OIG AUDIT OF GRANTS TO KENYA RAISES ISSUES RELATED TO SUSTAINABILITY AND GRANT EFFECTIVENESS

An audit of Global Fund grants to Kenya has found that the management of financial and fiduciary risks, and the management of health services and products risks has been generally effective.

However, the OIG said that there was room for improvement in the management of programmatic and performance risks, as well as governance, oversight and management risks. (In OIG parlance, these were rated "partial plan to become effective.")

According to the OIG, Kenya is one of the Global Fund's high impact countries with approximately 5% of the global HIV disease burden, as well as substantial shares of the malaria and TB epidemics. The country received the seventh highest allocation from the Global Fund for 2014-2016, amounting to $495 million.

A report on the audit was released in July 2015. Readers can find the report on the OIG pages of the Fund's website here. One the objectives of the audit was to measure the adequacy of the Global Fund strategy for grants to Kenya, with a particular focus on grant effectiveness and sustainability. In the balance of this article, we focus specifically on what the OIG had to say about grant effectiveness and sustainability.

The OIG's findings in these areas were mixed.

The Global Fund Kenya country team, in conjunction with the national programs, has developed its own portfolio-level strategy to tackle the diseases, including an increased focus on disease hot spots and key populations. The OIG said that this has had a tangible impact on the three diseases. However, it said, the country team’s strategy lacked a longer term view beyond the current implementation period (2014-2016) and has not addressed some key strategic issues that are critical to ending the three diseases in Kenya.

For example, the OIG said, effective strategies need to be developed to mitigate the risks caused by the devolution of health care budgetary authority and service delivery to the county level, with particular focus on the counties’ capacities to effectively manage programs and deliver services.

The country team had implemented certain activities with regard to devolution and considered certain key risks associated with it (for instance, by limiting transfer of grant funds to devolved structures until proper accountability mechanisms were established). However, the OIG said, some operational risks have arisen that were not anticipated by the country team. For example, government funds for the procurement of TB first-line medicines (approximately $3 million) were allocated to the counties in 2013-2014 without timely guidance or proper training on procurement or drug forecasting. As a result, no TB drugs were procured by the counties and this created stock-outs in 2014 in a number of health facilities. The funds were reallocated to the national TB program, and it was agreed that subsequent procurements of anti-TB commodities will be made at the national level.

The OIG said that the principle of sustainability is embedded in the grants. National disease programs are building in-country capacity through components such as health systems strengthening. In addition, Kenya has made considerable inroads in identifying interventions that are having a significant impact. Finally, the country is taking increasing responsibility in funding commodity procurements.

On the other hand, the OIG said, Kenya’s Global Fund grant performance is measured based on health targets at the national level, rather than grant specific indicators and targets. “While this is in line with the Global Fund’s policy and encourages sustainability,” the OIG stated “it means that measuring grant performance is more difficult. As the Global Fund’s investments account for between 25-45% of the total program expenditure in Kenya and have low absorption rates, using national targets alone does not offer a sufficiently stringent way to assess the grant recipient performance or to link targets with expenditures.”

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