

GLOBAL FUND OBSERVER (GFO), an independent newsletter about the Global Fund provided by Aidspan to over 8,000 subscribers in 170 countries.

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The Global Fund has temporarily frozen disbursements to one principal recipient in Nigeria. Allegations of misappropriation of funds appeared in the Nigerian media. The allegations were based on a draft report of an audit being conducted by the Global Fund's Office of the Inspector General. The OIG has not yet released a final report on the audit.

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As part of its efforts to get local fund agents to take a more active role in identifying misuse and potential misuse of Global Fund money, the Fund has asked LFAs to identify "red flags" at all stages in the grant life-cycle, and to bring to the attention of the Secretariat any findings or allegations that may be indicative of fraud.

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Germany has agreed to write off € 6.6 million of Egyptian debt, and Egypt has agreed to contribute half of the money to Global Fund programmes to fight malaria in Ethiopia. This is the first time that a debt swap arrangement under the Debt2Health mechanism has involved reinvestment in programmes in a country other than the original debtor.

[5. NEWS: Global Fund Reports Sharp Drop in ACT Prices in Two AMFm Countries](#)

The Global Fund says that, since the introduction of its Affordable Medicines Facility-malaria programme, the average cost of a course of artemisinin combination therapy in private pharmacies has dropped by about 90% in parts of Kenya and by about 40% to 90% in Ghana.

[6. NEWS: Global Fund-Related Technical Assistance Available for Round 11](#)

This article provides information on Global Fund-focused technical assistance for Round 11 being offered by some of the major TA providers.

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1. NEWS: Global Fund Freezes Disbursements to Nigerian PR

Nigerian media cite preliminary findings of misuse of grant funds contained in draft OIG audit report

Final audit report has not yet been released

The Global Fund has temporarily frozen disbursements to one principal recipient (PR) in Nigeria, amidst allegations of misappropriation of funds.

In a statement released to the Nigerian media, Jon Lidén, Director of Communications for the Global Fund, said that a draft audit report prepared by the Fund's Office of the Inspector General (OIG) stated that of the total amount audited, \$5.4 million in expenditures was not supported by proper documentation; expenditures of \$4.7 million were considered "ineligible"; and expenditures of \$421,000 were considered "unacceptable" for other reasons. Lidén added that the draft audit report was now with in-country partners for comment, so these figures could change as a result of their feedback. *The Daily Trust*, a national daily newspaper in Nigeria, quotes Lidén as saying that "neither 'unsupported' expenditure nor 'ineligible' expenditure necessarily implies criminal intent or even ill-intent on behalf of the principal recipients."

Information concerning the total amount audited has not been made public. When the OIG started its audit in 2010, the amount that had been disbursed to PRs in Nigeria was \$474 million.

The audit findings led the OIG to undertake an investigation into possible misuse of funds by Nigerian PRs. (See article in GFO [here](#).)

In its statement, the Global Fund said that it was freezing disbursements to one PR "as a precautionary measure in response to the OIG's initial findings" and that "further action to safeguard our assets may be taken at a later stage. When completed, the Nigeria audit and subsequent investigations will be made available on our web site."

Freezing disbursements is a less drastic step than a suspension. The Global will suspend a grant when it has lost confidence in a PR's ability to manage the grant.

While the Global Fund routinely releases final audit reports publicly, it does not release draft reports. Nor does it usually comment on the findings of draft reports. The Fund commented in this instance because articles about the findings of the draft report appeared in the Nigerian media. The media articles quoted various amounts related to funds being transferred out of the country, and "extra budgetary" and "unretired" expenditures, but these figures were not confirmed. The Global Fund issued its statement in order to clear the air.

The Daily Trust identified the PR whose disbursements have been frozen as the Yakubu Gowon Centre, and said that the Centre has been in existence since 1992, implementing programmes to reduce poverty and fight diseases.

Editor's Note: *The stories in the Nigerian media quoted figures from a draft report and not a final report. The audit process followed by the OIG provides audited organisations with an opportunity to comment on and question the draft audit findings (including the figures cited in the draft). It is quite likely, therefore, that the figures in the final report will differ from those in the draft report. It is possible that they will differ significantly.*

The Daily Trust article, "Nigeria: Global Fund Suspends Grants to Gowon Centre," is available on the website of *allAfrica.com* [here](#).

