



Independent observer
of the Global Fund

GLOBAL FUND MAY REDUCE FUNDING TO NIGERIA BECAUSE SOME RECOVERABLE AMOUNTS HAVE NOT YET BEEN REPAYED

The Global Fund may reduce funding for Nigeria's HIV and TB grants by more than \$5 million because it is having difficulty recovering outstanding amounts owing following an [audit](#) and an [investigation](#) conducted by the Office of the Inspector General in 2011.

Over \$3 million in recoverable amounts have not been refunded despite several efforts in line with the recommendation by the Global Fund's Recoveries Committee. Nigeria's country coordinating mechanism has said in the past that it has difficulties recovering the funds because many of the individuals responsible for the questionable expenses are no longer in service. It has appealed to the government for help.

The recoverable amounts relate to inappropriate expenditure by four principal recipients – the Yakubu Gowon Centre, the National Agency for the Control of AIDS, the Christian Health Association of Nigeria, and the Civil Society Consultative Group on HIV/AIDS in Nigeria (CiSHAN). Some of the expenditures attributable to CiSHAN occurred when that organization was serving as a sub-recipient.

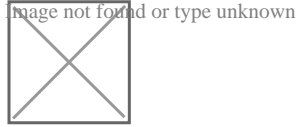
GFO has obtained a copy of a letter dated 23 September 2015 from Mark Edington, Head of the Global Fund's Grant Management Division to Dr Dauda Suleiman Dauda, Acting Chair of the CCM. Mr Edington wrote that "should the recoverable amounts not be refunded by the date of the Grant Approval Committee's second meeting regarding Nigeria's HIV and TB grants, Nigeria's allocation from the Global Fund would be reduced by an amount equal to double the amounts outstanding."

The second GAC meeting is scheduled to take place on 2 October. In his letter, Mr Edington said that "I would therefore request your urgent assistance in facilitating the recovery of any outstanding amounts ...

to minimize any potential reductions to be made to Nigeria's allocation.”

In January 2015, The Global Fund's Management Executive Committee adopted a policy for all recoveries that said that as a last resort, if all recovery efforts fail, the Fund will reduce the allocation to the country concerned by a factor of 2:1 ([see GFO article](#)).

The 23 September letter provided a list of the recoverable amounts and the potential reductions in allocations (see table).



When the Global Fund informed Nigeria of its 2014-2017 allocation on 12 March 2014, it indicated that access to the allocation may be conditional upon the Global Fund's satisfaction with actions towards repayment of outstanding recoveries.

In his letter of 23 September to the CCM, Mr Edington said, “Please know that the Global Fund's goal in this decision is to better serve Nigeria through the continuation of funding for crucial activities to combat AIDS, TB and malaria. If any reduction is necessary, it will be made reluctantly.”

NACA and CHAN told a CCM meeting in December 2014 that they were having difficulties recovering inappropriately spent funds from indicted individuals. They said recovery from the organizations indicted in the OIG report is possible but the individuals who should make the refunds have since either retired or been transferred.

The CCM said at the time that it foresaw a prolonged process of tracking down such individuals because of legal bottlenecks, and that the cost of recovering funds from them may be high.

Dr Dauda, who admitted no progress has been made towards getting back the outstanding amounts, disclosed that the CCM is relying on the Government of Nigeria to help it recover the amounts. “I cannot say how possible it (recovery of funds) is. It is not something really within our powers. That is why we are following up with the president,” Dr Dauda told GFO.

Nigeria received the largest allocation of any country under the NFM – \$1.1 billion, of which 477 million was for HIV.

Copies of the 23 September 2015 and 12 March 2014 letters to the CCM are on file with GFO.

Update: 6 October 2015 – The Nigeria CCM failed to meet the 2 October deadline (no assistance was obtained from the government), so the Global Fund Secretariat is expected to proceed with the reductions to the allocations. This is the first time that the Fund has had to resort to applying the 2:1 formula for using reductions in the allocations to recover amounts owing.

[Read More](#)
