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Global Fund Lifts Suspension of Uganda Grants

The Global Fund has lifted the temporary suspension of its five grants to Uganda. The Fund originally suspended the grants in late August after it learned, via a Ugandan whistleblower who approached Global Fund Observer, of “serious mismanagement of the grants” by the Project Management Unit within the Ministry of Health that was set up to administer them.

On 10 November, an Aide Memoire specifying a basis for restructured management of the grants was signed by the Fund, the CCM, and the Ministry of Finance of Uganda in its capacity as Principal Recipient (PR). The Fund then immediately lifted its grant suspension. Funding for life-preserving program activities had been maintained throughout the suspension period.

Among the actions agreed in the Aide Memoire were the establishment of structures by the PR to effectively oversee the implementation of the five grants; a self-assessment leading to a restructuring of the CCM to ensure effective oversight of the Global Fund grants; a continued involvement of the caretaker management firm Ernst & Young over the next six to nine months to evaluate the quality and efficacy of all sub-recipients of grants; and a restructuring process of the grants to streamline implementation, clarify responsibilities, and simplify grant oversight.

In an article titled “Uganda is learning from its Global Fund grant suspension,” the international journal *The Lancet* commented as follows:

The decision to suspend Uganda’s five grants – totalling US\$367 million – sent shock waves through a country whose robust response to AIDS is a point of national pride...

“The major challenge is to create credibility,” says Chris Kassami, Permanent Secretary in the Ministry of Finance, Planning, and Economic Development, who spearheaded the Ugandan response to the suspension. “We want to demonstrate that this project can be managed well. To us that is the most important thing.”

The reputation of the GFATM will be affected, too. Besides Uganda, there have been just two other grant suspensions to date: Burma, in which the grant was terminated outright; and Ukraine, where the Fund has removed all decision-making power from the government and handed it over to an international NGO.

So far, Uganda is the only country which has been allowed to remain at the helm during and after the suspension process. Now that its accounts are unfrozen, it has become a test case for the feasibility of country-driven reform...

[The agreed new] financial controls are designed to prevent the types of financial misconduct identified in the [investigation] report that triggered the suspension, which included inflated “sitting allowances” for individuals attending meetings; irregularities in procurement processes; falsified receipts; and sub-recipients with little or no prior experience in HIV/AIDS.

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