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2. NEWS: Global Fund Strengthens the Involvement of LFAs in Fraud Detection and Prevention

Procedures are tightened

LFA required to do regular spot checks of SRs

Local fund agents (LFAs) are being asked to identify “red flags” at all stages in the grant life-cycle related to fraud, lack of controls and risk of misuse of Global Fund money. They are also being asked to bring to the attention of the fund portfolio manager (FPM) any findings or allegations that may be indicative of fraud.

These are some of the steps that the Global Fund has taken to get LFAs to take a more active role in identifying misuse and potential misuse of Global Fund money. The steps are described in a guidance document released by the Global Fund called “LFA Role in the Identification of Fraud Risk and Actual Fraud in Global Fund Financed Programs.”

The guidance document describes the enhanced LFA role, specific actions already taken and further actions planned to strengthen this role. (The guidance document says that “LFAs are the ‘eyes’ and ‘ears’ of the Global Fund, they are now its ‘nose’ too.”)

The term “fraud,” as used in this document, denotes any intentional act of deception committed by principal recipients (PRs), sub-recipients (SRs), suppliers and other third parties – including fraud, financial misappropriation, corruption, collusion in procurement, financial misconduct and irregularities in programmes and projects financed by the Global Fund.

The guidance document provides a list of ways that LFA services will be strengthened to more effectively identify fraud risks. As part of each PR assessment and at each periodic review, LFAs will:

- identify and assess the main activities and expenditures that are prone to fraud;
- assess the PR’s knowledge, expertise and approach to fighting fraud;
- identify all activities that are likely to involve cash transfers and recommend alternative payment arrangements that are less prone to fraud;
- assess the PR controls and monitoring systems to identify, track and account for the use of grant funds; and
- assess the effectiveness and impact of the PR’s selection and assessment of its SRs.

Each time the LFA does a budget review, it will identify and review explanations for any lump sum items; assess any budget item for which there is no detailed plan; and assess the value for money for training and major budget items.

During programme implementation, the LFA is expected to undertake regular spot checks of SR accounting practices and expenditures, warehouse and drug storage facilities, tendering proceedings, drug distributions and training events.

Each time it reviews the PR’s progress update and disbursement request (PU/DR), the LFA is required to report any ineligible and unjustifiable expenditures. The guidance document lists several recommended actions the LFA can take when reviewing the PU/DR.

During on-site data verifications (OSDVs), the LFA is required to check the authenticity of documents at service delivery points, and to check the identity of a sample of personnel reported as having been trained.

LFAs may also be asked to provide additional services in some countries. This could include performing more in-depth assessments of SRs, conducting in-depth assessments of procurement procedures, reviewing training programmes, reviewing vehicle expenditures and reviewing salaries. In some instances, LFAs may be asked to conduct forensic audits – i.e., to look behind the invoices and across different sets of data for fraud indicators and evidence of systematic fraud.

An annex to the guidance document provides a list of areas and activities in Global Fund programmes where fraud has already been discovered.

Assessment of PR and country risk

In October 2010, the Global Fund developed a tool to assess PR and country risk. Currently, LFAs are required to conduct these assessments in what the Secretariat deems to be high and medium impact countries. The outcomes of these assessments enable the Secretariat's country team members and the LFA to agree on the major issues and risks that require action.

(The Global Fund defines “high impact countries” as countries with large volumes of funding, a multiplicity of grants, complex operations or other challenges.)

In a guidance document entitled “LFA Assessment of Country and PR Risks,” the Global Fund lists the criteria for selecting which countries will be assessed, discusses how often the assessments should be carried out, and provides a detailed description of the methodology that should be used.

A key output of every LFA risk assessment is a “PR priority risks management plan.” The plan is a summary of the LFA’s risk assessment of each PR in the country.

“LFA Role in the Identification of Fraud Risk and Actual Fraud in Global Fund Financed Programs,” is available on the Global Fund website [here](#). Look for “Role in the identification of fraud risks.” The document is undated, but the website reveals that it was posted in March 2011. “LFA Assessment of Country and PR Risks,” dated 1 October 2010, is available on the same site. The website shows that this document was posted in March 2011; this likely means that it was last updated then.

