



Independent observer
of the Global Fund

20,000 KENYAN LIVES NOT SAVED

As reported elsewhere in this issue of GFO, the Global Fund recently published a report by the Office of the Inspector General (OIG) on the Fund's grants to Kenya. This makes me feel free to write about something I've not previously discussed publicly.

I've lived in Kenya since 2007, and I plan to live here long after I retire. And because I feel a strong commitment to the country, I've always had a particular interest in the Global Fund's grants to Kenya.

So three years ago I decided to examine all data at the Global Fund's website regarding the Fund's three Round 2 grants to Kenya (one each for HIV, TB and malaria) – grants which started in late 2003 and ended in late 2008, just before I did my research. The principal recipient (PR) for these grants was the Ministry of Finance, with much of the work being assigned to the Ministry of Health. The Global Fund's main web page for Kenya summarised these grants and did not suggest there were any particular problems.

But when I dug deeper, I was stunned to find that 47% of the \$143 million that had been specified in the grant agreements for these three grants – namely, \$67 million – was never disbursed by the Global Fund. Yes: \$67 million that was available for Kenya was never sent; it was eventually made use of by the Fund for grants to other countries. The situation was particularly bad for the Round 2 malaria grant, for which the undisbursed amount came to 83% of the grant and for which there was not a single disbursement during the three-year Phase 2. Having no disbursements throughout Phase 2 was something that, to the best of my knowledge, had never previously happened for any Global Fund grant.

How could this be?, I wondered. The only possible reasons for not sending the money were that the Global Fund Secretariat was in a complete mess, or that the Secretariat deliberately didn't send the money because it saw that the Kenyan implementers themselves were in a complete mess.

After digging further at the Global Fund website and asking around in Nairobi, I found that the problems with these grants occurred almost entirely within Kenya. (But that does not mean that the Fund was without fault, as I discuss below.)

When the Kenya CCM asked me to speak at a retreat it held in early 2009, I was brutally and undiplomatically candid. The CCM Secretariat subsequently circulated to all CCM members the [paper](#) on which my presentation was based. The paper's section headings included the following: "Kenya's grant performance is almost the world's worst"; "Most grants are currently inactive"; "Many problems with mid-level management"; "Audit queries unanswered"; "Poor reporting to the Global Fund"; "Power conflicts between Ministry of Health and Ministry of Finance"; and "Many reports, many retreats, many recommendations, but minimal progress". The final paragraph was particularly tough:

"No accountability! When Global Fund grants fail, the people of Kenya pay the price. But it appears that nobody on the CCM or at leading levels within the PR or the SRs feels accountable. To editorialize: Some people need to wake up at night sweating; they need to fret that they will lose their jobs, and they need to fret for those who are not being served. There have been multiple instances in Kenya when mid-level managers have moved slowly or not at all, in part because nobody with authority over them is applying much pressure on them to move and to get the job done."

I know that for anyone, particularly a non-Kenyan, to have written in those terms was not politic. But I was angry, and I felt that someone had to say these things.

The following year, 2010, the OIG conducted an audit of these and other grants to Kenya. For some reason, it took nearly two years for the audit report to be published, but it is at last available, [here](#). (See summary elsewhere in this issue.) The OIG report spells out multiple problems that arose with the three Round 2 grants. For instance, the report shows that when \$35,000 of grant money was budgeted for a "women's advocacy meeting," the amount actually used, supposedly for this meeting, was six times as much – with no evidence that any meeting took place in the intended form. And the report says that a governmental sub-recipient (SR) maintained no proper books of accounts for the grant, yet the company then functioning as local fund agent (LFA) approved various disbursements to that SR.

And the report says that for the malaria grant, \$450,000 in expenditure "was not appropriately supported by documentation" and should be returned to the Global Fund. And it adds that a governmental department disbursed \$1.7 million of grant money to districts without providing instructions about what activities the funds should be used for and without obtaining documentation to show what the funds were actually used for. And it says that the Ministry of Health disbursed \$1.11 million to another governmental department without informing that department that this had been done – as a result of which, the money then sat unused for months because nobody knew the money had arrived. And it says that \$1.08 million from the HIV grant was loaned to the malaria grant to purchase commodities, but the loaned money was not used for that purpose and the loan was not repaid. And more of the same.

What was going on in Kenya involved gross mismanagement for sure, mixed in with bits of what smells awfully like fraud.

