



Independent observer  
of the Global Fund

## Global Fund Freezes Disbursements to Nigerian PR

Nigerian media cite preliminary findings of misuse of grant funds contained in draft OIG audit report

Final audit report has not yet been released

The Global Fund has temporarily frozen disbursements to one principal recipient (PR) in Nigeria, amidst allegations of misappropriation of funds.

In a statement released to the Nigerian media, Jon Lidén, Director of Communications for the Global Fund, said that a draft audit report prepared by the Fund's Office of the Inspector General (OIG) stated that of the total amount audited, \$5.4 million in expenditures was not supported by proper documentation; expenditures of \$4.7 million were considered "ineligible"; and expenditures of \$421,000 were considered "unacceptable" for other reasons. Lidén added that the draft audit report was now with in-country partners for comment, so these figures could change as a result of their feedback. The Daily Trust, a national daily newspaper in Nigeria, quotes Lidén as saying that "neither 'unsupported' expenditure nor 'ineligible' expenditure necessarily implies criminal intent or even ill-intent on behalf of the principal recipients."

Information concerning the total amount audited has not been made public. When the OIG started its audit in 2010, the amount that had been disbursed to PRs in Nigeria was \$474 million.

The audit findings led the OIG to undertake an investigation into possible misuse of funds by Nigerian PRs. (See article in GFO [here](#).)

In its statement, the Global Fund said that it was freezing disbursements to one PR "as a precautionary measure in response to the OIG's initial findings" and that "further action to safeguard our assets may be taken at a later stage. When completed, the Nigeria audit and subsequent investigations will be made

available on our web site.”

Freezing disbursements is a less drastic step than a suspension. The Global will suspend a grant when it has lost confidence in a PR’s ability to manage the grant.

While the Global Fund routinely releases final audit reports publicly, it does not release draft reports. Nor does it usually comment on the findings of draft reports. The Fund commented in this instance because articles about the findings of the draft report appeared in the Nigerian media. The media articles quoted various amounts related to funds being transferred out of the country, and “extra budgetary” and “unretired” expenditures, but these figures were not confirmed. The Global Fund issued its statement in order to clear the air.

The Daily Trust identified the PR whose disbursements have been frozen as the Yakubu Gowon Centre, and said that the Centre has been in existence since 1992, implementing programmes to reduce poverty and fight diseases.

Editor’s Note: The stories in the Nigerian media quoted figures from a draft report and not a final report. The audit process followed by the OIG provides audited organisations with an opportunity to comment on and question the draft audit findings (including the figures cited in the draft). It is quite likely, therefore, that the figures in the final report will differ from those in the draft report. It is possible that they will differ significantly.

The Daily Trust article, “Nigeria: Global Fund Suspends Grants to Gowon Centre,” is available on the website of allAfrica.com [here](#).

Nigerian media cite preliminary findings of misuse of grant funds contained in draft OIG audit report

Final audit report has not yet been released

The Global Fund has temporarily frozen disbursements to one principal recipient (PR) in Nigeria, amidst allegations of misappropriation of funds.

In a statement released to the Nigerian media, Jon Lidén, Director of Communications for the Global Fund, said that a draft audit report prepared by the Fund’s Office of the Inspector General (OIG) stated that of the total amount audited, \$5.4 million in expenditures was not supported by proper documentation; expenditures of \$4.7 million were considered “ineligible”; and expenditures of \$421,000 were considered “unacceptable” for other reasons. Lidén added that the draft audit report was now with in-country partners for comment, so these figures could change as a result of their feedback. The Daily Trust, a national daily newspaper in Nigeria, quotes Lidén as saying that “neither ‘unsupported’ expenditure nor ‘ineligible’ expenditure necessarily implies criminal intent or even ill-intent on behalf of the principal recipients.”

Information concerning the total amount audited has not been made public. When the OIG started its audit in 2010, the amount that had been disbursed to PRs in Nigeria was \$474 million.

The audit findings led the OIG to undertake an investigation into possible misuse of funds by Nigerian PRs. (See article in GFO [here](#).)

In its statement, the Global Fund said that it was freezing disbursements to one PR “as a precautionary measure in response to the OIG’s initial findings” and that “further action to safeguard our assets may be taken at a later stage. When completed, the Nigeria audit and subsequent investigations will be made available on our web site.”

Freezing disbursements is a less drastic step than a suspension. The Global will suspend a grant when it

has lost confidence in a PR's ability to manage the grant.

While the Global Fund routinely releases final audit reports publicly, it does not release draft reports. Nor does it usually comment on the findings of draft reports. The Fund commented in this instance because articles about the findings of the draft report appeared in the Nigerian media. The media articles quoted various amounts related to funds being transferred out of the country, and “extra budgetary” and “unretired” expenditures, but these figures were not confirmed. The Global Fund issued its statement in order to clear the air.

The Daily Trust identified the PR whose disbursements have been frozen as the Yakubu Gowon Centre, and said that the Centre has been in existence since 1992, implementing programmes to reduce poverty and fight diseases.

Editor's Note: The stories in the Nigerian media quoted figures from a draft report and not a final report. The audit process followed by the OIG provides audited organisations with an opportunity to comment on and question the draft audit findings (including the figures cited in the draft). It is quite likely, therefore, that the figures in the final report will differ from those in the draft report. It is possible that they will differ significantly.

The Daily Trust article, “Nigeria: Global Fund Suspends Grants to Gowon Centre,” is available on the website of allAfrica.com [here](#).

[Read More](#)

---