



Independent observer
of the Global Fund

HOLDING THE GLOBAL FUND ACCOUNTABLE

This 400th issue of the GFO has provided us with the opportunity to go back through the archives. We have identified moments in the Global Fund's history when the GFO was able to inform its readers about events within the Secretariat brought to its attention by Aidspan itself, thus keeping the Global Fund on its toes. Two brief articles, reprinted from Issue 54 and originally published on 18 December 2005, amply demonstrate this.

1. NEWS: Investigation of the Global Fund

By Bernard Rivers

A recently-concluded three-month official investigation of the Global Fund Secretariat found no evidence of fraud or misuse of funds. However, the investigation did conclude that the Secretariat has violated certain rules mandated by the Fund's Board regarding contracting and payments. None of the findings related to uses of Global Fund grants; the investigation was entirely into internal practices within the Geneva-based Secretariat, and uses of Secretariat money.

The investigation was jointly called for by the Global Fund Chair, Vice Chair and Executive Director in July after they received a confidential letter from Aidspan, publisher of GFO, alleging mismanagement within the Secretariat. (See "Aidspan's Role in the Investigation of the Global Fund Secretariat," below.)

The investigation was carried out by the World Health Organization (WHO) Office of Internal Oversight Services (IOS). IOS was used because certain aspects of Global Fund administration are carried out under the oversight of WHO.

The investigation was completed in late November. The report of the investigation was first evaluated by

the Board's Ethics Committee, and then by the full Board at its meeting on 15-16 December.

The Ethics Committee agreed with the investigation report that "there is no evidence of fraud and misuse of funds." However, the Committee said that in the report of the investigation it found "areas of considerable concern that require attention, including evidence of real or perceived conflict of interest." The Ethics Committee also noted that "consistent adherence to contracting and procurement procedures was not upheld. In the specific cases cited, established procedures were shortcut for the sake of speed and convenience, causing vulnerability of the Global Fund operation. Contracts may have been made in ways that do not rule out conflict of interest." Also, there were "concerns regarding fair and open recruitment of secretariat staff." In addition, the Committee found that "the participation of a family member in Global Fund activities was left to diverse interpretations both internally and externally," that there have been "management weaknesses compounded over time," and that the report showed a "composite picture of longstanding issues related to sound management practices."

In the meeting of the full Board that ended on Friday, the Board essentially agreed with the Ethics Committee's findings. The Board concluded that within the Secretariat, "there were instances of violation of established Global Fund and WHO rules and procedures." However, "there was no evidence of fraud and misuse of funds." It added that "there was no evidence of violations of the Policy on Ethics and Conflict of Interest for Global Fund Institutions, though there were actions that created concerns about lack of transparency." Also, the Board noted that it had separately "received concerns about Secretariat culture and morale, which it takes seriously."

The Board set up a small Oversight Committee to monitor the actions that the Secretariat has promised to carry out to correct the problems. The Board also asked the Secretariat to determine who within the Secretariat "is responsible for any improprieties," and noted that "in this process, protection of whistleblowers is also essential."

The Board did not authorize release of the report of the investigation, even in summary form. The report was treated as extremely confidential; each Board member had to sign a confidentiality agreement before reading it, and was not allowed to retain a copy.

[Note: The quotes above represent the entirety of what the Board and its Ethics Committee have revealed about what was investigated. The quotes are taken from the Board's Decision Points and a Board statement, and from the report of the Ethics Committee.]

2. BACKGROUND: Aidspan's Role in the Investigation of the Global Fund Secretariat

By Bernard Rivers

Six months ago, I started working on an article for GFO about the high level of turnover among mid-rank and senior GF staff. I interviewed many past and present staff in considerable depth. In the course of these interviews, I learned of some worrying problems within the Global Fund Secretariat, including activities which appeared to involve violations of Board-mandated policies.

These findings left me in a quandary. Should I publish what I had been told? To do so could have been very harmful to the Fund. Should I, instead, throw away all my notes and forget the whole thing? To do so would have been irresponsible. Aidspan, the small NGO that I run and that publishes GFO, was set up to serve as a watchdog of the Fund. What use is a watchdog if it only wags its tail, but is silent when it sees possible problems?

In the end, I decided that the appropriate action was to write up my findings in the form of a confidential letter, and to send that letter to the Chair of the Global Fund, Carol Jacobs.

Before doing so, I wrote on 7 July to Richard Feachem, the Global Fund's Executive Director, attaching a draft of the letter that I planned to send to the Chair and to a few other Board members on July 11, and inviting him to comment.

The following day, I received two calls from senior Global Fund officials, telling me that Dr. Feachem had decided that if the Chair wanted to call for an independent investigation into the matters in my letter, he would support that. One caller requested that when I sent my 11 July letter to the Chair, I should send copies to the Vice Chair and Dr. Feachem but not to any other Board members. I agreed.

I edited the letter to take account of these and other inputs provided during the two calls, and then on 11 July I sent the letter to the three agreed people. My letter dealt only with concrete items of information that I had obtained from staff members. I made no suggestion, and I never have, that there has been any fraud or misuse of funds within the Fund.

In my letter, I promised to publish nothing in GFO about my findings until after the Board had received and digested the report of the investigation, assuming there was one. I also promised that during that time period, I would not show the letter to anyone else, not even chairs of Board committees. I have fully honoured those promises. Furthermore, I have never informed anyone verbally or by email about what I said in my letter to the Chair.

On July 27, Dr. Feachem wrote to all Global Fund staff saying "On the morning of Monday July 11, I strongly advised the Chair and Vice Chair of the Board to refer the allegations to the WHO Office of Internal Oversight Services (IOS) for an independent review." He also informed staff that on the same day, the Chair had informed the Board about my July 11 letter, and that she had added that she and the Vice Chair "have also had concerns expressed on these matters by several Board members."

The Chair, Vice Chair and Executive Director then jointly called for an independent investigation to be carried out by IOS. The investigation lasted several months, and was completed in late November. (I have not seen a copy of the investigation report. The investigation appears to have examined most but not all of the matters raised in my letter.) The Board then read and discussed the report at the board meeting that has just been concluded. (See "Investigation of the Global Fund," above, for the limited information that is publicly available on what the report found and what the Secretariat and Board have decided to do about it.)

During the five months since sending my letter to the Chair, I have not been informed of any item in my letter that was incorrect. (However, to be fair, I have also not been told that my letter was correct. Indeed, the Fund's spokesman told the Wall Street Journal in August "I would hazard to say a lot of this is nonsense.")

Since I started looking into the issues in June, GFO readers have only been told what was said in a Wall Street Journal article about the investigation, and, with permission, what was said by the chief investigator in a statement he made to the Global Fund Board on 29 September (see GFO #50 and #51 at www.aidspace.org/gfo). Revealing any more would have violated the commitments I gave to the Chair.

Now that the Board has received and discussed the report, the promise to remain silent that I made five months ago has expired. However, I am very aware that the Board, representing governments, NGOs and others from all parts of the world, worked long, hard and collegially seeking and finding an outcome that was acceptable to all. Accordingly, I feel it would be inappropriate for GFO to reveal more about the issues that were investigated than the Board itself has chosen to disclose.

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Bernard Rivers' website and biography can be found at <http://bernarddrivers.com/about/>.

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