
10) Strengthen national and international accountability for prevention.

The coordination of HIV prevention and target setting are one of the first steps to facilitate implementation.

b) Three Frees Sensitization Forum.

The country, with support from UNAIDS, sensitized the nation a concept known as 3 frees (i.e. *Start Free, Stay Free and AIDS free*) The three frees is a super fast-track framework for ending AIDS in children, adolescents, and young women by 2020. The objective is to ensure they are born free of HIV and remain negative, while those who are already HIV positive are supported not progress to AIDS. The strategy is aligned to the Sustainable Development Goals (SDGs) and the global target of ending the AIDS epidemic by 2030.



STRATEGIC INFORMATION MANAGEMENT, MONITORING, EVALUATION AND RESEARCH INITIATIVES FOR THE NATIONAL RESPONSE TO HIV AND AIDS

4. STRATEGIC INFORMATION MANAGEMENT, MONITORING, EVALUATION AND RESEARCH INITIATIVES FOR THE NATIONAL RESPONSE TO HIV AND AIDS

The management of strategic information is critical for monitoring progress and informing the direction of the HIV response. In the fiscal year, the following activities which included; developing HIV estimates, Capacity Building for Monitoring of HIV and AIDS Response and tracking the indicators, were undertaken.



4.1 Strategic Information

a) HIV Estimates and Projections Report 2017

NERCHA coordinated the process of developing the country HIV estimates, supported by UNAIDS. HIV estimates provide projections of current and future demand for HIV services, through trends of new infections (HIV incidence), HIV prevalence, AIDS related deaths and AIDS orphan.

The baselines included data from the SHIMS survey (prevalence by region, Incidence), the 2017 Population Census data, 2017 Programme data (ART, PMTCT). Inputs from the SHIMS 2 report were also added to the report.

Below is a table showing the key indicators from the HIV Estimates and projections.

Table 1: Preliminary Key Outputs from the HIV Estimates Report

	2015	2016	2017	2018	2019	2020	2021	2022	2023
HIV Prevalence 15-49	28	28	27	27	26	26	25	24	23
HIV Incidence 15-49	2	2	1	1	1	1	1	1	0.83
PLHIV	199,809	202,918	205,043	206,402	207,369	208,001	208,404	208,744	209,027
HIV New Infections	9,312	7,992	6,967	6,033	5,560	5,216	4,954	4,885	4,843
AIDS Deaths	3,526	3,527	3,458	3,263	3,158	3,123	3,048	2,999	2,966

4. STRATEGIC INFORMATION MANAGEMENT, MONITORING, EVALUATION AND RESEARCH INITIATIVES FOR THE NATIONAL RESPONSE TO HIV AND AIDS

a) Southern African Development Community (SADC) Report 2017

NERCHA submitted the SADC annual HIV and AIDS Progress Report to the SADC Secretariat. The SADC report is used to measure progress in implementing SADC core priorities that member states agreed and signed for through the Maseru Declaration on the Fight Against HIV and AIDS in the SADC Region (2003). SADC Secretariat uses national reports to compile the annual regional HIV and AIDS epidemic reports for SADC Heads of States.

b) Global AIDS Monitoring (GAM)

A Global AIDS Monitoring (GAM) Framework was defined in 2016 to measure progress against targets defined at the UN General Assembly High Level Meeting on AIDS. Member states signed up to the Political Declaration on Ending AIDS: on the Fast-Track to Accelerate the Fight against HIV and to End the AIDS Epidemic by 2030 and to continue monitoring progress in the AIDS response and epidemic. Member states are required to report on this indicator semi-annually. NERCHA with support from the UNAIDS consolidated HIV response data for 2017/18 (ART, PMTCT, TB/HIV, NCPI) and reported the country data to UNAIDS as part of the obligations that the country has towards global targets for HIV as per the agreements that member states signed for.

4.2 Capacity Building for Monitoring of HIV and AIDS Response

As a coordinating entity, NERCHA's role is to identify technical and capacity needs amongst partners that work in the HIV response, and provide assistance as required.

a) Building Capacity building on Monitoring and Evaluation

In 2017, NERCHA with support from JICA trainings for community clerks (KaGogo Centre Clerks) on Monitoring and Evaluation were conducted. Currently, the country has over300 communities and each community has a clerk. It is NERCHA's mandate to capacitate all of them. In 2017, NERCHA was able to train 249 community clerks from all the regions. The aim of the training was to improve data quality and utilization by our communities to foster data utilization by all levels from community to regional entities.

b) Data Quality Assessment (DQA)

NERCHA conducted a Data Quality Assessment. The purpose of the DQA was to provide both NERCHA and her partners an opportunity to verify reported SHAPMoS data and assess the ability of the SHAPMoS data management and reporting system to report quality data. This allowed NERCHA to establish a baseline national data error rate that will inform data quality improvement and the monitoring of data quality improvement. In other words, the audit not only allowed NERCHA to assess the quality of SHAPMoS data but also pin pointed weaknesses and strengths of the data management and reporting system. The specific objectives of the DQA were as follows:

i. To assess the ability of the data management and SHAPMoS used to collect, manage, and report quality data;

ii. To conduct verification of the quality of reported SHAPMoS data for a selected Key Indicators;
   - To estimate a baseline national SHAPMoS data quality error rate; and
   - To make relevant recommendations and develop action plans for strengthening the data management and reporting system
   - To make recommendations to harmonize IPs M&E systems with SHAPMoS.

From this exercise, the NERCHA M&E was able to identify the linkages and/or non-linkage of partner M&E systems to the national M&E system (SHAPMoS). Also, NERCHA was able to determine the data quality error rate for data submitted to SHAPMoS.

4. STRATEGIC INFORMATION MANAGEMENT, MONITORING, EVALUATION AND RESEARCH INITIATIVES FOR THE NATIONAL RESPONSE TO HIV AND AIDS

a) HIV core indicators - Performance of the HIV Response

NERCHA's M&E unit tracks the implementation of the NSF and the HIV activities in the country through SHAPMoS. The table below details the progress of HIV programmes and activities in the year 2017/18.

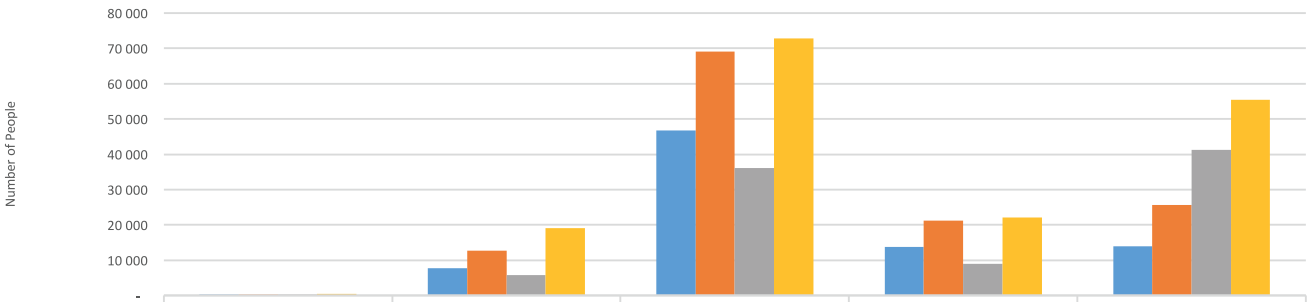
Table 1: HIV Core Indicators 2017/18

Output Indicators					
Indicators	**Source**	**2016 target**	**2016 Achievement**	**2017 target**	**2017 achievement**
Number of people who test for HIV and know their status	HMIS	500,000	444,340	550,00	477,559
Number of people on antiretroviral therapy at the end of the reporting	HMIS	226,920	172,184	231,610	174,103
Number of people 15+ on antiretroviral therapy at the end of the reporting period	HMIS	210,528	160,409	216,197	164,243
Number of people <15 on antiretroviral therapy at the end of the reporting period	HMIS	16,392	11,775	15,413	9,860
Number of people newly initiating antiretroviral therapy during the current reporting year	HMIS	No target	25,554	No target	22,882
Number of infants who received an HIV test within two months of birth during the reporting period. Infants tested should only be counted once.	HMIS	9,236	9,236	8,988	8,597
Number of pregnant women living with HIV who delivered and received antiretroviral medicines during the past 12 months to reduce the risk of the mother-to-child transmission of HIV during pregnancy and delivery.	HMIS	10,127	9,435	9,792	9,202
Number of males circumcised during the past 12 months according to national standards	SHAPMoS	45,000	17,144	45,000	17,884
% of people who have active TB disease during the reporting period of those newly enrolled in HIV care	HMIS	100%	98%	100%	97.5%
Number of male condoms distributed	SHAPMoS	15,000,000	15,550,000	15,000,000	25,399,895
Number of female condoms distributed	SHAPMoS	550,000	383,000	600,000	622,250
Number of people reached with SBC	SHAPMoS	550,000	368,199	720,000	474,085

4. STRATEGIC INFORMATION MANAGEMENT, MONITORING, EVALUATION AND RESEARCH INITIATIVES FOR THE NATIONAL RESPONSE TO HIV AND AIDS

Several programmes have come close to reaching the target, these include PMTCT, TB, ART coverage and Viral load suppression, and in condom distribution where the target was surpassed, while others, such as male circumcision and Social Behavior Change interventions were far from reaching the set target, so the intervention will need to be scaled up.

Figure 1: Number of People Reached by Social Behavior Change Messages



	Community leaders	Formally employed workers	In school Youth aged 10-19 years	Youth aged 20-24 years	People aged 25 + years
Quarter 1	344	7 747	46 750	13 802	13 987
Quarter 2	299	12 646	69 081	21 301	25 729
Quarter 3	304	5 896	36 062	9 090	41 342
Quarter 4	491	19 127	72 759	22 167	55 431

i. Condom Promotion and Distribution

In 2017 a total of 26,022,145 condoms were distributed in the country. Female condoms constituted 2% (622,250) of the distributed condoms and male condoms constituted 98% (25,399,895).

ii. Impact mitigation

HIV has created vulnerability, with poor experiences for child-headed households and by the elderly. Impact mitigation aim to provide economic/financial support in communities. In 2017/18, there were several initiatives that were implemented which include;

- Social transfers and other safety nets
- Old Age Grants to people aged 60 years and above
- School feeding
- Free Primary School programme for primary school level
- Cash transfers targeting OVCs
- Holistic livelihoods and social protection for OVCS
- Social support for OVCs
- Access to food and ECCD



4. STRATEGIC INFORMATION MANAGEMENT, MONITORING, EVALUATION AND RESEARCH INITIATIVES FOR THE NATIONAL RESPONSE TO HIV AND AIDS

The table below shows the number of the vulnerable populations reached with impact mitigation services in 2017.

