



Independent observer  
of the Global Fund

## A BLAST FROM THE PAST: PLAY THE CORRUPTION QUIZ! AND OTHERS

As someone relatively new to Aidspan and the GFO, it has been a revelation for me to go back into the archives and read more of Bernard Rivers' articles. I could not resist reprinting more of his exemplary writing which I hope will either remind those of you in the know about some of his great journalism or show those of you who don't know, what you missed! So here are three more brief examples from the archives that showcase Bernard's incisive journalism, great style and also his playfulness. Whether or not you play the Corruption Quiz, agree with him that the Global Fund could be a better communicator, or have a particular interest in mismanaged grants in Kenya ? his passion shines through. Bernard, this is YOUR issue; and we have so much to thank you for.

### Article 1: Corruption Quiz

Bernard Rivers

Reprinted from GFO Issue 194: 4 September 2012

(Original version available [here](#).)

Are you corrupt?

Before you answer that question, here's another: What is corruption?

The Charter of the Global Fund's Office of the Inspector General (OIG) states that the role of the OIG is, in part, "to undertake investigations of potential fraud, abuse, misappropriation, corruption and mismanagement." In principle, that's fine. But where should the OIG draw the line when deciding what to investigate and report on? And by extension, where should each employer draw its own line when

deciding what activities to reprimand or fire its employees for?

These are not trivial questions. Here is a Corruption Quiz to help you think them through.

Consider the following activities by Mr. X, a fictitious person who is employed by a fictitious Global Fund grant implementer:

1. Mr. X stole large amounts of cash from the office safe.
2. Mr. X claimed expenses for an event he didn't attend.
3. Mr. X went to a conference for work purposes, stayed an extra day to see a friend, and claimed expenses for the extra day.
4. Mr. X booked a plane ticket for a work trip using his favourite airline, which cost more than the cheapest one.
5. Mr. X used his employer's car for a work trip, in the course of which he diverted to visit a friend.
6. Mr. X helped himself to a few pens from the office supplies cabinet and took them home for his children to use.
7. Mr. X copied a few pages on the office photocopy machine for personal purposes.
8. Mr. X spent the occasional 15 minutes of work time sending personal email and chatting with colleagues about non-work issues.

Questions:

1. Have you ever done any of the above activities? (Yes, and so have I.)
2. For which of the above activities, if confirmed, should Mr. X's employer reprimand him?
3. For which of the above activities, if confirmed, should Mr. X's employer fire him?
4. Which of the above activities should the OIG look into if a whistle-blower alleges that they have happened?
5. For which of the above activities, if confirmed, should the OIG demand that grant money be refunded to the Global Fund?

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## Article 2: A New Funding Opportunity? Huh?

Bernard Rivers

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(Original version available [here](#).)

The Global Fund is renowned for its almost militant policy of transparency. Do you want to know the most recent rating the Fund gave a particular grant? [Click here](#). Do you want to know the precise details of a fraudulent act uncovered by the Office of the Inspector General? [Click here](#). Do you want to read Annex 7 of a Board paper on the Fund's financial situation? [Click here](#).

But when something really important happens, something with enormous consequences for grant applicants, implementers and potential beneficiaries around the world, don't rely on the Global Fund to tell you about it. Three linked incidents at the Fund's recent Board meeting in Accra illustrate this.

The first incident was when the Board – after anguished and at times heated discussion – agreed to cancel Round 11, yet chose wording for the resolution that did not include the word “cancel” or anything implying it. Instead, the Board resolved “to convert Round 11 into a new funding opportunity in 2014.” That’s roughly equivalent to my calling my hungry children to the dinner table, placing a tasty meal before them, and then, before they can eat, yanking away the meal and replacing it with a couple of raw potatoes, telling the kids that this represents “a new feeding opportunity.”

The second incident happened the following morning. Just as we were sending out the GFO to 9,000 people with a lead story saying “Board cancels Round 11...”, the Global Fund sent out a press release reporting what had happened at the meeting. And amazingly, even though the Board had just made its most difficult decision in ten years, the press release engaged in ever-greater avoidance than the Board, because it didn’t even contain the words “Round 11.” The nearest the release came to this was when it said that as a result of “a revised resource forecast,” the Board had “adopted measures ... making savings in the existing grant portfolio ... [in order] to finance essential services for on-going programs that come to their conclusion before 2014.” Crystal clear, right?

The third incident occurred later the same day. Twenty-four hours after the Board had made its momentous decision to cancel Round 11 (or, if you prefer, to provide a new funding opportunity), the Fund’s website still said nothing about this decision, despite the numerous people who must have been visiting the site to find out more details about what they had been hearing.

This whole approach represents timidity and evasiveness in the extreme. This is not how things should be done. Yes, true, it is how most other large organisations handle such situations. But the Global Fund was supposed to be different, and the Global Fund community deserves better.

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Article 3: 20,000 Kenyan Lives Not Saved

Bernard Rivers

Reprinted from GFO Issue 187: 5 June 2012

(This is an abbreviated version. The use of “...” indicates that additional text was provided in the original article, available [here](#).)