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3. PERSONAL STORY: A Message of Optimism and Confidence in the Future

by Jaqueline Lima

This article contains the text of an address by Jaqueline Lima at the opening plenary of the Global Fund 4th Partnership Forum held in São Paulo, Brazil on 28-30 June 2011. Jaqueline, a young Brazilian, shares her story as an HIV-positive mother who gave birth to a HIV-negative boy. The address was given in Portuguese; this text is a translation.

I am speaking for myself and for someone who is not yet able to. My name is Jaqueline, I am 21 years old and I am living with HIV/AIDS. I was born in Campinas, in the state of São

Paulo, in December of 1989. I was born homeless, the fourth child of the third companion of my alcoholic mother, Irinèia, who was 21 years old at the time. Until I was seven, she, my younger brother and I survived for seven years on the streets of Campinas.

We were adopted by my aunt, Anatilde, an evangelist and manager of a rehabilitation centre for women alcoholics and drug addicts. I was diagnosed HIV-positive; the virus was transmitted by my mother. I went for treatment at the pediatric clinic, AML, in Jundiaí with Dr. Eduardo Palandri, who has been my physician up to now.

Then, I began to wonder, "Will I never stop taking these medications? Why am I being treated? For what?" When I was ten years old, I asked those who were taking care of me, "Why so much medication? Am I going to have to take them forever?" Lurdes, my psychologist, and Edilaine, my social worker, explained to me the reasons and that, yes, it would be for my whole life. I reacted, "How could I have gotten this sickness?" It was my aunt who explained to me that my mother got it from one of her lovers. I disregarded my rage, sadness and aversion to the remedy. They still make me damn sick.

I did not go to school until I was 10, where I learned to read and write very quickly. I couldn't tell anyone that I was on medication. I couldn't study at the homes of my classmates because they might suspect something. And stay over there? Out of the question. Until I told one of my friends. I didn't tell anyone else. The next day everyone knew I had AIDS. But, I was lucky. The teachers, psychologist and social worker helped me confront the situation. It was the first battle that I won.

To facilitate discussion at school, the science teacher asked me to do a report on STDs. I loved it. I threw myself into it and felt confident in presenting it to everyone. My classmates needed to learn about STDs and AIDS; they needed to know for the sake of dispelling prejudice and disinformation.

With the encouragement of health centre professionals, I also started to participate in meetings of the GIV (Grupo de Incentivo a Vida = Life Encouragement Group, an NGO) with other HIV-positive young people. I discovered that I was not alone. I met several HIV-positive persons who became my friends. I felt empowered. Today I am active in the National Network of Teenagers and Young Adults Living with HIV.

When I was in high school I started working as a waitress in a restaurant. I left work at night accompanied by a co-worker. One day we remained together and exchanged our first kiss at the bus stop. In tears, I told him that I had to tell him something. I said, "I have a disease. I have AIDS." I heard him say, laughing: "I love you, Jacky! I love you!" Hearing this, it was like a big bunch of fireworks going off around me. From then on, I told everyone.

Though frightened and apprehensive, we went together for two years. Without living together, we lived like a couple which included a fairly active sex life. But one worry was always present: "What if the condom bursts?" Soon after, he left me and became involved with another woman. The romance with her did not last long. A month later he asked me to take him back.

Finally, we got together again. He wanted to have children. How could I, having AIDS, become pregnant by someone who was HIV-negative? Having a child had never occurred to me. He insisted that we have a child. I did not want to, and didn't consent to it. I was afraid he would become infected, but one day I gave in. I got pregnant and returned to the doctor. Dr. Eduardo was a gem, as always. He changed my treatment, adjusted the cocktail and sent me to pre-natal and to my psychologist, Lurdes. The father of my child had not been infected, thank God.

With all this support, I began to lose fear that my baby would be born HIV-positive. I was certain that my pregnancy would be safe and that my child would turn out to be negative.

Heitor was born on March 10, 2010. He is proof of my victory! A victory for my whole family, for Dr. Eduardo, and the entire health team that assisted me. A victory for science.