Table 1: Services Provided to Orphaned and Vulnerable Populations

	Education	Grants/Economic Support	Health Services
Child-headed household	26	8,075	117
Elderly	456	55,164	239
OVC 0-17 years reached with:	52,430	4,860	51,873

a) National Minimum Package Monitoring at Community Level

NERCHA actively collects data from all HIV implementers and community clerks to enable measurement of progress towards the implementation of the NSF. This data is the driver of the country M&E system (SHAPMoS). The table below shows data on the implementation of the National Minimum Package for HIV (NMP), mentorship for response planning, and monitoring and reporting to SHAPMoS during the quarter.

Table 1: Implementers and Community Clerks Reporting Rates

Response Management					
	Target	Q1	Q2	Q3	Q4
Percent of communities that provide the minimum package of HIV services	72% (258/360)	No data	48% (171/360)	No data	31% (112/360)
HIV Implementers reporting to SHAPMoS	100% (222/222)	61% (135/222)	64% (142/222)	69% (153/222)	71% (158/222)
KaGogo Centres reporting to SHAPMoS	100% (293/293)	84% (240/286)	85% (243/286)	85% (243/286)	86% (247/286)
Number of Mentorships Conducted	100% (96/96)	88% [(21/96)/(24/96)]	88% [(21/96)/(24/96)]	88% [(21/96)/ (24/96)]	125% [(30/96)/ (24/96)]

The mentorship and reporting rates increased at a steady rate throughout the year against the targeted figure. Reporting increased from 61% to 71% in quarter 4 for the HIV implementers and from 84% to 86% for KaGogo Centre clerks. For mentorships, the target was to mentor 96 implementers for the year and at least 24 per quarter. Mentorships increased from 88% in quarter 1 to 125% in quarter 4 against the targeted figure. In total, 97% (93/96) implementers were mentored in 2017. There is however room to improve the reporting rates to SHAPMoS as the desired target is for every implementer to report to SHAPMoS to enable the country to measure the full implementation of the NSF. Challenges that were encountered during the tracking of the response included: the high staff attrition rates at Implementing partners and community clerks inconsistent reporting by implementers, and lack of trainings for SHAPMoS focal persons and community clerks.

4. STRATEGIC INFORMATION MANAGEMENT, MONITORING, EVALUATION AND RESEARCH INITIATIVES FOR THE NATIONAL RESPONSE TO HIV AND AIDS

4.3 Strengthening Research Capacity for the National Response

a) ***Strengthening capacity for research***

NERCHA through the support of Wilfrid Laurier University (Waterloo, Canada) and the African Journal for AIDS Research (AJAR) strengthened the capacity of the research focal person on scientific writing. The NERCHA research officer attended a five days training in Cape Town. Topics which were covered during the training include: understanding a research journal, developing a manuscript for a research journal, selecting a journal for publication, peer reviewing journal manuscripts, and developing media briefs. The training equipped the officers with skills to develop journal articles and assist stakeholders with research writing.

b) Development of Research Agenda

A stakeholder meeting to gather the key strategic areas for HIV and AIDS research in Eswatini to encourage alignment to national research priorities was held. Under the national research agenda researchers will be supported to conduct researches which will provide evidence for high impact.

c) ***Development of poster for submission to Internal AIDS Conference to be held in Amsterdam, Netherlands***

The country, with the support of the World Bank prepared an abstract for a poster presentation on the Sitakhela Likusasa Impact study, which was submitted to the International AIDS Conference (IAC). The presentation captures some of the key finding of the midline evaluation which indicate that indeed school is a protective barrier for the preventing STIs and HIV among girls. However, at this point the study findings are not conclusive since the study is still on-going. The application to present the poster at the International AIDS Conference was successful.

d) ***HIV Research***

NERCHA research unit participated in the writing of the SHIMS II 2017 report, supported the FAMCARE study conducted by EGPAF on the living conditions of children living with HIV and AIDS, participated in conducting the HTPN 084 research study initiated by ICAP, which aims at evaluating the efficacy and safety of PrEP drugs (Cabotegravir (CAB/CAB LA) and daily oral Truvada® (TDF/FTC)) for HIV prevention.





SUPPORT TO SECTORS TO MAINSTREAM HIV AND AIDS IN THEIR DEVELOPMENTAL PLANS

5. SUPPORT TO SECTORS TO MAINSTREAM HIV AND AIDS IN THEIR DEVELOPMENTAL PLANS

The eNSF calls for the mainstreaming HIV synergies into the development sector to sustain gains already made and achieve efficiencies and reduce duplication of resources since sectors use their comparative advantage (in terms of mandate, resources and otherwise) to advance the response. During the reporting period support was given in the e following areas;

a) ***Conducting a baseline study on Youth and HIV/AIDS.*** Partners in Shiselweni region supported the Forum for African Women Educationalist in Swaziland (FAWESWA) to conduct a baseline study on Youth and HIV/AIDS at Nkwene Inkhundla. FAWESWA will thereafter develop a vulnerability profile which will benefit the national response to provide targeted services.

b) ***Expanding the HIV Self-testing pilot programme.*** HIV Self-testing pilot programme which began in the Shiselweni region was extended to the Hhohho region in November. The self-testing programme which is being rolled out in communities has experienced a high uptake among men. Persons testing HIV positive are linked to facilities for confirmatory testing and treatment. Findings will be used to inform *National Guidelines for HIV Self-testing.*

c) ***Intensifying Treatment Adherence.*** In response to the SHIMS2 findings which revealed that Viral load in children living with HIV was not suppressed and that currently 7 children on ART are on the third line of treatment, NERCHA supported the Ministry of health to intensify treatment adherence by introducing point of care early diagnosis machines in facilities.

d) ***Reviewing of the National Sexual and Reproductive Health and Rights Strategic Plan 2014-2018.*** The Ministry of Health's (MoH) Sexual and Reproductive Health Unit (SRHU) conducted a Mid Term Review of the National Sexual and Reproductive Health and Rights Strategic Plan 2014-2018 to ensure that HIV and AIDS response actions are mainstreamed in the strategy.

e) ***Capacitate health centres on the modular Client based Management Information System.*** The Ministry of Health capacitated health centres on the modular Client based Management Information System (CMIS) roll out to 37 facilities in the Hhohho, 35 facilities in the Manzini, 22 facilities in the Shiselweni, and 22 facilities in the Lubombo, out of 360 facilities nationwide. The CMIS is an electronic patient based clinical data system which will improve ART and PMTCT data quality and improve consistency and accessibility of health records across facilities whilst ensuring data security.

f) ***The Ministry of Tinkhundla, Administration and Development meets with Chiefs.*** The Ministry of Tinkhundla, Administration and Development (MTAD) was supported to host a meeting for Chiefs in the Manzini region to respond to concerns in relation to HIV and AIDS in their communities. Issues discussed were unpaid officers and vacancies of KaGogo Centre Managers, weak dissemination of Quarterly Service Coverage Reports and the Indlunkhulu farming inputs programme.

g) ***Partnering with the Peace Corp programme to strengthen the community-based HIV response.*** PEPFAR and the Peace Corp programme are to strengthen the community-based HIV response by having the peace Corp volunteers serving alongside local leaders to create change and address pressing HIV and developmental challenges affecting communities. NERCHA and Peace Corps identified communities where they could deploy their volunteers in all the four regions. The checklist for qualification was that the communities had

5. SUPPORT TO SECTORS TO MAINSTREAM HIV AND AIDS IN THEIR DEVELOPMENTAL PLANS

to be in rural area, have a clinic within the vicinity and be free from a history of funds embezzlement. As part of the deliverables in the community the volunteers will set up gardens and libraries in Neighborhood Care points (NCPs), youth clubs, support income generating projects and provide HIV and SRH education.

h) ***Developing an M&E curriculum for Universities in the country.*** NERCHA initiated negotiations with the University of Swaziland, Southern African Nazarene University (SANU) and Swaziland Christian University (SCU) to develop an M&E curriculum within their Social Sciences and Health Services Faculties, which will ensure a sustainable outflow of M&E personnel. The project is supported by the Japanese International Cooperation Agency (JICA).

i) ***Partnering with MTN to disseminate speaking books.*** Reaching the NERCHA partnered with Swazi MTN 21 Days of Y'ellow Care and donated 45 speaking books to Endlaleni Community Primary School, which was built by MTN within their 21 Days of Y'ellow Care. Through the NERCHA Information Centre, 15 copies of each of the 3 titles of the speaking books currently produced to provide basic HIV information, coping skills, as well as sexual and reproductive health information through aged appropriate messaging.

j) *Reaching first year students with HIV Information.* NERCHA rolled out the *"Taking HIV and AIDS Information to Institutions of Higher Learning Campaign"* during the orientation week of all the institutions of higher learning in the country. The purpose of this campaign is to provide relevant information and life skills to the freshmen in preparation for the new life at these institutions. The programme is an annual event which is delivered in partnership with a team of implementing partners and uses a variety of interactive methods to engage the students. HIV Testing Services (HTS) were also availed for the students. This year, a total of two thousand (2000) students were reached through this programme, with the majority in the 17-24 years age category.



NATIONAL EVENTS

6. NATIONAL EVENTS



Hosting the World AIDS Commemorations and World AIDS Day

In preparation for the regional campaigns that culminate into the National World AIDS Day, there was launch of this event by Government, who was represented by the Honorable Minister of Health at Hope House Manzini. This innovative launch included the provision of palliative care to patients at the centre by the Minister and Senior HIV officials. The launch was followed three regional commemorations held at Mhlambanyatsi Inkhundla in the Manzini region; at Ndzingeni Inkhundla in the Hhohho region; and at Hlane Inkhundla in the Lubombo region where key note addresses were provided by Ministers.

