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Quality of service issues persist in Global Fund grants to government implementers in Tanzania: OIG

A follow-up audit of three grants to Tanzania has found that although Tanzania continues to make progress against the three diseases, quality of service issues persist, particularly in the HIV program. The audit also found that men who have sex with men (MSM) continue to face major barriers accessing services. A [report](#) on the audit was published on 21 March.

Tanzania mainland is one of the most important countries in the portfolio, representing almost 6% of total 2017–2019 allocations. The Global Fund has invested about \$1.9 billion in Tanzania since 2002.

According to the OIG, Tanzania is a low income country, with 46.6% of its 52 million population living below the income poverty line of \$1.90 per day. The country ranks 151st out of 188 in the UNDP's Human Development Index and 116th out of 176 in Transparency International's Corruption Perceptions Index (2016). The financing of the health sector in Tanzania is heavily dependent on external donors. A total of 93% of HIV funding and 87% of tuberculosis funding came from external sources in 2015–2017.

At the time of the audit, there were five active grants to Tanzania, all scheduled to end on 31 December 2017. The audit covered the three grants for which the Ministry of Finance and Planning (MOFP) was the PR (see Table 1). The other two grants were managed by international NGOs.

The OIG told Aidspace that the audit was limited to the public sector PR because (a) the [previous audit](#) in 2015 was similarly restricted; (b) one of the international NGO PRs, Population Services International, was considered low risk since most of its expenditures were processed at HQ level; and (c) the other international NGO PR, Save the Children, was new and its grant agreement hadn't been signed yet.

The audit covered the period July 2016 to June 2017.

Table 1: Grants covered by the audit

| Component | Grant I.D. | Principal recipient | Signed amount (\$) |
|-------------|------------|----------------------------------|--------------------|
| HIV | TZA-H-MOF | Ministry of Finance and Planning | 386,605,772 |
| TB | TZA-T-MOF | Ministry of Finance and Planning | 21,377,285 |
| Malaria/HSS | TZA-M-MOF | Ministry of Finance and Planning | 126,713,941 |

The MOFP has established a program management unit for the management of grant funds, which allocates funding to the implementing sub-recipients (SRs) — the three national disease programs, and the President’s Office through a second Global Fund Coordinating Unit located in the Ministry of Health (MOH). The MOH acts as a lead SR.

The audit’s main findings and the OIG ratings are shown in Table 2.

Table 2: Tanzania audit findings at-a-glance

AREA 1: Effectiveness of supply chain arrangements

Rating: Needs
improvement

OIG findings: Procurement and distribution arrangements have improved, particularly by MSD, and the current arrangements in country are able to deliver drugs to patients, with minimal stockouts. However, expiration of HIV drugs worth about \$9 million expired at MSD warehouses between January 2016 and September 2017. There are discrepancies in excess of 36% between the reported volume of malaria drugs distributed and the national consumption. The primary root causes of the supply chain challenges are inadequate numbers of staff at warehouses, facilities, and inadequate skill levels of the staff.

AREA 2: Effectiveness in addressing quality of services issues

Rating: Partially

OIG findings: Patient access to treatment and quality of services have improved since the last audit. However, issues which are beyond Global Fund’s control, have limited the effectiveness of actions taken to improve quality of services. Issues include significant gaps in health workforce; weaknesses in regional supervision of health facilities; ineffectiveness of the co-payment mechanism; and very strong stigma attached to the population of MSM.

AREA 3: Effectiveness of governance and assurance arrangements

Rating: Partially

OIG findings: Since the last audit, significant improvements have been made in program oversight, timeliness of disbursements, and timeliness of disbursements. However, due in part to the multi-layered and complex governance arrangements and management units in the ministries, there is ambiguity in roles and responsibilities, as well as limited accountability on outstanding issues such as grant absorption, and implementation of AMAs.

The OIG has a four-tiered rating scheme, as follows: Effective; partially effective; needs significant improvement; ineffective.

Other highlights

Regarding the supply chain, the OIG said that one of the main changes since the 2015 audit is that commodities are now directly delivered from the warehouses of the Central Medical Stores Department (MSD) to health facilities.

The OIG said that Tanzania has adopted the ambitious target of initiating antiretroviral treatment (ART) for

94% of people living with HIV by 2020. This is above the UNAIDS 90% target, but the OIG said that Tanzania won't be able to meet its target unless significant improvements are made to patient retention. At the time of the audit, 18% of adults and 14% of children on ART were being lost to follow-up.

A significant obstacle to reaching the treatment targets was the government directive to suspend prevention services for MSM in October 2016, following allegations that a sub-recipient providing services to this population was "promoting homosexuality." (See [GFO article](#).) The prevention services eventually resumed.

With respect to discrepancies in health products reporting, the OIG cited the example of consumption of artemisinin-based combination therapies (ACTs). Based on opening and closing stock balances, consumption of ACTs between October 2016 and September 2017 was estimated at about 15 million. This figure was 114% higher than reported malaria cases and about 36% higher than the number of people to whom ACTs were dispensed (according to DHIS records). The OIG said that because the implementers were not able to identify the reasons for this discrepancy, the matter has been referred to the OIG's Investigations Unit.

Agreed management actions

In response to the audit findings, the Secretariat has agreed to work with the government ministries and PRs for all of Tanzania's grants to map out grant implementation structures, roles and accountabilities for the ministries, the President's Office, and various other government agencies and management units. In particular, roles relating to procurement, supply chain management, quality of services and grant oversight will be clarified.

The supply chain action plan developed following the 2015 audit (see next section) will be critically reviewed and key activities will be prioritized. In addition, the Secretariat will ensure the selection of an appropriate entity for managing a co-payment mechanism.

Previously identified issues

The previous audit in 2015 also covered only the grants for which the MOFP was PR (there were four). The audit handed out poor grades across the board; the OIG said that many of the problems it uncovered had already been identified in a 2009 audit.

The key problems identified by the OIG were as follows:

- supply chain management was ineffective;
- the MOFP was not effective as PR;
- the CCM did not provide adequate oversight;
- there were lapses in fiduciary controls over procurement, the management of advances, and contract management;
- there were unsupported expenditures of \$9.6 million; and
- the co-financing was inadequate.

The OIG said that the main AMA, targeting supply chain management, has been implemented. Two supply chain assessments were performed. A supply chain action plan was developed. Implementation of the recommendations from the reviews has resulted in significant improvements, the OIG said; however, two key risks identified in the 2015 audit remain unmitigated or have only been partially addressed: (a) expiries of health products; and (b) stock outs at health facilities.

Another AMA, concerning recovery of unaccounted funds, has been completed.

The OIG said that two AMAs have been partially implemented. One of them concerned strengthening grant implementation arrangements. The other, concerning malaria commodities, involved making improvements in quantification and forecasting, conducting health workforce training to improve quality of services, and identifying a suitable entity for managing a co-payment mechanism. The components related to quantification, forecasting and training have been completed, the OIG said; however, the entity identified to manage the co-payment mechanism has not yet taken over this responsibility. Furthermore, a mechanism has not yet been developed to monitor subsidized anti-malaria drugs that are distributed in endemic areas at recommended prices.

There were two other AMAs, involving action at the Secretariat level to address funding gaps for reaching HIV fast track targets (a plan has not yet been developed); and developing guidance on HSS-related construction and renovation projects (updated guidelines were issued in 2017)

New grants

Between 1 December 2017 and 21 March 2018, the Board approved four new grants for Tanzania from the 2017-2019 allocations. The PR for the HIV, TB and malaria grants is the MOFP. The PR for the TB/HIV grant is Amref Health Africa.

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