And, now, Heitor has totally changed my life story. I am lifted up by his little hands. His life is changing and guiding my outlook on life. He was negative; because of Heitor, I think ahead 10 times – no, 10 times is not enough! – to when I can quit taking the medications that continue to nauseate me.

I am thankful to share my victory with other people. To show people that it is I, not HIV, that is in charge of my life. For this, I continue being active in the National Network of Teenagers and Young People Living with HIV and AIDS. As a young adult, a mother and a woman I would like to make a request and leave a message. The request is that this Forum makes the maximum effort possible so that the Global Fund will help change the story of millions of teenagers and young people living with HIV/AIDS, young adults like me all over the world.

And the message I leave is one of optimism, of confidence in the future, presenting you with the person that I said was not able to speak yet: my son, Heitor, HIV-negative.

My hope is that children like Heitor will not cease to be born. Thank you!

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4. NEWS: Debt Swap Agreement Between Germany and Egypt Will Benefit Global Fund Programmes in Ethiopia

The Global Fund has brokered debt swap agreement before, but not like the latest one between Germany and Egypt.

Under the Global Fund's Debt2Health mechanism, creditors (i.e., countries that are owed money) may agree to write off a portion of the debt owed to them, on the condition that the debtor countries (i.e., the countries that owe money) invest an agreed-upon amount in local programmes approved by the Global Fund. Until recently, four Debt2Health agreements had been concluded – three involving Germany and, respectively, Pakistan, Indonesia and Cote d'Ivoire; and one between Australia and Indonesia.

In June 2011, Germany agreed to write off € 6.6 million of Egyptian debt. What makes this agreement unique is that Egypt has agreed to contribute half of the € 6.6 million to Global Fund programmes to fight malaria in Ethiopia. This is the first time that a debt swap arrangement under the Debt2Health mechanism has involved reinvestment in programmes in a country other than the original debtor.

“This particular Debt2Health agreement has many beneficiaries: Egypt, Ethiopia, Germany and the Global Fund,” said Dr. Debrework Zewdie, Deputy Executive Director of the Global Fund. “It shows that with Debt2Health we have an instrument with which we can address different concerns and interests. We hope that more creditors and debtor countries will join the initiative.”

The information for this article was taken from a Global Fund [press release](#).

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5. NEWS: Global Fund Reports Sharp Drop in

UNAIDS Technical Support Facilities (TSFs)

TSFs, operating through regional hubs, provide access to short-term TA mostly for AIDS programmes. TA is provided for both proposal development, including programme design and development, strategic and operational planning – and for programme implementation, including resource mobilisation and tracking, M&E, management, and technical areas such as gender, injecting drug use, sex work and migration. TSFs cover over 80 countries in Africa and Asia. Information on how to access TSF TA can be found on these regional websites:

- [Technical Support Facility Southern Africa](#)
- [Technical Support Facility Eastern Africa](#)
- [HIV/AIDS Technical Support Facility - Southeast Asia & the Pacific](#)
- [Technical Support Facility \(TSF\) for South Asia](#)
- [UNAIDS Technical Support Facility for West and Central Africa](#)
- [Caribbean Technical Support Facility \(CTSF\)](#)

WHO and Stop TB Partnership – through the TB TEchnical Assistance Mechanism (TBTEAM)

TBTEAM, funded mostly by the United States Government, provides assistance in development of TB proposals, and the provision of technical guidance in programme implementation. Concerning proposal development, the TA focuses on conducting gap analyses and helping to manage technical proposal writing committees.

In Round 11, the TBTEAM will target up to 25 countries, of which the following 16 countries have been prioritised: Botswana, Burundi, Cambodia, Guyana, Korea, Lesotho, Malawi, Moldova, North Sudan, Sierra Leone, South Sudan, Tajikistan, Tanzania, Uzbekistan, Zambia and Zimbabwe.

Green Light Committee (GLC)

GLC, an initiative of the World Health Organization (WHO) and the Stop TB Partnership, provides TA that supports the management and expansion of multi-drug-resistant tuberculosis (MDR-TB) services and care (including M&E and assessing compliance). Support for proposal development may be included. More information is available from the GLC Secretariat (glc_secretariat@who.int) or from the GLC website [here](#).