The 2017 World AIDS Day Commemoration was held on the 1st December 2017, hosted by the Shiselweni region, at Sigwe Inkhundla and was attended by over 5,000 people who received wide range of HIV information and accessed HIV and other health services. His Excellency the Prime Minister Dr. Barnabas Sibusiso Dlamini, represented by the Deputy Prime Minister, Senator Paul Dlamini, gave the key note address, where he celebrated the achievements, and recognized the hard work that lies ahead. He emphasized the need to revitalize HIV prevention and eliminate complacency in a constrained resource environment. The United Nations 100 days of HIV Prevention action plan was also launched on this day. The plan is a short-term road map to catalyze the national prevention response.





7. CONFENRENCES, REGIONAL MEETINGS AND WORKSHOPS ATTENDED BY NERCHA

ICASA conference in Abidjan Ivory Coast

The country participated in the 19th International Conference on AIDS and Sexually Transmitted Infections in Africa (ICASA) which was held in Abidjan Ivory coast in December 2017. The conference focused on strengthening innovation and partnerships to increase domestic investments to achieve 90/90/90 targets, integrate approaches for sustainable responses towards ending AIDS, TB, Hepatitis and associated diseases, translating science into action to maximize programme impact and providing a platform to promote rights-based models to overcome structural and policy barriers towards universal access to treatment and care. From the presentations made at this conference it became evident that although the Kingdom of Swaziland has the highest HIV prevalence, it is amongst the few countries leading in the fight against the pandemic. Most countries are still adopting the multisectoral model and trying to involve leadership to fully participate in their HIV and AIDS responses, while this has been in place for a while in the kingdom. Nevertheless, there is information that was gathered from the conference that will assist the Eswatini HIV and AIDS response to align with regional targets, learn from other countries and celebrate achievements.

19TH ICASA



8. NERCHA STAFF WELLNESS AND HEALTHY LIVING

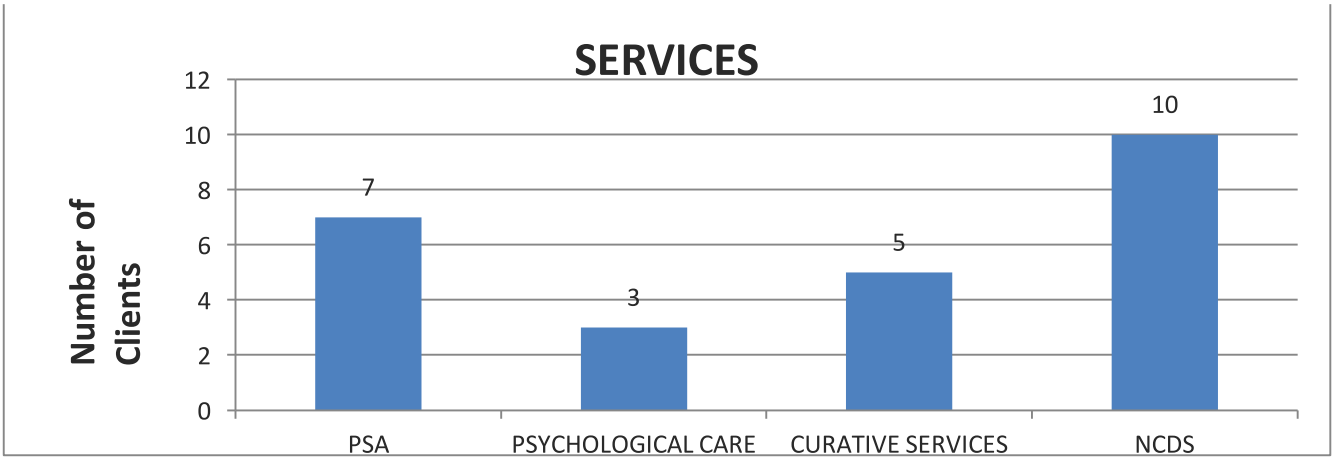
The NERCHA Corporate Strategic Plan includes an obligation to ensure that NERCHA has a competent, high performing and motivated staff. This objective is achieved through the introduction of the wellness programme amongst other activities. Through partnership with the Wellness Centre in Manzini, key activities were achieved in the year under review:

a) Men's Health Day

To promote health service uptake among men, a dialogue which focused on the delivery of health service for men was held for the male employees at NERCHA using the "Sidla Inkhloko" approach for discussion. The men showed excitement at receiving services in a familiar and comfortable environment. The workplace has shown to be an attractive place to deliver health services targeting men. Over 35 men attended the formal presentation, and the different individual session including screening services as seen below;



Figure 2: Screening Services Rendered to the Male Employees



8. NERCHA STAFF WELLNESS AND HEALTHY LIVING



b) Women's Health Day

The women's health day was held under the theme "*my health my wealth*". A total of 43 women attended the health talk and participated in discussion that ensued thereafter. Some women took the opportunity to access one-on-one counseling sessions. Other services that were availed on the day HIV testing, body mass index, NCDs (htn), cholesterol and curative support where over 48 women attended.



c) Cancer awareness day

To commemorate this day, the wellness Unit organized an information sharing session for NERCHA employees. Over 45 employees attended the cancer awareness presentations.

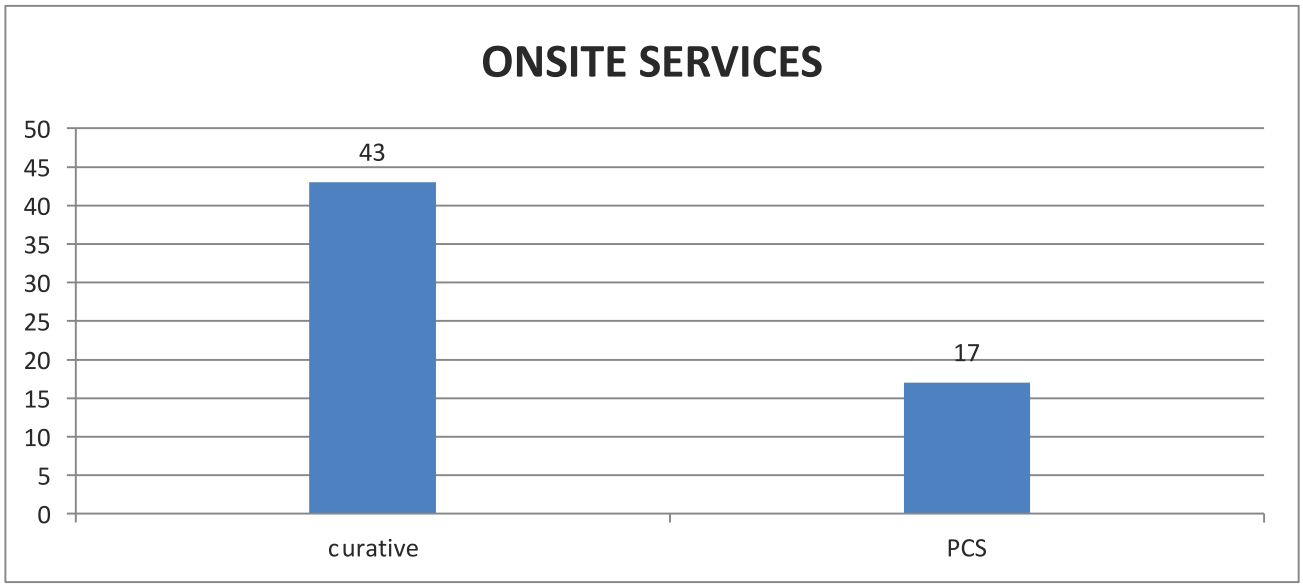


d) On-site Services at the Wellness Centre

Through the partnership that NERCHA has with the Wellness Centre, employees access clinical services at the Wellness Clinic office in Manzini. In the year under review about 60 employees and their relatives attended as detailed in table below:

8. NERCHA STAFF WELLNESS AND HEALTHY LIVING

Figure : Wellness On-Site Services





9. FINANCIAL PERFORMANCE AND MANAGEMENT OF GLOBAL FUND

9.1 FINANCIAL PERFORMANCE

a. Grants Income

NERCHA is funded by the Swaziland Government and by grants from the Global Fund to fight, AIDS, Tuberculosis and Malaria ("Global Fund"), bi-lateral and multi-lateral donors and others. Grant income received during the year decreased by 30% compared to 2017 and, as shown on Table 6 below, the major decreases were experienced under Government and the Global Fund. The decrease on disbursements from the Global Fund was aligned to the grant budget for the year and was therefore anticipated whilst the decrease from Government was not anticipated.



