



Independent observer
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NIGERIAN CIVIL SOCIETY ORGANIZATIONS WANT THE COUNTRY TO EXIT THE GLOBAL FUND ADDITIONAL SAFEGUARD POLICY

The Global Fund to Fight AIDS, Tuberculosis and Malaria is a global health partnership that pools resources from donor countries, foundations, private organizations, and philanthropists to support developing countries to address HIV, tuberculosis and malaria epidemics, whilst strengthening their health systems for optimum impact and sustainability. Presently, over 100 countries are receiving support from the Global Fund.

Nigeria has been a recipient of grants from the Global Fund since 2002, and these grants have contributed to improvements in national health indicators. The Global Fund contributes approximately 20% to the country's HIV/AIDS program, which provides antiretroviral drugs to over one million people. In 2015, the Office of the Inspector General (OIG) of the Global Fund [investigated the Government Principal Recipient](#) National Agency for the Control of AIDS (NACA) and found the commodities management to be inefficient; one of the sub-recipient embezzled grant funds totaling \$3.6 million. Following these findings, the Global Fund Secretariat invoked the Additional Safeguard Policy (ASP) on the country's portfolio through a letter addressed to the President of Nigeria, dated 28 April 2016. The ASP puts extra measures in place to [strengthen the Global Fund's Secretariat's "controls and oversight"](#) of grant implementation. In particular, it allows the Secretariat, rather than the Country Coordinating Mechanism (CCM), to select the Principal Recipient (PR).

In 2019, Nigeria met the conditions set in 2016 to lift the policy

The letter to the Nigerian President, from the Global Fund Executive Director at the time, stated that the

country needed to fulfil three conditions before the Secretariat would lift the ASP imposed on the country's portfolio. These three conditions were:

1. The reimbursement of all funds owed to the Global Fund by government entities, including any amount recoverable from the 2016 audit report and investigations by the OIG.
2. An investigation of the government staff involved in embezzlement of grant funds by the appropriate Nigerian authorities.
3. Verification, following an assessment conducted by the Global Fund, that the appointed PRs were suitably qualified, in compliance with Global Fund policies, to manage the continuation of the HIV and malaria grants.

By 2019, Nigeria had met these three conditions:

1. In 2018, the OIG reported to the Board that the country had refunded the \$3 637 120 to the Global Fund.
2. The individuals involved in embezzlement of grant funds were arrested by the Economic and Financial Crimes Commission (EFCC), investigated and are currently facing trial in a court of law.
3. The public sector entities appointed have been reassessed by an audit and found to have the capabilities required under the Global Fund policies to manage grant resources, and have thus been reinstated PRs of Global Fund grants for HIV and malaria for the ongoing grants.

Despite having fulfilled these conditions last year, the Global Fund appears slow to revoke the ASP imposed on the country's portfolio. The Global Fund Board Policy on the ASP did not specify when and how the policy should be reviewed or revoked. However, [the original Board decision adopted in March 2004](#) mentioned that the ASP would be valid throughout the grant. It did not stipulate that it would continue for as long as the Global Fund invests in those countries. The [Operational Policy Manual](#) states that the status of the ASP should also be regularly discussed in the Strategic Committee.

Why does the Secretariat appear reluctant to lift the ASP in Nigeria?

Many Nigerians speculate that the Secretariat does not intend to lift the ASP, but introduce a new set of conditions for the current 2020-2022 grant-making process instead. Some of the Secretariat's actions during this cycle of the grant-making process seem to confirm these speculations.

