



Independent observer  
of the Global Fund

## Global Fund Suspension of Uganda Grants Leads to Nationwide Coverage

The dominant story in the Ugandan media during the past two weeks has been the Global Fund's decision to temporarily suspend its grants to that country. As reported in the last issue of GFO, the suspension took place after a report by a "whistleblower" caused the Fund to commission an investigation by PricewaterhouseCoopers, the Local Fund Agent (LFA). The investigation found evidence of serious mismanagement by the Project Management Unit (PMU) that had been set up within the Ministry of Health to oversee the grants.

The Fund sent a high-level team to Uganda after the suspension was announced. Within two days of the team's arrival, the Fund and the government of Uganda issued a joint statement saying that the government had ordered a full audit of the project (which would go further than the LFA's investigation), had suspended all eleven staff of the PMU, and had named a formal commission of inquiry composed of the country's chief judge, the head of the central bank, and two others.

Brad Herbert, the Fund's Chief of Operations, said, "We have confidence in the governance mechanisms to address the problem," adding, "The commission will take a month to do its work. The suspension, I believe, will be lifted at the latest in October."

The Fund has asked the Ministry of Finance to recover the "significant" amount of money that appears to have been misappropriated. The Permanent Secretary of the Ministry said that if necessary, the government will recover the money by selling the property of those found guilty of misappropriating it.

The 120-page report of the LFa's investigation, which leaked to the Ugandan media, includes a complete list of all sub-recipients of the one grant that the investigation focused on. According to the report,

- Some organizations that would not have qualified as sub-recipients based on the specified eligibility criteria were still made sub-recipients as a result of recommendations from “high-ranking government officials.”
- PMU management staff sometimes requested ‘kickbacks’ from organizations in return for appointing them as sub-recipients.
- One sub-recipient used grant funds for staff loans instead of for the intended purpose.

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