Table 7: Grant Income Received 2017-2018

Source	Year End 2017 Emalangeni	Year End 2018 Emalangeni	%Inc/Dec
Government	42,750,000	21,875,000	-49%
Global Fund	411,468,684	288,614,266	-30%
Young Heroes	-585,138	0	-100%
UN Agencies	555,395	478,740	-14%
ICAP/URC	15,076,475	17,049,574	13%
SADC	2,368,974	331,736	-86%
Total Grants Received	471,634,390	328,349,316	-30%
Other Income	-10,293,928	-2,686,023	-74%
Carried forward from prior periods	139,457,586	184,751,507	32%
Total Income Available for Grant Expenditure	600,798,048	510,414,800	-15%

a. Grant Income Portfolio

The Global Fund to fight AIDS, Tubercu

9. FINANCIAL PERFORMANCE AND MANAGEMENT OF GLOBAL FUND

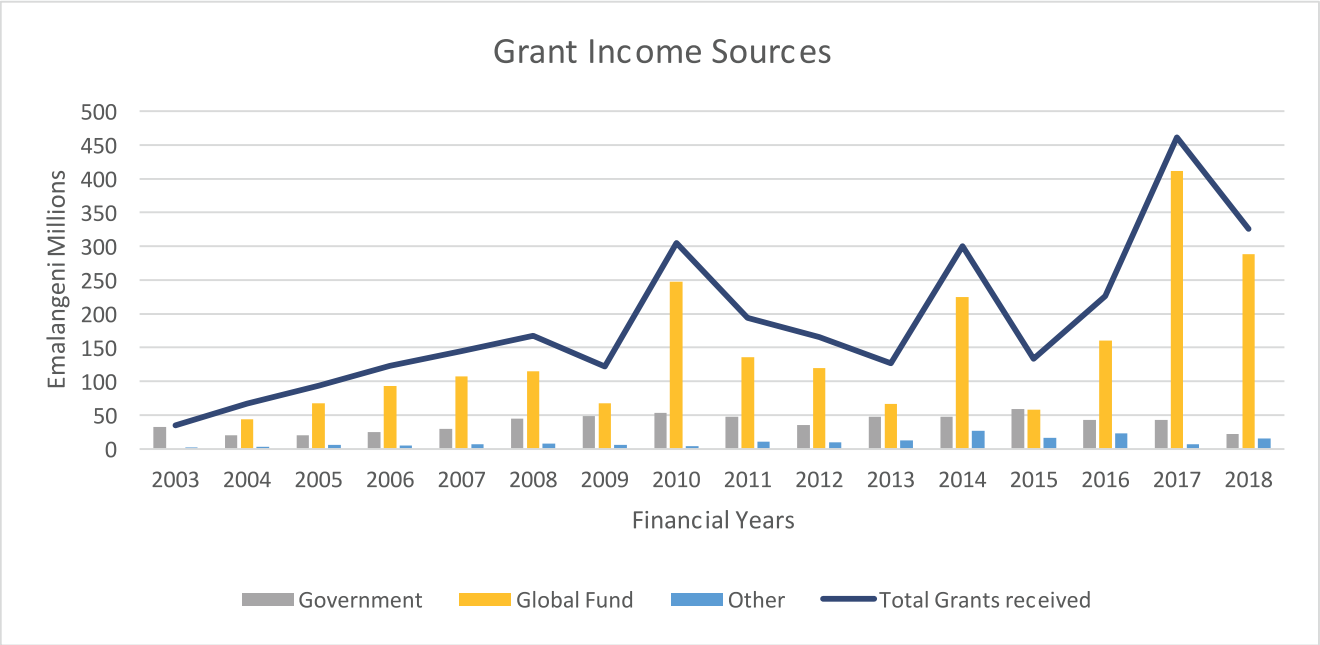
b. Grant Income Portfolio



The Global Fund to fight AIDS, Tuberculosis and Malaria has been the largest contributor of grant income to NERCHA over the years. In addition to Government and the Global Fund, NERCHA has also been a recipient of grant income from the following sources, summarised into Other on figure 4 below:

- Donations from Individuals, both from Eswatini and Internationally, for the Young Heroes Project. These donations are used to provide food and clothing to double-orphans.
- UN Agencies for various programs including Technical Support and World AIDS Day Commemoration.
- PEPFAR Supported partners, ICAP and URC for human resources for Health.
- SADC for the Mainstreaming of HIV/AIDS within the Public Sector.
- Donations from Corporates locally and internationally for specific projects.

Figure 4: Grant Income Portfolio



9. FINANCIAL PERFORMANCE AND MANAGEMENT OF GLOBAL FUND

C. Absorption of Funds

Absorption of grant income during the year dropped to 68% compared to 69% last year and this was largely due to the decrease in grant income allocated for capital projects from the Global Fund. The 68% absorption rate does not account for financial commitments and obligation that existed at the year. As will be seen under section 9 of this report, where commitments and obligations are accounted for the absorption is above 90%.

The expenditure highlights for the financial year-are summarised on table 7 below and these are as follows:

- NERCHA Coordinating expenses, which include the cost of managing the Global Fund Grants, decreased by 5% compared to 2017 and this was largely due to non-replacement of management staff that left the organization.
- The reduction in capital projects funded by the Global Fund: A large portion of the refurbishment of the new Central Medical Stores and installation of local area networks for health facilities, which carried heavy funding from the Global Fund were implemented during the 2017 financial year.

Table 7: Summary Utilisation of Funds 20172018

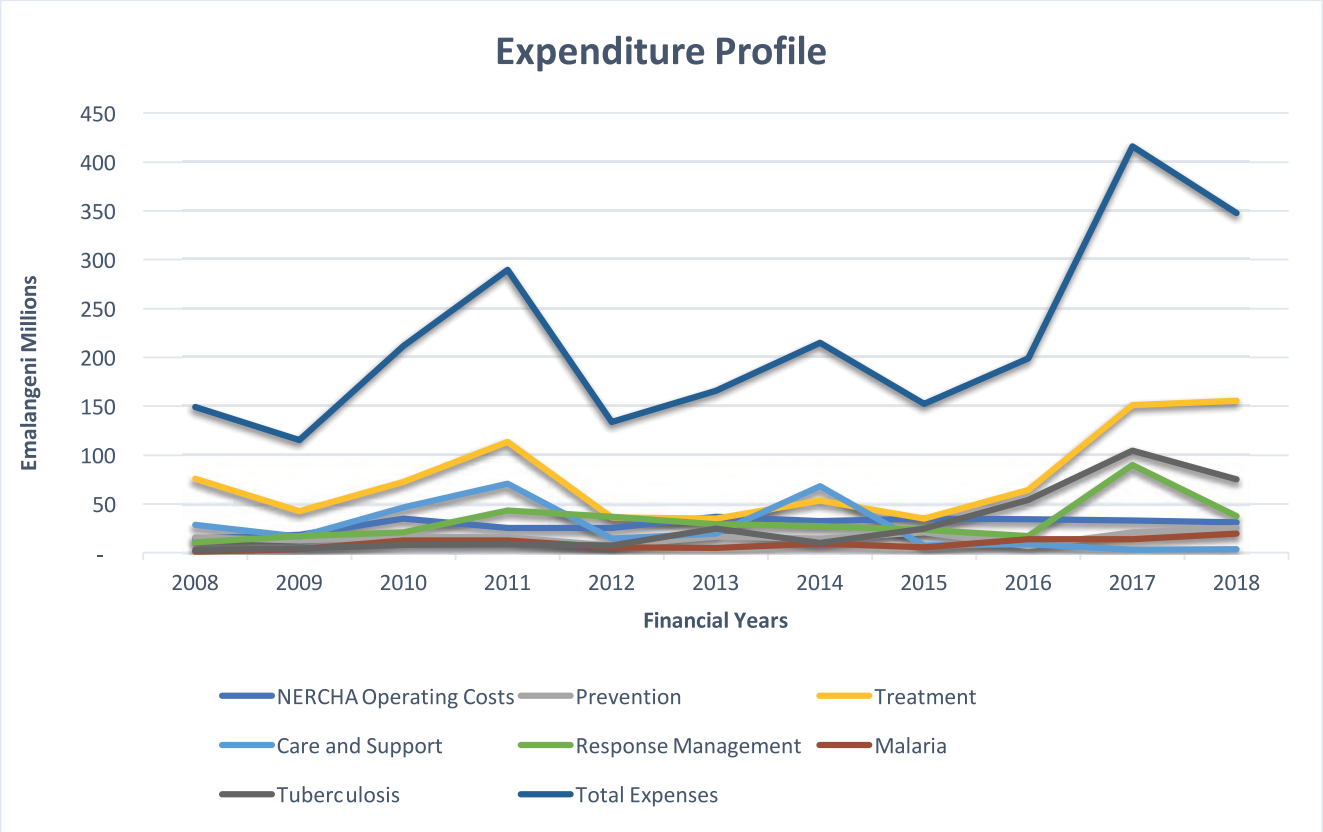
Expenditure	Year End 2017 Emalangeni	Year End 2018 Emalangeni	% Inc./Dec.	Cost/Total Costs	Cost/Income
Staff Costs	23,039,355	21,034,972	-9%	12%	4%
Other Operating Costs	9,823,106	10,297,488	5%	10%	2%
NERCHA Coordinating Costs	32,862,461	31,332,460	-5%	22%	6%
HIV/AIDS:					0%
Prevention	20,584,716	25,234,197	23%	13%	5%
Treatment and Support	151,068,898	155,626,516	3%	22%	30%
Impact Mitigation	3,211,570	3,348,158	4%	5%	1%
Supportive Environment	5,710,575	6,107,423	7%	6%	1%
Monitoring and Evaluation	37,798,848	8,257,586	-78%	2%	2%
Information Centre	1,981,083	2,300,460	16%	1%	0%
Decentralisation	3,774,992	3,946,442	5%	2%	1%
Total HIV/AIDS Expenses	224,130,682	204,820,782	-9%	51%	40%
Malaria	13,869,873	19,378,994	40%	3%	4%
Tuberculosis	104,722,329	75,050,175	-28%	16%	15%
Health Systems Strengthening	40,461,196	17,159,388	-58%	4%	3%
Total Non-HIV/AIDS	159,053,398	111,588,557	-30%	23%	22%
Total Program Costs	383,184,080	316,409,339	-17%	97%	62%
Total Expenses	416,046,541	347,741,799	-30%	100%	68%
Absorption of Funds	69%	68%			

9. FINANCIAL PERFORMANCE AND MANAGEMENT OF GLOBAL FUND

d. Absorption Concentration

The absorption of the grant income, as can be seen on figure 5 below, continues to be heavily skewed towards treatment, followed by Tuberculosis and Response Management. Owing to the antiretroviral treatment offered to people living with HIV/AIDS, treatment has been the major absorber of funds save for the year 2014 when grant for constructing neighbourhood care points for the care of orphans and vulnerable children was received.

Figure 5: Expenditure Profile 2008-2018





9. FINANCIAL PERFORMANCE AND MANAGEMENT OF GLOBAL FUND

9.3 Current Portfolio

During the financial year under review NERCHA was managing the implementation of a portfolio worth US$67.9m including the NFM2 Malaria Grant, whose utilization period began on the 1st January 2018. At the time of consolidating this report NERCHA was preparing for closing the NFM1 grants and implementation of the NFM2 TB/HIV grant of US$40.4m as shown on table 9 below.

