



Independent observer
of the Global Fund

CONTRACTS WITH SR RESUME AS CAMBODIA'S DISPUTE WITH THE GLOBAL FUND ENDS

A dispute over clauses in contracts with a sub-recipient in two malaria grants in Cambodia regarding how travel costs should be accounted for was resolved in December 2015, according to Dr. Luciano Tuseo, who heads the World Health Organization's malaria program in Cambodia. Dr Tuseo is quoted in an article in [IRIN News](#).

The impasse delayed the implementation of portions of the two grants by several months. Neither The Global Fund nor officials in Cambodia have released any information on how the dispute was resolved.

The Global Fund is Cambodia's largest funding partner for fighting malaria, with \$393 million invested since 2003. Under the new funding model grant that was scheduled to begin in July 2015, the malaria program will receive \$46.5 million out of a total country allocation of \$148 million. The principal recipient for this grant is the United Nations Office of Project Services (UNOPS).

In addition, with the third highest burden of malaria in the Greater Mekong Sub-region, Cambodia began activities under The Global Fund Regional Artemisinin Initiative (RAI) in January 2014 with an allocation of \$15 million, following a year of delay.

The SR in question is the National Center for Parasitology, Entomology and Malaria Control (CNM) which was set to receive \$12 million under the NFM grant to Cambodia and \$9 million under the Cambodia portion of the RAI grant.

In October 2015, the Phnom Penh Post printed an article with the headline "[Malaria money sits idle](#)." In the U.K, The Guardian ran a similar story under the banner "[Cambodia's battle against malaria put at risk as expenses row holds up funds](#)"

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The newspapers reported that CNM refused to sign its contracts because it disagreed with clauses on how to account for travel-related expenditures.

The Phnom Penh Post reported that because of the impasse, treated mosquito nets were warehoused for an extended period; there were shortages of testing kits and drugs; and critical activities at the village level had to be suspended.

Cambodia experienced a steady decrease in morbidity and mortality over the past decade, including a 70% reduction in malaria cases and deaths in the period 2009-2014. The impasse coincided with an alarming rise in malaria cases in some provinces since June 2014, with further acceleration in the first half of 2015. While spikes in caseload and programming delays are not necessarily related – several factors can affect malaria rates, including natural cyclical variables like climate – this is a worrisome trend given the challenge of drug resistance.

In a statement released on 20 October, The Global Fund said that the situation remains critical, and preliminary data on an increase in malaria cases in parts of Cambodia since mid-2014, as well as resistance to artemisinin-based combination therapies, carries serious implications for the broader Mekong region. Although the Fund did not comment directly on the impasse with CNM, it said:

“The Global Fund implements a framework of accountability that requires transparent reporting on investments in health, so that a maximum of available resources go toward serving people affected by malaria and other diseases. The Global Fund has a zero tolerance policy for fraud and corruption, and requires a high degree of transparency and accountability from all partners, even in challenging operating environments where governance and accountability systems do not meet international standards.”

This is not the first time that the CNM has found itself under severe scrutiny. In 2013, financial mismanagement in its highest ranks was uncovered during an audit and an investigation by the Office of Inspector General (see GFO articles [here](#) and [here](#)).

Following the OIG audit and investigation, Cambodia’s country coordinating mechanism took extensive measures to prevent further misuse. These included restructuring the implementing arrangements by replacing CNM with the UNOPS as PR for the malaria grant.

Misused funds in the amount of \$431,000 have since been repaid to The Global Fund by Cambodia. Further risk mitigation measures, such as increased financial oversight, were tightened and built into the grant-making process, to ensure that programs are implemented in a transparent and accountable manner. The enhanced reporting on travel expenditures was part of the new fiscal controls.

The Global Fund worked closely with the Ministry of Health and UNOPS to address the special challenges related to the strict fiscal measures implemented last year and to resolve the dispute. “It’s unclear what broke the funding impasse,” IRIN News reported, “as the WHO’s Tuseo refused to say, and Huy Rekol, director of Cambodia’s National Malaria Centre was unavailable for comment. But Rekol said late last year that the major point of disagreement was over the Fund’s insistence that his staff provide receipts for accommodation. He argued that this was impossible since they often worked in remote locations.”

There has been speculation that the Global Fund has agreed that the travel receipts will no longer be required; and that expenses from government missions will instead be spot checked for verification, along with other measures to ensure fiscal transparency.

Potential global consequences

Nick White, a professor of tropical medicine at Oxford University, was critical of the impasse. He told IRIN News that cutting back on programs aimed at killing off the parasite will increase its ability to resist drugs.

The deadlock in Cambodia has potentially catastrophic implications worldwide. Prior drug-resistant strains of the parasite that spread across the globe and taken the lives of millions in India and sub-Saharan Africa have all originated on the Thai-Cambodia border. Critical to the success of Global Fund-backed programs to fight malaria is the widespread administration of antimalarial artemisinin. Emergent artemisinin-resistant malaria several years ago provoked an urgent global response to avert its spread.

In addition, research in Cambodia shows clear evidence of resistance to piperazine. Piperazine is a long-acting drug that is partnered with fast-acting artemisinin in combination therapies; combination treatment makes development of resistance less likely and until now is the recommended first-line treatment for multi-drug resistant malaria around the world. With artemisinin resistance already rapidly spreading, it is easier for a parasite to also develop resistance to piperazine. The research findings were published in [The Lancet Infectious Diseases](#) in January 2016.

“Piperazine resistance is a serious worry to us because it’s one of our main drugs,” Nick White said. “It’s the only one we can use in rapid elimination.”

The breakthrough in negotiations was reported just as Cambodia launched a new five-year \$142 million program to eliminate the malaria strain, *P. falciparum*, that is susceptible to drug resistance. The Cambodia Malaria Elimination Action Framework 2016-2020 outlines a plan that is part of the larger goal of eliminating all malaria cases by 2025. The Global Fund is one of the donors.

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