I’ve lived in Kenya since 2007, and I plan to live here long after I retire. And because I feel a strong commitment to the country, I’ve always had a particular interest in the Global Fund’s grants to Kenya.

So three years ago I decided to examine all data at the Global Fund’s website regarding the Fund’s three Round 2 grants to Kenya... – grants which ended in late 2008, just before I did my research. The principal recipient (PR) for these grants was the Ministry of Finance, with much of the work being assigned to the Ministry of Health. The Global Fund’s main web page for Kenya summarised these grants and did not suggest there were any particular problems.

But when I dug deeper, I was stunned to find that 47% of the \$143 million that had been specified in the grant agreements for these three grants – namely, \$67 million – was never disbursed by the Global Fund. Yes: \$67 million that was available for Kenya was never sent; it was eventually made use of by the Fund for grants to other countries. The situation was particularly bad for the Round 2 malaria grant, for which the undisbursed amount came to 83% of the grant and for which there was not a single disbursement during the three-year Phase 2...

How could this be? I wondered. The only possible reasons for not sending the money were that the Global Fund Secretariat was in a complete mess, or that the Secretariat deliberately didn’t send the money

because it saw that the Kenyan implementers themselves were in a complete mess.

After digging further at the Global Fund website and asking around in Nairobi, I found that the problems with these grants occurred almost entirely within Kenya. (But that does not mean that the Fund was without fault, as I discuss below.)

When the Kenya CCM asked me to speak at a retreat it held in early 2009, I was brutally and undiplomatically candid. The CCM Secretariat subsequently circulated to all CCM members the paper on which my presentation was based. The paper's section headings included the following: "Kenya's grant performance is almost the world's worst"; "Most grants are currently inactive"; "Many problems with mid-level management"; "Audit queries unanswered"; "Poor reporting to the Global Fund"; "Power conflicts between Ministry of Health and Ministry of Finance"; and "Many reports, many retreats, many recommendations, but minimal progress". The final paragraph was particularly tough:

"No accountability! When Global Fund grants fail, the people of Kenya pay the price. But it appears that nobody on the CCM or at leading levels within the PR or the SRs feels accountable. To editorialize: Some people need to wake up at night sweating; they need to fret that they will lose their jobs, and they need to fret for those who are not being served. There have been multiple instances in Kenya when mid-level managers have moved slowly or not at all, in part because nobody with authority over them is applying much pressure on them to move and to get the job done."

I know that for anyone, particularly a non-Kenyan, to have written in those terms was not politic. But I was angry, and I felt that someone had to say these things.

The following year, 2010, the Global Fund's Office of the Inspector General (OIG) conducted an audit of these and other grants to Kenya. It took nearly two years for the audit report to be published... The OIG report spells out multiple problems that arose with the three Round 2 grants. For instance, the report shows that when \$35,000 of grant money was budgeted for a "women's advocacy meeting," the amount actually used, supposedly for this meeting, was six times as much – with no evidence that any meeting took place in the intended form...

And the report says that for the malaria grant, \$450,000 in expenditure "was not appropriately supported by documentation" and should be returned to the Global Fund. And it adds that a governmental department disbursed \$1.7 million of grant money to districts without providing instructions about what activities the funds should be used for and without obtaining documentation to show what the funds were actually used for. And it says that the Ministry of Health disbursed \$1.11 million to another governmental department without informing that department that this had been done – as a result of which, the money then sat unused for months because nobody knew the money had arrived... And more of the same.

What was going on in Kenya involved gross mismanagement for sure, mixed in with bits of what smells awfully like fraud.

The \$67 million that the Global Fund never sent to Kenya because of these problems could have saved about 20,000 Kenyan lives...; further lives could have been saved using the money that did reach Kenya if that money had been better managed.

What also annoyed me was the behaviour of the Global Fund itself. The grants started in late 2003; it is clear from the documentation that by the start of 2005 the Fund was aware of serious problems. Why did the Fund not then insist on drastic action, or terminate the grants?... And why has the Global Fund never provided any evidence on the Kenya page of its website or in its grant performance reports that these grants were a disaster?...

When I discussed this with the Global Fund Secretariat in 2009, I concluded that the Secretariat had for

some years engaged, at least with regard to Kenya, in a mix of wilful blindness, naive optimism, and a desire not to cause offence. Such behaviour is not acceptable. Every dollar that was wasted in Kenya, and every dollar that never got sent to Kenya, was a dollar that did not provide Kenyans with prevention and treatment services that they deserved and that they had been told they would receive. By “not causing offence” to Kenyan officials, the Fund was permitting those officials to take certain actions, and to avoid certain others, as a result of which about 20,000 Kenyan lives went un-saved...

The situation in Kenya seems to have improved in the last couple of years. The reason I'm telling this story is that it must never be allowed to happen again. Implementers, local watchdogs and the Fund itself must never again permit Global Fund grants to be so badly managed. Remember: if 90% of countries are performing impeccable grant management and 10% are not, the failures of the 10% could cause problems for everyone once the facts emerge....

(The original version of this article, [here](#), contains notes on sources, on how the estimate of 20,000 lives was obtained, and on responses from the Global Fund and the Kenya CCM

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