Table 9: Current Portfolio

Round	Disease Component	Signed Grant Amounts $	Disbursed Amount in $	Disbursement vs Budget %	Grant Terminal Date
NFM1	Malaria	4, 020, 221	3, 725, 878	93%	Dec-17
NFM1	Tuberculosis	23, 119, 696	17, 555, 809	76%	Jun-18
NFM1	HIV/AIDS	38, 182, 880	35, 278, 927	92%	Sep-18
Total Open Grants		**65, 322, 797**	**56, 560, 634**	**87%**	
New Grants Effective 2018					
NFM2	Malaria	2, 581, 039	576, 642	22%	Dec-20
NFM2	HIV/TB	40, 417, 023		0%	Sep-21
Total NFM 2		42, 998, 062	576, 642	1%	
Total		**108, 320, 859**	**57, 137, 276**	**53%**	

NFM – New Funding Model

9.4 Overall Global Fund Grant Performance

The performance of the Global Fund, save for the new Malaria Grant, remains more than satisfactory and averaged 95% as at the end of March 2018. As shown on table 10 below, the Malaria grant that was implemented from 1st January 2015 reached its useful life on the 31st December 2017 and was replaced by a new grant. Due to changes in the Global Fund policy on the utilization of exchange gains, the country was not able to fully draw down the budget of US$4million allocated under this grant.

9. FINANCIAL PERFORMANCE AND MANAGEMENT OF GLOBAL FUND

Table 10: Overall Global Fund Grant Performance as at 31st March 2018

Grant	Disbursement To-Date US$	Cumulative Budget US$	Cumulative Expenditure + Commitments US$	Disbursements/ Budget %	Budget Utilization (Actual) (%)
Malaria Closed Grant (31 Dec 2017)	3, 725, 878	4, 020, 221	3, 733, 219	93%	93%
New Malaria Grant Effective 1 Jan 2018	576, 642	438, 623	248, 404	131%	57%
Tuberculosis	17, 555, 809	19, 312, 886	17, 823, 460	91%	92%
HIV/AIDS	35, 278, 927	36, 213, 281	35, 221, 315	97%	97%
TOTAL	**57, 137, 257**	**59, 985, 011**	**57, 026, 397**	**95%**	**95%**

9.5 Other Global Fund Performance Indicators

9.5.1 Disbursements

Disbursements from the Global Fund at end of March 2018 averaged 95%, with the Malaria new grant recording a disbursement of 131% of the approved budget. The Global Fund' s annual disbursement decision has greatly improved disbursements and reduced disruptions to implementation due to lack of funds.

9.5.2 Grant Absorption

Notwithstanding the slow start on the new Malaria Grant, overall grant absorption remained more than satisfactory at 95%.



EVENTS GALLERY

WORLD AIDS CAMPAIGN - PIGGS PEAK















NWAC Launch 2017















WAC WAD















GLOBAL HIV PREVENTION COALITION ROADMAP DEVELOPMENT













NSF LAUNCH









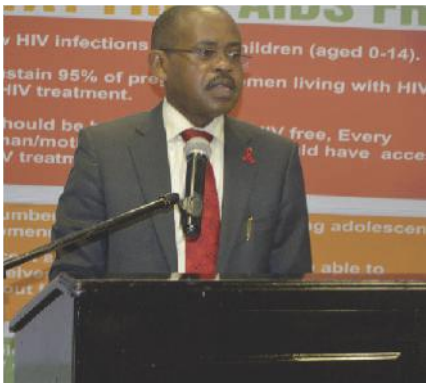




3 FREES LAUNCH











THE NATIONAL EMERGENCY RESPONSE COUNCIL ON HIV/AIDS



FINANCIAL STATEMENTS

for the year ended 31 March 2018



Contents

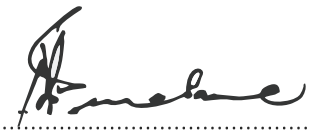
Contents	Page
Council members' responsibility statement	2
Independent auditors' report	3-4
Council members' report	5-7
Significant accounting policies	8-11
Statement of comprehensive income	12
Statement of financial position	13
Statement of cash flows	14
Notes to the financial statements	15-36
Detailed income statement	37-44

COUNCIL MEMBERS' RESPONSIBILITY STATEMENT

The members of the Council are responsible for the preparation and fair presentation of the financial statements of The National Emergency Response Council on HIV/AIDS comprising the statement of financial position as at 31 March 2018, the statements of comprehensive income and cash flows for the year then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Council members' report, in accordance with International Financial Reporting Standards and in the manner required by The National Emergency Response Council on HIV/AIDS Act, No 8 of 2003.
The Council members are also responsible for such internal controls as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.
The Council members have made an assessment of the Council's ability to continue as a going concern and have no reason to believe the Council will not be a going concern in the year ahead.

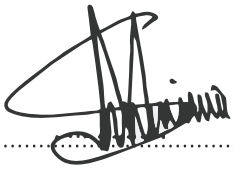
The auditor is responsible for reporting on whether the financial statements are presented fairly in accordance with the applicable financial reporting framework.

Approval of the financial statements
The financial statements of The National Emergency Response Council on HIV/AIDS as identified in the first paragraph were approved by the members of the Council on and are signed on its behalf by:



.....

Member



.....

Member

INDEPENDENT AUDITORS' REPORT

28 June 2018

To the council members of The National Emergency Response Council on HIV/AIDS

Opinion

We have audited the financial statements of the National Emergency Response Council on HIV/AIDS set out on pages 5 to 29, which comprise the statement of financial position as at 31 March 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the council members' report.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the National Emergency Response Council on HIV/AIDS as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the NERCHA Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the Swaziland Institute of Accountants *Code of Professional Conduct (SIA Code)* and other independence requirements applicable to performing audits of financial statements in Swaziland. We have fulfilled our other ethical responsibilities in accordance with the SIA Code and in accordance with other ethical requirements applicable to performing audits in Swaziland. The SIA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The councillors are responsible for the other information. The other information comprises the detailed income statement attached to the financial statements. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Councillors for the Financial Statements

The councillors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the NERCHA Act, and for such internal control as the councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

In preparing the financial statements, the councillors are responsible for assessing the council' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the councillors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity' s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councillors.
- Conclude on the appropriateness of the councillors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the councillors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors

KPMG

COUNCIL MEMBERS' REPORT

The members of the Council have pleasure in presenting their report on the activities of the Council for the year ended 31 March 2018.

1. Establishment and objectives of the Council

1.1 Background

The National Emergency Response Council on HIV/AIDS is a multi-sectoral Council established in terms of the National Emergency Response Council on HIV/AIDS Act No 8, of 2003 to oversee the co-ordination of the national multi-sectoral response to HIV/AIDS and to review and adopt appropriate HIV/AIDS-related policies and strategies.

1.2 Funding of NERCHA

NERCHA is funded by the Swaziland Government and by grants from the Global Fund to fight, AIDS, Tuberculosis and Malaria ("Global Fund"), bi-lateral and multi-lateral donors and others.

Funding for NERCHA remains a priority for Government and the Council members consider it unlikely that NERCHA' s funding will be drastically reduced.

2. Review of activities

The financial results of the Council are fully set out in the financial statements.

3. Management of the Council

NERCHA operates through a directorate. The Council members act in the same manner as a board of directors and guide and oversee the work of the directorate.

The NERCHA directorate is the executive office mandated to convert the National Multi Sectoral Strategic Plan for HIV/AIDS into an action plan and co-ordinate the implementation thereof.

3. Management of the Council (continued)

3.1 The following Council members were appointed with effect from 1 April 2013 to 31 March 2016 and were re-appointed for a further three-year term with effect from 1 April 2016:

Chief Ndzabankulu Simelane	-	Chairperson
Hon Thulisile Dladla	-	Vice Chairperson
Prince Matatazela	-	Member
Dr Simon Zwane	-	Member
Mr Mbuso Dlamini	-	Member
Mr Bheki Bhembe	-	Member
Princess Gcebile Dlamini	-	Member
Dr Jonathan Dlamini	-	Member
Mr Musa Mdluli	-	Member
Mr Nick Jackson	-	Member
Mr Emmanuel Ndlangamandla	-	Member
Rev Simon Radebe	-	Member
Mr Vusi Matsebula	-	Member
Ms Fikephi Gule	-	Member
Mr Mshumayeli Nxumalo	-	Member

3.2 *Directorate*

Mr Khanyakwezwe Mabuza	-	National director and secretary to Council

4. Business and postal addresses

The registered business and postal addresses of the Council in Mbabane are

Portion 738; Farm 2	P O Box 1937
Emajika Road	Mbabane
Mbabane	H100

5. **Independent auditors**

KPMG Chartered Accountants (Swaziland)

Umkhiwa House

Lot 195 Kal Grant Street

P O Box 331

Mbabane

SIGNIFICANT ACCOUNTING POLICIES

1. **Statement of compliance**

The financial statements of the Council are prepared in accordance with International Financial Reporting Standards and the provisions of The National Emergency Response Council on HIV/AIDS Act No 8, 2003.

2. Basis of measurement

The financial statements are presented in Lilangeni, rounded to the nearest one. They are prepared on the historical cost basis, except for financial instruments which are stated at their fair values and incorporate the following principal accounting policies which are materially consistent with those adopted in the previous financial year.

3. **Property and equipment**

Land is stated at cost and not depreciated. Other items of property, including buildings, and equipment are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and impairment losses. All repairs and maintenance costs are charged to profit or loss during the financial period in which they incurred. Depreciation is recognised on a straight line basis in profit or loss basis to write each asset down to estimated residual value over the term of its useful life at the following rates:

Buildings	50 years
Computers	3 years
Motor vehicles	4 years
Office equipment	5 years
Furniture and fittings	5 years

Depreciation commences when the item of property and equipment is installed and ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

4. **Grants**

Grants are not recognised in the financial statements until there is reasonable assurance that the grants will be received by the Council and that the Council will comply with the conditions applying to the grants. Grants are recognised in the income statement on a systematic basis matching them with the related costs for which the grants are intended to compensate. The balance of grants received but not shown as income is classified as deferred income.

5. Financial instruments

Financial instruments include cash and cash equivalents, grants receivable and other receivables, trade and other payables and bank overdrafts. These instruments are generally carried at their estimated fair value. The particular recognition methods are disclosed in the individual policy statements associated with each item.