The \$67 million that the Global Fund never sent to Kenya because of these problems could have saved about 20,000 Kenyan lives (see methodology below); further lives could have been saved using the money that did reach Kenya if that money had been better managed.

What also annoyed me was the behaviour of the Global Fund itself. The grants started in late 2003; it is clear from the documentation that by the start of 2005 the Fund was aware of serious problems. Why did the Fund not then insist on drastic action, or terminate the grants? (The Secretariat did want to terminate the TB grant in October 2005, but the Board over-ruled it.) And why has the Global Fund never provided any evidence on the Kenya page of its website that these grants were a disaster? And why do the website and the relevant grant performance reports now incorrectly state for each grant that the grant agreement amount is precisely equal to the amount that ended up being disbursed, thereby implying that the grants were fully disbursed?

When I discussed this with the Global Fund Secretariat in 2009, I concluded that the Secretariat had for some years engaged, at least with regard to Kenya, in a mix of wilful blindness, naive optimism, and a desire not to cause offence. Such behaviour is not acceptable. Every dollar that was wasted in Kenya, and every dollar that never got sent to Kenya, was a dollar that did not provide Kenyans with prevention and treatment services that they deserved and that they had been told they would receive. By “not causing offence” to Kenyan officials, the Fund was permitting those officials to take certain actions, and to avoid certain others, as a result of which about 20,000 Kenyan lives went un-saved. The only consolation is that the Fund eventually sent that money to other countries, where it was probably put to more effective use than it would have been in Kenya.

But this is ancient history. Why am I going on about it now at such length? Is it because these Round 2 Kenya grants were typical of other countries, or of current grants in Kenya? No – I’ve only found four other grants, worldwide, for which such a high percentage of the grant agreement amount went undisbursed; and the situation in Kenya seems to have improved in the last couple of years. The reason I’m telling this story is that it must never be allowed to happen again. Implementers, local watchdogs and the Fund itself must never again permit Global Fund grants to be so badly managed. Remember: if 90% of countries are performing impeccable grant management and 10% are not, the failures of the 10% could cause problems for everyone once the facts emerge. Just look at the fallout caused in 2011 for the entire Global Fund family by findings of fraud in four small countries.

Note 1: Sources: A version of this Commentary with notes showing sources is available [here](#).

Note 2: The estimate of 20,000 lives: The Global Fund says [here](#) that by the end of 2010, Global Fund-supported programmes had saved a total of 6.5 million lives. During this period, the total value of Global Fund disbursements was \$13.02 billion, which would translate to about \$2,000 per life saved. Global Fund-supported programmes, however, also receive funding from other sources. If we use a more conservative estimate of \$3,350 of Global Fund spending per life saved, the \$67 million from Round 2 that the Global Fund did not disburse to Kenya could have saved about 20,000 Kenyan lives. Between 2003 and 2012, the total amount of money that the Global Fund did disburse to Kenya (via the Round 2 grants and all other grants) is \$357 million. Using the same methodology, this money has saved about 107,000 Kenyan lives.

Note 3: Responses from Global Fund and Kenya CCM: GFO sent a draft of this Commentary to the Global Fund and the Kenya CCM on 29 May 2012. Seth Faison, Communications Director of the Global Fund, responded with a one-page [statement](#) stating, in part, as follows:

“We recognize that programs in Kenya supported by Global Fund grants experienced challenges and interruptions in the early years. [However], Kenya is now a bright spot on the landscape of fighting AIDS, tuberculosis and malaria, mainly because Kenyan health authorities and political leadership have taken significant steps in recent years that have translated into measurable results.... [R]estructuring of the

Kenya Coordinating Mechanism [has] made a critical difference in strengthening the governance of grants.... More and more grants are seeing high disbursement rates, including some that have reached 97 per cent.

“There are many ways to assess and evaluate the effectiveness of grants. Serious disease prevention and treatment is not simply a matter of drugs and money – it depends on a chain of committed health workers and administrators. Making sure that chain is effective remains a constant imperative, and we admire Mr. Rivers for highlighting problems in Kenya from years past. We want readers of the Global Fund Observer to have access to a broader perspective on what has been happening in Kenya more recently.”

And Dr. Peter Cherutich, Coordinator of the Kenya CCM, responded as follows:

“We have noted both the article and the commentary and we would like to state that our position and comment on the same is similar to the reaction you received from the Global Fund. The positive transformation of the management of Global Fund in this country is a story that needs to be told and the Global Fund Audit report should be contextualized within the current environment in which significant steps have been taken to ensure that resources are used appropriately.”

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