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HEALTH CENTRES CONSTRUCTED IN ETHIOPIA WERE NOT IN APPROVED WORKPLAN AND BUDGET, OIG SAYS

Says funds taken from other services to cover cost of centres

PR and CCM dispute the findings

The Office of the Inspector General (OIG) says that 1,291 new health centres were constructed as part of the Rounds 4 and 7 HIV grants in Ethiopia, even though this activity was not part of the approved workplan and budget. The OIG also states that the Global Fund Secretariat knew about the construction, but did not follow proper procedures for what the OIG says constituted material changes to the grants.

The OIG made these comments in a report on the audit it conducted on all Global Fund grants in Ethiopia. The principal recipient (PR) for both grants was the HIV/AIDS Prevention and Control Office (HAPCO), a government agency. We reported on the main findings of the audit in [GFO 183](#). This article deals specifically with one part of the audit report – the new health centres.

The OIG said that the health centres were constructed as part of a strategy to expand entry points to antiretroviral therapy (ART) and other services. According to the OIG, the budgets for the Rounds 4 and 7 grants included funds to renovate existing health facilities, and to construct and renovate “health posts” (small satellites of health centres) in the regions, but did not include funds to build new health centres.

The total budget for renovation and construction was \$107 million. The OIG said that when the costs of 1,291 new health centres were charged to this budget line, the result was a budget overrun of \$58 million.

The OIG said that monies intended to finance other services, such as ART, and drugs for opportunistic

infections (OI), were used to cover this over-expenditure. The OIG reported that there was significant under-spending on these services, which impacted programme results. For example, the OIG said, “the indicator for ‘Number of patients who received prophylaxis and treatment for OI’ was reported as just 74% of target. Many of the planned OI drugs had not been procured.”

HAPCO and the CCM disputed the OIG’s findings (see below).

The OIG said that there was no formal approval from the Global Fund to add the construction of the health centres to the programme. In addition, the OIG said, the Technical Review Panel (TRP) did not review and approve the change to the scope and scale of the proposal originally approved – which would normally have been required – and the performance frameworks for the grants were not revised to reflect this significant reallocation of funds.

According to the OIG, the Global Fund Secretariat was aware of the nature and extent of the health centre construction activities. In fact, the OIG said, in 2009 and 2010 the Secretariat arranged for reviews to evaluate the construction.

The OIG also stated that a proposal containing health centre construction activities had been reviewed by the TRP in both Rounds 5 and 6, but was not recommended for approval “for a number of programmatic and budget reasons.”

Finally, the OIG said that it had visited 77 of the health centres and had observed significant deficiencies (e.g., 71% had no access to water; 32% had no functioning toilet facilities).

Reaction to the OIG findings

In a section of the OIG report on how the Secretariat, the country coordinating mechanism (CCM) and the PRs responded to the OIG’s recommendations, the Secretariat said that it was aware of the “reclassification of health center construction activities and agrees that the documentation should have been better formalized.” The Secretariat added that it was following up with the Federal Ministry of Health (FMOH) to ensure that all health centres were completed in accordance with the ministry’s minimum standards. It also said that, in March 2012, the Secretariat was told that 73 of the 77 centres visited by the OIG were provisionally accepted as having met the standards. The Secretariat added that the local fund agent (LFA) had been requested to verify this information; and that the Secretariat will ask the CCM to ensure that all defects are rectified.

HAPCO said that prior to October 2010, there was no limit on the extent to which PRs could make changes to the workplans of a grant. HAPCO also repeated some of the same comments that the Secretariat made above concerning the current state of the health centres.

When asked to comment on a draft of this article, HAPCO and the CCM told GFO that construction of health centres was part of the workplans and budgets for Phase 2 of the Round 4 HIV grant, and also for Phase 2 of a Round 2 HIV grant (not included in the audit). However, GFO was unable to find any reference to the construction of new health centres in the Phase 2 workplans and budgets for these two grants.

HAPCO and the CCM denied that there was an overrun of \$58 million and that money had to be taken from other services funded by the grant to cover the costs of the health centre construction. They said that evidence had been submitted to the OIG team showing that funds were taken from non-Global Fund sources to fill any gaps in the budget. The OIG told GFO that it has not received any such evidence.

“The critical point here is how we have covered the cost of construction,” HAPCO and the CCM said. “We didn’t compromise the delivery of planned services; rather we harmonized the other external aids we got

from the World Bank Protection of Basic Services Program, the GAVI Alliance's Health Systems Strengthening initiative, the Millennium Development Goals Performance Fund and the (US) President's Emergency Plan for AIDS Relief (PEPFAR) in implementing some of the activities. The expenditure figures in the OIG report are reflecting expenses from Global Fund grants only." The OIG told GFO that it stands by its assertion that funds were taken from other services covered by the Rounds 4 and 7 HIV grants in order to pay for the cost overruns to the renovations budget caused by the construction of new health centres.

Regarding the OIG's statement that a proposal containing health centre construction activities had been reviewed by the TRP in Rounds 5 and 6 and had not been recommended for approval, HAPCO and the CCM told GFO that the Round 6 proposal was not about health centre construction. GFO has verified that this statement by HAPCO and the CCM is incorrect.

All of the OIG reports released in April 2012 are available on the Global Fund website [here](#). Some of the documents referred to in this article are not available on the Global Fund website; however, copies were provided to GFO.

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