Derecognition of financial assets and liabilities

a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Council retains the right to receive cash flows from the asset, but has assumed a obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Council has transferred its rights to receive cash flows from the asset and either
  (a) has transferred substantially all the risks and rewards of the asset, or
  (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

Where the Council has transferred its contractual rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Council' s continuing involvement in the asset. Continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

b) Financial liabilities

A financial liability or a part of a financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

6. Provisions

A provision is recognised in the statement of financial position when the Council has a legal and constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

SIGNIFICANT ACCOUNTING POLICIES

7. **Foreign currencies**

Foreign currency assets and liabilities are translated into local currency at rates of exchange approximating those ruling at the end of the year and foreign currency transactions are translated at the rates ruling at the date of the transaction. Translation surpluses and deficits are recognised in profit or loss in the year in which they occur.

8. **Accounts receivable**

Accounts receivable are stated at their cost less impairment losses.

9. **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are payable on demand and form an integral part of the Council' s cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

10. **Trade and sundry accounts payable**

Trade and sundry accounts payable are stated at their cost.

11. **Pension and termination benefits**

It is the policy of the Council to provide for retirement benefits, including those in terms of the Employment Act 1980 by payment to a separate retirement fund independent of the Council.

Obligation for contributions to the provident fund are recognised as an expense in profit or loss as incurred.

SIGNIFICANT ACCOUNTING POLICIES

New Standards and Interpretations not yet adopted

At the date of authorisation of the financial statements of National Emergency Response Council on HIV/AIDS for the year ended 31 March 2018, the following Standards and Interpretations were in issue but had n ot yet been adopted by the Council:

Standard/Interpretation		Date issued by IASB[(1)]	Effective date periods beginning on or after
IFRS 15 [i]	*Revenue from contracts with customers*	May 2014	1 April 2018
IFRS 9 [i]	*Financial Instruments*	July 2014	1 April 2018
IFRS 2 amendments [i]	*Clarifying Share-based Payment Accounting*	June 2016	1 April 2018
IFRS 4 amendments [i]	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	September 2016	1 April 2018
IAS 40 amendment [i]	*Transfers of Investment Property*	December 2016	1 April 2018
IFRIC 22	*Foreign Currency Transactions and Advance Considerations*	December 2016	1 April 2018
IFRS 16	*Leases*	January 2016	1 April 2019
IFRIC 23 [i]	*Uncertainty over Income Tax Treatments*	June 2017	1 April 2019
IFRS 9 amendment [i]	*Prepayment Features with Negative Compensation*	October 2017	1 April 2019
IAS 28 amendment [i]	*Long-term Interests in Associates and Joint Ventures*	May 2017	1 April 2019
IFRS 17 [i]	*Insurance Contracts*	May 2017	I April 2021

i Standard not applicable to NERCHA

No material impact is anticipated from these Standards and Interpretations.

STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 E	2017 E
Income			
Grant income		350 427 822	426 340 469
Other income		33 600	175 424
Interest income		2 680 083	2 840 699
Net foreign exchange loss		(5 399 706)	(13 310 051)
		347 741 799	**416 046 541**
Expenses			
Administration expenses	1	(31 327 021)	(32 843 209)
Interest expense		(5 439)	(19 252)
Project expenses		(316 409 339)	(383 184 080)
Total expenses		**(347 741 799)**	**(416 046 541)**
Net surplus for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

STATEMENT OF FINANCIAL POSITION

	Note	2018 E	2017 E
ASSETS			
Non-current assets			
Property and equipment	2	21 564 996	20 722 886
Current assets			
Other receivables	3	29 271 694	73 923 193
Cash and bank balances	6.3	143 396 754	113 249 215
Total current assets		172 668 448	187 172 408
Total assets		194 233 444	207 895 294
FUNDING AND LIABILITIES			
Funding			
Deferred grant income	4	162 673 001	184 751 507
Current liabilities			
Trade and other payables	5	31 500 989	23 047 045
Bank overdraft	6.3	59 454	96 742
Total current liabilities		31 560 443	23 143 787
Total funding and liabilities		194 233 444	207 895 294

STATEMENT OF CASH FLOWS

	Notes	2018 E	2017 E
Cash flows from operating activities			
Cash generated by operations	6.1	51 719 014	(93 031 603)
Net interest received		2 674 644	2 821 447
Net cash flows from operating activities		54 393 658	(90 210 156)
Cash flows from investing activities			
Acquisition of property and equipment		(2 130 325)	(517 426)
Net cash flows from investing activities		(2 130 325)	(517 426)
Cash flows from financing activities			
Grants (utilised)/received	6.2	(22 078 506)	45 293 921
Net cash flows from financing activities		(22 078 506)	45 293 921
Net increase/(decrease) in cash and cash equivalents		30 184 827	(45 433 661)
Cash and cash equivalents at beginning of year		113 152 473	158 586 134
Cash and cash equivalents at end of year	6.3	143 337 300	113 152 473

		2018 E	2017 E
1.	**Administration expenses**		
	Administrative expenses include:		
	Auditors remuneration		
	Internal audit	571 945	201 744
	External audit	783 776	801 800
	Depreciation	1 166 288	1 101 268
	Council members fees and emoluments	562 390	562 679
	Staff costs	21 034 972	23 039 355

2. **Property and equipment**

	Land and buildings E	Motor vehicles E	Computers E	Furniture, fittings and equipment E	Total E
Cost					
Balance at 1 April 2016	21 017 982	1 930 813	1 920 801	4 857 062	29 726 658
Additions	-	-	478 967	38 459	517 426
Disposals	-	-	-	-	-
Balance at 31 March 2017	21 017 982	1 930 813	2 399 768	4 895 521	30 244 084
Balance at 1 April 2017	21 017 982	1 930 813	2 399 768	4 895 521	30 244 084
Additions	1 920 543	-	64 204	145 578	2 130 325
Transfer to project assets	-	-	-	(167 880)	(167 880)
Balance at 31 March 2018	22 938 525	1 930 813	2 463 972	4 873 219	32 206 529

2. Property and equipment (continued)

	Land and buildings E	Motor vehicles E	Computers E	Furniture, fittings and equipment E	Total E
Depreciation and impairment losses					
Balance at 1 April 2016					
Charge for the year	1 915 896	1 296 431	1 532 252	3 675 351	8 419 930
Disposals	414 569	222 687	268 303	195 709	1 101 268
Balance at 31 March 2017	-	-	-	-	-
	2 330 465	1 519 118	1 800 555	3 871 060	9 521 198
Balance at 1 April 2017					
Charge for the year	2 330 465	1 519 118	1 800 555	3 871 060	9 521 198
Transfer to project assets	474 596	277 922	269 177	144 593	1 166 288
Balance at 31 March 2018	-	-	-	(45 953)	(45 953)
	2 805 061	1 797 040	2 069 732	3 969 700	10 641 533
Carrying amounts					
At 1 April 2016					
	19 102 086	634 382	388 549	1 181 710	21 306 728
At 1 April 2017					
At 31 March 2018	18 687 517	411 695	599 213	1 024 461	20 722 886
	20 133 464	133 773	394 240	903 519	21 564 996

Land and buildings consist of portion 738 of farm No. 2 and Portion 1 of Plot 2112, extension 17 situated in Mbabane Urban area in the District of Hhohho, Swaziland.

		2018 E	2017 E
3. Other receivables			
Staff loans		102 350	187 469
Sundry debtors		1 662 544	43 098 569
VAT claims		25 399 044	16 992 290
Net balances with sub recipients	3.1	2 107 756	13 644 865
		29 271 694	73 923 193

3.1 Net balances with sub-recipients

These amounts represent disbursements made to sub-recipients in respect of which expenditure reports have not yet been received by the Council. Disbursements were made from the following grants:

Grants received from Swaziland Government	1 637 872	3 070 670
SADC	469 884	295 229
Global Fund	-	10 278 966
	2 107 756	13 644 865

		2018 E	2017 E
4.	**Grants**		
4.1	*Grants received from the Swaziland Government:*		
	Balance at beginning of year	69 378 042	67 069 188
	Received during the year	21 875 000	42 750 000
	Recognised in profit or loss	(40 812 246)	(40 143 359)
	Transferred from ICAP Safe Generation	411 715	(297 787)
	Balance at end of year	50 852 511	69 378 042

Government grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate on a systematic basis. The Government has no specific period of funding.

4.2 *Grants received from the Global Fund to fight AIDS, Tuberculosis and Malaria ("Global Fund"):*

The Council on behalf of Country Co-ordination Mechanism has entered into a programme grant agreement with the Global Fund under which the Global Fund will provide funding to the Council to implement or oversee the implementation of the following:

4.2.1 Global Fund on HIV/AIDS Grant – New Funding Model

Balance at beginning of year	72 600 404	40 421 752
Received during the year	210 825 849	269 127 997
Recognised in profit or loss	(193 687 490)	(236 949 345)
Balance at end of year	89 738 763	72 600 404

THE NATIONAL EMERGENCY RESPONSE COUNCIL ON HIV/AIDS

The new funding model (NFM) grant SWZ-H-NERCHA-821 for HIV effective 1 October 2015 to 30 September 2018 amounting to US$ 38 776 905 was approved by the Global Fund in September 2015. This grant replaced the Transitional Funding Model (TFM) grant.

		2018 E	2017 E
4.	**Grants (continued)**		
4.2.2	*Global Fund – New Funding Model Malaria*		
	Balance at beginning of year	3 255 143	7 256 454
	Received during the year	22 111 864	12 281 707
	Recognised in profit or loss	(22 480 328)	(16 283 018)
	Transferred to New Funding Model Malaria 2	(2 886 679)	-
	Balance at end of year	-	3 255 143
	The new funding model (NFM) grant SWZ-M-NERCHA-590 for malaria effective 1 January 2015 to 31 December 2017 amounting to US$ 4 020 221 was approved by the Global Fund in November 2014.		
4.2.3	*Global Fund – New Funding Model Malaria 2*		
	Balance at beginning of year	-	-
	Received during the year	1 798 555	-
	Recognised in profit or loss	455 713	-
	Transferred from New Funding Model Malaria	2 886 679	-
	Balance at end of year	5 140 947	-
	An additional new funding model (NFM2) grant SWZ-M-NERCHA-1435 for malaria effective 1 January 2018 to 31 December 2020 amounting to US$ 2 581 039 was approved by the Global Fund in November 2017.		