Despite an extensive and objective evaluation and selection process undertaken by Nigeria's CCM based on the Secretariat's performance evaluation criteria, the Global Fund Secretariat appointed its choice of PR for the HIV grant, vetoing the CCM decision. The evaluation team of the CCM included partners from the World Health Organization, the Joint United Nations Programme on HIV and AIDS (UNAIDS) and PEPFAR (President's Emergency Plan for AIDS Relief). The Global Fund Secretariat's choice is an international non-governmental organization (FHI360) that has been appointed after the ASP was invoked in 2016. According to the CCM, this organization is not performing as well as local organization Society for Family Health (SFH) which was also appointed as PR after the 2015 audit. However, the international organization's management cost, which is taken from the grants, is higher. The CCM and several Nigerian organizations criticized the decision leading to the CCM halting the HIV grant-making negotiations. We have heard that the Executive Director of the Secretariat—Peter Sands—has subsequently apologized to the country's Minister of Health, who is the head of the CCM, for the unilateral manner in which the decision was made. However, the Secretariat has not relented on its decision and is pressuring Nigeria to move forward with the grant-making process with its preferred PR.

The Secretariat did not provide reasons for this decision. Unilateral decisions that veto preferences

without justification do not bode well for successful partnerships, which is one of the founding principles of the Global Fund. (In countries that are not under ASP, the CCM chooses the PRs. When the Secretariat disagrees with the CCM's choice, the CCM is asked to reconsider, as was the case in Kenya in 2020. However, the CCM remains in charge of the selection and this makes country stakeholders more responsible for their grants.)

Nigeria's allocation is calculated mainly based on disease prevalence and the country's income level. It does not take the overheads of international organizations into account. This raises the concern that there might not be enough funding to meet grant targets. The PR recommended by the Secretariat will repatriate around \$21 million (7%) of Nigeria's allocation to their international headquarters as an indirect cost. Overall, the PR would spend 45% of the grant funds on operations, salaries and overheads, which means that in effect, only 55% of the grant will be invested in Nigeria's HIV response. The PR selected by Nigeria's CCM will invest 77% in Nigeria's HIV response, according to the CCM evaluation.

On 20 August 2020, the Secretariat removed the performance rating of both FHI360 and SFH from the Global Fund's website. This omission hinders third parties from making an objective assessment of the two organizations. This practice is not in line with the Global Fund's founding principle of transparency.

Furthermore, the continuous application of the ASP, after the conditions for its revocation were met, negates the Global Fund's founding principle of country ownership. It has been four years since the invocation of the ASP. During this time, there has been no definitive program from the international PR with regard to capacity building within local organizations to enable the country to overcome its challenges in the efficient use of resources for Nigeria's response.

It appears that Nigeria is not an isolated case but fits an existing pattern: in 2017, the Office of Inspector General stated that the ASP was revoked only in two countries, ever.

The ASP is meant to be temporary

The Global Fund Board intended for the ASP to be a temporary measure to improve financial management. The ASP allows the Secretariat to choose the PR and to contract other agents to safeguard Global Fund investments. The Global Fund's return on investment is counted in lives saved which depends not only on good financial management, but also on good grant performance. Good grant performance needs Nigerians' involvement and ownership of these health programs. This ownership is possible where there is a participatory approach to decision making; not in a situation where decisions are imposed on the CCM and civil society organizations. During the current grant, the Secretariat chose a contractor to manage the supply chain, with little consultation with Nigeria. The CCM requested to see the terms of the contract, but this request is still being ignored. There were rumors that some of the contractor's actions and decisions did not meet the Secretariat's standards, but the Secretariat has little recourse. Those rumors have not been independently verified.

The Secretariat's decision to appoint a PR, irrespective of the CCM's preference, opens itself to future criticism.

These decisions are possible because of the ASP. After four years and two grant cycles, the application of this policy no longer appears to be corrective. On the contrary, it appears to be oppressive, especially to civil society. Sadly, Nigeria depends heavily on donor funding for its HIV program which limits reaction from civil society.

It is important that the Global Fund lifts the ASP from Nigeria's portfolio based on the fulfilment of the criteria stipulated in the letter communicating its imposition in 2016.

Further reading

- Investigation Report: [Global Fund Grants to Nigeria Department of Health Planning, Research & Statistics](#) (GF-OIG-16-015) May 2016 Geneva, Switzerland
- Board decision points: [Additional Safeguard Policy](#), March 2004

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