Roll Back Malaria (RBM)

TA is provided for RBM member countries who wish to submit a proposal the Global Fund under the malaria disease component. Support is provided also to member countries that need assistance in grant consolidation and general programme implementation in areas such as PSM, M&E and reporting. Most RBM regions have already submitted their road maps (work plans that identify their gaps and resource and assistance needs). For more information, the RBM secretariat can be contacted through the RBM website [here](#).

U.S. President's Emergency Plan for Aids Relief (PEPFAR)

TA is provided by PEPFAR to its 15 focus countries: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Viet Nam and Zambia. TA is available for proposal writing. Other TA supports the implementation of PEPFAR-recommended interventions in service delivery, health advocacy targeting ministries of health or other partners, developing national guidelines, policies and

operational tools, programme planning, M&E and organisational development. TA is also provided to NGOs in PEPFAR focus countries through PEPFAR's New Partners Initiative, which aims to strengthen the capacity of local organisations and enhance local ownership of HIV/AIDS responses for the long term. More information is available [here](#), [here](#) and [here](#).

U.S. Government-Funded Technical Support to Global Fund Grants (Grant Management Solutions)

Time-limited TA for programme implementation and institutional development is available for country coordinating mechanisms (CCMs), principal recipients (PRs) and sub-recipients (SRs) in countries with Global Fund grants. The TA provided includes governance and leadership, programme and financial management, PSM and M&E. HIV grants in the PEPFAR focus countries are not eligible for this TA. Information on how to apply is available [here](#) and [here](#).

Civil Society Action Team (CSAT)

CSAT provides TA for proposal development (including both the rounds-based channel and national strategy applications) for civil society organisations. CSAT's focus for Round 11 is strengthening the quality of proposals that contain a community systems strengthening (CSS) component. For grant implementation, the TA provided ranges from developing data collection methods to improving M&E systems of Global Fund grants. More information is available [here](#) (including links to additional sources of TA).

International HIV/AIDS Alliance Regional Support Hubs

Global Fund-specific TA is available for proposal development – especially for CSS components – and for programme implementation and institutional development (including SR management, and strengthening civil society engagement with CCMs). The hubs also provide TA in technical areas (e.g., PMTCT programming). More details are available [here](#).

GAVI Alliance (formerly Global Alliance for Vaccines and Immunisation)

GAVI provides some TA for health systems strengthening related to the Health Systems Funding Platform, a partnership among GAVI, the Global Fund and other agencies. TA may be available for both proposal development and programme implementation. Some details will be released when Round 11 is launched. More information is available [here](#), [here](#) and [here](#).

German Technical Cooperation (GTZ) BACKUP initiative

GTZ provides TA for proposal development and for programme implementation and institutional development. TA is offered to government institutions, NGOs and U.N. organisations. Application procedures for Round 11 are available [here](#).

Friends Africa Technical Assistance Hub

Friends Africa provides TA to, among others, CCMs, NGOs, faith-based organisations and health ministries. The aim is to improve and strengthen their capacity to submit quality proposals to the Global Fund and other funders. TA is also available for implementers facing difficulties in implementing large-scale grants. More information is available from Friends Africa, via email: technicalassistance@friends-africa.org, or via its website [here](#).

United Nations Development Programme (UNDP)

UNDP provides short- and long-term TA to PRs. Information on how to access this support can be obtained from the UNDP country offices. The TA provided is for project planning and management, procurement and supply chain management, finance, M&E, human resources management and contract administration. TA is also provided to CCMs to enhance their oversight role.

Coordinating AIDS Technical Support (CoATS) Database

This is not a source of TA per se, but rather a shared database with up-to-date information on TA activities and providers. It is an initiative of UNAIDS. CoATS is available [here](#). (Note: you will have to register to log-in).

Information on other TA providers and on technical resources for Round 11 is available in the [Aidspan Guide to Round 11 Applications to the Global Fund – Volume 1: Getting a Head Start](#).

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END OF NEWSLETTER
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This is an issue of the *GLOBAL FUND OBSERVER (GFO)* Newsletter.

We welcome suggestions for topics we could cover in GFO. If you have a suggestion, please send it to Bernard Rivers, the Editor of GFO (see contact information below).

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