4.2.4 Global Fund – New Funding Model Tuberculosis

Balance at beginning of year	35 705 545	20 736 174
Received during the year	53 877 998	130 058 980
Recognised in profit or loss	(74 704 567)	(115 089 609)
Balance at end of year	14 878 976	35 705 545

The new funding model (NFM) grant SWZ-T-NERCHA-721 for tuberculosis effective 1 July 2015 to 30 June 2018 amounting to US$ 21 189 356 was approved by the Global Fund in July 2015.

Global Fund balance at end of year	109 758 686	111 561 092

		2018 E	2017 E
4.	**Grants (continued)**		
4.3	*Grants received from Young Heroes:*		
	Balance at the beginning of the year	-	418 176
	Received during the year	-	-
	Recognised in profit or loss	-	166 962
	Balance written off	-	(585 138)
	Balance at end of year	-	-

These are donations by individuals from all over the world for the support of orphaned and vulnerable children.

Young Heroes has been operating independently from the prior period thus has been derecognised from the NERCHA financial statements.

4.4	*Grants received from ICAP:*		
4.4.1	*ICAP rapid response:*		
	Balance at the beginning of the year	-	1 743 850
	Received during the year	-	-
	Rapid response expenses charged to Safe Generation		(841 507)
	Recognised in profit or loss	-	(27 082)
	Funds transferred to Treatment and Laboratory strengthening	-	(875 261)
	Balance at end of year	-	-
4.4.2	*ICAP safe generation*		
	Balance at the beginning of the year	554 353	(286 293)
	Received during the year	-	-
	Transferred to Swaziland Government grant	(411 715)	841 507
	Recognised in profit or loss	(142 638)	(861)
	Balance at end of year	-	554 353

		2018	2017
		E	E
4.	**Grants (continued)**		
4.4	*Grants received from ICAP (continued)*		
4.4.3	*ICAP Treatment and Laboratory Strengthening*		
	Balance recognised at the beginning of year	831 436	(389 236)
	Received during the year	14 473 385	15 076 475
	Funds taken over from rapid response	-	875 261
	Recognised in profit or loss	(15 347 106)	(14 731 064)
	Balance at end of year	(42 285)	831 436
	ICAP in Swaziland services agreement for supporting Human Resources for Health (HRH) under the ICAP/Ministry of Health for the period 1 April 2017 to 30 March 2018.		
	ICAP balance at end of year	(42 285)	1 385 789

		2018 E	2017 E
4.	**Grants (continued)**		
4.5	*UN grants*		
4.5.1	*Grants received from the UNDP - Volunteer*		
	Balance at beginning of the year	314 699	280 939
	Received during the year	-	54 477
	Recognised in profit or loss	-	(20 717)
	Balance at end of year	314 699	314 699
4.5.2	*Grants accrued from UNAIDS*		
	UNAIDS NASA		
	Balance at the beginning of the year	108 789	146 409
	Received during the year	-	-
	Recognised in profit or loss	-	(37 620)
	Balance at end of year	108 789	108 789
	A national AIDS spending assessment amounting to E419 500 for the period August 2016 to December 2017		
	UNAIDS eNSF		
	Balance at the beginning of the year	276 828	6 143
	Received during the year	478 740	270 685
	Recognised in profit or loss	(440 122)	-
	Balance at end of year	315 446	276 828
	Grant for variation and finalisation of the extended National Strategic Framework		
	UNAIDS TSP		
	Balance at beginning of year	-	(297 787)
	Received during the year	-	-
	Recognised in profit or loss	-	-
	Transferred to government	-	297 787
	Balance at end of year	-	-

		2018 E	2017 E
4.	**Grants (continued)**		
4.5.2	*Grants accrued from UNAIDS (continued)*		
	UNAIDS Youth Indaba		
	Balance at beginning of year	219 132	278 000
	Received during the year	-	-
	Recognised in profit or loss	(17 100)	(58 868)
	Balance at year end	202 032	219 132
	UNOPS		
	Balance at beginning of the year	230 233	-
	Received during the year	-	230 233
	Recognised in profit or loss	(167 807)	-
	Balance at end of year	62 426	230 233
4.5.3	*Grants received from UNICEF*		
	Balance at beginning of year	32 221	642 533
	Received during the year	-	-
	Recognised in profit or loss	-	(610 312)
	Balance at end of year	32 221	32 221

A grant agreement for Noma Kunje radio programme amounting to E200 000 for the period September 2016 to August 2017.

4.5.4 Grants received from UNESCO

Balance at beginning of year	81 128	81 128
Received during the year	-	-
Recognised in profit or loss	-	-
	81 128	81 128
UN grants balance at end of year	1 116 741	1 263 030

4.6 *Small grants received*

Balance at beginning of the year	159 620	159 620
Received during the year	-	-
Recognised in profit or loss	-	-
Balance at end of year	159 620	159 620

		2018 E	2017 E
4.	**Grants (continued)**		
4.7	*Grants received from SADC*		
	Balance at beginning of year	1 003 934	1 190 536
	Received during the year	331 736	2 368 974
	Recognised in profit or loss	(584 385)	(2 555 576)
	Balance at end of year	751 285	1 003 934
4.8	*Grants received from URC*		
	Balance at beginning of year	-	-
	Received during the year	2 576 189	-
	Recognised in profit or loss	(2 499 746)	-
	Balance at end of year	76 443	-
	Deferred Grant Income	162 673 001	184 751 507
5.	**Trade and other payables**		
	Creditors and accruals	14 221 276	13 697 051
	Funds held in trust – Ministry of Education	17 279 713	9 349 994
		31 500 989	23 047 045

		2018 E	2017 E
6.	**Notes to the cash flow statement**		
6.1	Cash utilised by operations		
	Net operating income for the period	-	-
	Deduct: net interest received	(2 674 644)	(2 821 447)
	Adjustment for disposal of plant and equipment	121 927	-
	Adjustment for depreciation	1 166 288	1 101 268
	Operating (deficit)/surplus before working capital changes	(1 386 429)	(1 720 179)
	Changes in accounts receivable	44 651 499	(61 244 972)
	Changes in accounts payable	8 453 944	(30 066 410)
		51 719 014	(93 031 561)
6.2	Grants received		
	Grants received during the year	328 349 316	472 219 528
	Utilised to finance operations	(350 427 822)	(426 340 469)
	Young Heroes write off	-	(585 138)
	Financing (deficit)/inflow	(22 078 506)	45 293 921
6.3	Cash and cash equivalents		
	Local currency accounts	60 986 452	106 523 832
	Foreign currency accounts	82 410 302	6 725 383
		143 396 754	113 249 215
	Bank overdraft	(59 454)	(96 742)
	Cash and cash equivalents at year end	143 337 300	113 152 473

7. Related parties

7.1 Transactions with key management personnel

Key management personnel for the Council has been defined as directors : National Executive Director, Director Financial Services and Director Corporate Services

Key management compensation

Salaries and other short-term benefits	3 106 129	3 559 646

Key management loans and advances

There were no loans granted to the Directors during the year.

7.2 Related parties and related party transactions

Related parties comprise the Swaziland Government and members of the Council. The Council received E 21.875 million (2017: E42.75 million) as a government grant during the year.

Details of remuneration paid to members of the Council during the year are set out in note 1.

8. Financial instruments/Risk management

Overview

The Council has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Council' s exposure to each of these risks, the Council' s objectives, policies and processes for measuring and managing risk, and the Council' s management of capital. Further quantitative disclosures are included throughout these financial statements.

The Council members have overall responsibility for the establishment and oversight of the Council' s risk management framework. The Council members are also responsible for analysing the risks faced by the Council, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk

Credit risk is the risk of financial loss to the Council if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Council' s receivables.

The Council has no trade receivables. Receivables balance is mainly made of grants receivable at year end from donors and staff debtors and prepayments. Other receivables balances include amounts receivable from sub-recipients at year end. All amounts receivable are current and there is no need for impairment of receivables. Exposures to sub-recipients are monitored closely by management.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council' s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under normal conditions.

The Council manages its working capital requirements stringently and ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

8. Financial instruments/Risk management (continued)

Impairment losses

The ageing of accounts receivable at the reporting dates was:

	Gross		Impairment		Net	
	2018	2017	2018	2017	2018	2017
	E	E	E	E	E	E
Not past due	29 271 694	73 923 193	-	-	29 271 694	73 923 193

Based on past experience the Council members are of the opinion that no impairment allowance is necessary in respect of receivables not past due.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates may cause a decrease in fair values of future cash flows of financial instruments and consequently result in a financial loss for the Council.

Interest rate risk

Borrowings are generally at a rate linked to the prime bank overdraft rate.

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018 E	2017 E
Grants, sub recipients and other receivables	29 271 694	73 923 193
Cash and cash equivalents	143 396 754	113 249 215
Bank overdraft	(59 454)	(96 742)
	172 608 994	187 075 666

8. Financial instruments/Risk management (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities:

Non derivative financial liabilities

	Carrying amount E	Contractual cash flows E	6 months or less E	6 to 12 months E	1 to 2 years E
2018					
Trade and other payables	31 500 989	31 500 989	31 500 989	-	-
2017					
Trade and other payables	23 047 045	23 047 045	23 047 045	-	-

The Council receives foreign currency denominated grants and some of the Council' s bilateral and multi-lateral partners require the Council to keep unutilised grants in foreign currency bank accounts. As a result the Council is exposed to foreign currency risk on bank balances and grants that are denominated in a currency risk other than Emalangeni. The currency giving rise to this risk is US Dollars. The Council does not hedge foreign currency risk.

	2018	2017
	E	E
The following exchange rates applied at year-end:		
Lilangeni / USD	11.8851	13.3577

Currency risk

Sensitivity analysis

A 10% weakening of the Lilangeni against the stated currency would have increased gains on exchange differences by:

Dollar	8 240 961	672 553

A 10% strengthening of the lilangeni against the stated currencies would have increased losses on exchange differences by the equal but opposite effect of the amounts shown above. The analysis is performed on the same basis for 2017.

8. Financial instruments/Risk management (continued)

Interest rate risk

At the reporting date the interest rate profile of the Council' s interest bearingfinancial instruments was as follows :

Variable rate instruments

	2018 E	2017 E
Cash and cash equivalents	143 396 754	113 249 215
Bank overdraft	(59 454)	(96 742)

A change of 100 basis points in interest rates would have increased/(reduced) income by the amounts shown below based on balances at year end for 12 months compounded monthly. The analysis is performed on the same basis for 2017.

	2018		2017	
	100 bp Decrease	100 bp Decrease	100 bp Decrease	100 bp Increase
Variable rate instruments - net	(1 433 373)	1 433 373	(1 131 525)	1 131 525

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows :

	2018		2017	
	Carrying amount E	Fair value E	Carrying amount E	Fair value E
Other receivables	29 271 694	29 271 694	73 923 193	73 923 193
Cash and cash equivalents	143 396 754	143 396 754	113 249 215	113 249 215
Trade and other payables	(31 500 989)	(31 500 989)	(23 047 045)	(23 047 045)
Bank overdrafts	(59 454)	(59 454)	(96 742)	(96 742)
	141 108 005	141 108 005	164 028 621	164 028 621

The fair values of cash resources, receivables, payables, accrued expenses and short term borrowings approximate fair value due to the short term nature of these instruments. The fair values of long term financial liabilities are not significantly different to the carrying value as they are carried at amortised cost.

9. Employees

The number of employees during the year was 75 (2017: 79).

The employment costs during the year totalled E21 034 972 (2017: E23 039 355).

	2018 E	2017 E
10. Capital commitments		
Authorised and not contracted for	1 077 200	1 490 000

These commitments will be financed from the Swaziland Government subvention.

11. Taxation

The Council is exempt from normal income tax in accordance with the provisions of Section 12(1)(a) (vii) of the Income Tax Order 1975 as amended and Section 19 of the National Emergency Response Council on HIV/AIDS Act No 8, of 2003.

12. Fair value measurement

International Financial Reporting Standard 13 – *Fair Value Measurement* (IFRS 13) sets out a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. At 31 March 2018 the Council did not have any of the items listed below:

a) assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition; and
b) fair value measurements using significant unobservable inputs (Level 3), that affect the measurements in profit or loss or other comprehensive income for the year.

As such, no valuation techniques have been disclosed in the financial statements.

DETAILED INCOME STATEMENT

DETAILED INCOME STATEMENT

	Swaziland Government Grants 2018 E	Global Fund Tuberculosis Consolidated 2018 E	Global Fund HIV/AIDS Consolidated 2018 E	Global Fund Malaria Consolidated 2018 E	URC Grant 2018 E	UN Grants 2018 E	SADC Grant 2018 E	ICAP Consolidated Grant 2018 E	Total 2018 E	Total 2017 E
Income										
Grants recognised in income statement	40 812 246	74 704 567	193 687 490	22 024 615	2 499 746	625 029	584 385	15 489 744	350 427 822	426 340 469
Donations	-	-	-	-	-	-	-	-	-	-
Interest	1 427 875	317 318	801 020	119 289	-	-	-	14 581	2 680 083	2 840 699
Net foreign exchange gain/(loss)	-	2 312 502	(6 877 205)	(739 156)	-	-	(95 847)	-	(5 399 706)	(13 310 051)
Other income	33 600	-	-	-	-	-	-	-	33 600	175 424
	42 273 721	77 334 387	187 611 305	21 404 748	2 499 746	625 029	488 538	15 504 325	347 741 799	416 046 541

DETAILED INCOME STATEMENT

Expenditure

Administration expenses

Advertising	114 449	36 768	-	-	-	-	-	-	151 217	157 314
Auditors fees	146 918	-	1 020 730	100 495	-	-		87 578	1 355 721	1 003 544
Bank charges	91 414	20 566	29 565	24 160	-	-	1 798	7 785	175 288	255 751
Communications and travel	1 831 628	96 736	287 012	156 037	-	-	(11 745)	4 446	2 364 114	2 699 077
Depreciation	1 166 288	-	-	-	-	-	-	-	1 166 288	1 066 532
Fund raising	317 819	-	-	-	-	-	-	-	317 819	499 989
General expenses	1 346 487	42 185	76 400	41 191	-	-	-	13 480	1 519 743	1 558 797
Interest expense	1 466	-	-	-	-	-	-	3 973	5 439	19 252
Professional and legal expenses	1 132 951	146 030	578 663	36 000	44 500	-	-	108 000	2 046 144	1 192 496
Repairs and maintenance	310 396	-	-	28 742	-	-	-	-	339 138	612 211
Rent	122 746	-	-	-	-	-	-	-	122 746	39 677
Retainer fees	297 600	-	-	-	-	-	-	-	297 600	244 800
Sitting allowances	209 800	-	-	-	-	-	-	-	209 800	152 549
Staff expenses	12 620 314	1 941 927	4 240 642	1 806 936	-	-	-	425 153	21 034 972	23 039 355
Stationery	148 534	-	77 897	-	-	-	-	-	226 431	321 117
Total	19 858 810	2 284 212	6 310 909	2 193 561	44 500	-	(9 947)	650 415	31 332 460	32 862 461

DETAILED INCOME STATEMENT

	Swaziland Government Grants 2018 E	Global Fund Tuberculosis Consolidated 2018 E	Global Fund HIV/AIDS Consolidated 2018 E	Global Fund Malaria Consolidated 2018 E	URC Grant 2018 E	UN Grants 2018 E	SADC Grant 2018 E	ICAP Consolidated Grant 2018 E	Total 2018 E	Total 2017 E
Project expenses										
Prevention	5 181 273	-	20 035 824	-	-	17 100	-	-	25 234 197	20 584 716
Treatment and support	456 365	-	137 860 995	-	2 455 246	-	-	14 853 910	155 626 516	151 068 898
Impact mitigation	1 514 823	-	-	-	-	-	-	-	1 514 823	1 619 189
Monitoring evaluation	1 573 275	-	6 244 189	-	-	440 122	-	-	8 257 586	37 798 848
Sector administration	5 608 938	-	-	-	-	-	-	-	5 608 938	3 423 107
Information Centre	2 300 460	-	-	-	-	-	-	-	2 300 460	1 981 083
System strengthening	-	-	17 159 388	-	-	-	-	-	17 159 388	40 461 196
Planning and mainstreaming	-	-	-	-	-	-	498 485	-	498 485	2 287 468
Regional administration	3 946 442	-	-	-	-	-	-	-	3 946 442	3 774 992
Malaria	-	-	-	19 211 187	-	167 807	-	-	19 378 994	13 869 873
Tuberculosis	-	75 050 175	-	-	-	-	-	-	75 050 175	104 722 329
Young Heroes	1 833 335	-	-	-	-	-	-	-	1 833 335	1 592 381
Total project expenses	22 414 911	75 050 175	181 300 396	19 211 187	2 455 246	625 029	498 485	14 853 910	316 409 339	383 184 080
Total expenditure	42 273 721	77 334 387	187 611 305	21 404 748	2 499 746	625 029	488 538	15 504 325	347 741 799	416 046 541
Net surplus for the year	-	-	-	-	-	-	-	-	-	-

DETAILED INCOME STATEMENT

	Global Fund Malaria NFM	Global Fund Malaria NFM2	Total
	E	E	E
Grants recognised in income statement	22 480 328	(455 713)	22 024 615
Interest	103 899	15 390	119 289
Net foreign exchange gain	(2 453 872)	1 714 716	(739 156)
	20 130 355	1 274 393	21 404 748

DETAILED INCOME STATEMENT

Expenditure			
Administration expenses			
Audit fees	100 495	-	100 495
Bank charges	18 782	5 378	24 160
Communication and travel	119 174	36 863	156 037
General expenses	34 597	6 594	41 191
Professional fees and legal expenses	24 000	12 000	36 000
Repairs and maintenance	21 345	7 397	28 742
Staff expenses	1 398 938	407 998	1 806 936
	1 717 331	476 230	2 193 561
Projects expenses			
Malaria	18 413 024	798 163	19 211 187
Total expenditure	20 130 355	1 274 393	21 404 748
Net surplus for the year	-	-	-

DETAILED INCOME STATEMENT

	UNAIDS eNSF E	UNAIDS Youth Indaba E	UNOPS E	TOTAL E
Grants recognised in income statement	440 122	17 100	167 807	625 029
	440 122	17 100	167 807	625 029
Projects expenses				
Prevention	-	17 100	-	17 100
Monitoring and evaluation	440 122	-	-	440 122
Malaria	-	-	167 807	167 807
Total project expenditure	440 122	17 100	167 807	625 029
Total expenditure	440 122	17 100	167 807	625 029
Net surplus for the year	-	-	-	-

DETAILED INCOME STATEMENT

	ICAP New E	ICAP Safe Generation E	Total E
Grants recognised in income statement	15 347 106	142 638	15 489 744
Interest	14 581	-	14 581
Net foreign exchange gain	-	-	
Other income	-	-	-
	15 361 687	142 638	15 504 325
Expenditure			
Administration expenses			
Audit fees	87 578	-	87 578
Bank charges	6 507	1 278	7 785
Communication and travel	4 446	-	4 446
General Expenses	13 480	-	13 480
Interest expense	3 973	-	3 973
Professional Fees	108 000	-	108 000
Staff expenses	283 793	141 360	425 153
	507 777	142 638	650 415

DETAILED INCOME STATEMENT

Projects expenses			
Treatment and support	14 853 910	-	14 853 910
	14 853 910	-	14 853 910
Total expenditure	15 361 687	142 638	15 504 325
Net surplus for the year	-	-	-



PHYSICAL ADDRESS
Portion 738, Farm 2, Emajika Road
Mbabane, Swaziland

POSTAL ADDRESS
P. O. Box 1937, Mbabane
Swaziland H100

Tel: +268 2406 5000, Fax: +268 406 5004/6
Website: www.nercha.org.sz
E-mail: info@nercha.org.sz

