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of the Global Fund

Concerned about OIG Revelations of Misappropriated Funds, Sweden Delays Announcing Pledge to Global Fund

According to the medical journal, *The Lancet*, Sweden did not announce a pledge at the Global Fund's replenishment meeting in New York in early October because it was concerned about how the Global Fund is responding to findings by its Office of the Inspector General (OIG) concerning misappropriated grant money in several African countries.

The *Lancet* quotes Sweden's AIDS ambassador, Anders Nordström, as saying, "There is a certain pattern here and we'd like to see how the Global Fund is handling these cases; how the Fund behaves when fraud is detected in a country."

GFO recently reported on the OIG's audit findings in Cameroon and Zambia. The OIG identified overpayments of \$3.4 million in Cameroon which it said must be recovered. In Zambia, the OIG identified more than \$10 million in expenses that were ineligible or not properly documented. (See GFO 132 at www.aidspan.org/gfo.)

Nordström, who at an earlier point in his career had served as interim Executive Director of the Global Fund, denied that Sweden is cutting support to the Global Fund and insisted that Sweden remains a "concerned and engaged partner." He said, "We want to see progress on the broader reform agenda of the Global Fund. And we will continue our dialogue with them through the fall." The final pledging decision will be taken at the political level.

The Lancet article quotes Stefan Emblad, Director of Resource Mobilisation at the Global Fund as saying that all misused funds identified by the OIG must be repaid. “We have from the beginning been aware that we sometimes work in very risky environments.”

The Lancet said that Médecins Sans Frontières (MSF) Sweden was highly critical of Sweden’s move. It quotes MSF Sweden’s President, Kristina Bolme Ku, as follows:

“Of course there is always corruption when money is involved. It’s not that we are naïve. But the Global Fund is one of the most transparent organisations we know about. When corruption occurs, they take every step to recover the funds. We wonder why Sweden has chosen to target Global Fund, which is highly innovative when it comes to transparency. I would understand if they withheld funds from the World Bank or the Swedish International Development Agency (SIDA), but why the Global Fund? I fear this does more harm than good.”

The Swedish government’s decision to openly declare its concern about how the Global Fund responds to fraud is, in fact, the second decision it has taken in recent months on such matters. Several months earlier, Gunilla Carlsson, Sweden’s development aid minister, was highly critical of SIDA’s leadership for not being sufficiently vigorous in detecting and responding to corruption by recipients of SIDA grants. In a lengthy interview on 26 May, she said that she was very upset by the fact that Swedish aid money has been involved in corruption and fraud in Zambia over the course of several years. “How was it possible that major irregularities in the Zambian Ministry of Health could last that long without being detected by SIDA??Is it possible that a similar situation could arise again in the future?”

The minister went on to say that reviews of SIDA’s internal controls indicated a definite problem. She said that SIDA deficiencies “are systemic and structural, and require decisive action and organizational change. The problems are simply so large that we cannot be satisfied just with an action plan for aid to Zambia and a new internal anti-corruption handbook. We cannot limit ourselves to cleaning up the individual cases.”

The next day, the minister demonstrated to the Swedish public that she could be a champion in controlling corruption by firing the Director General of SIDA, Anders Nordström. Three months later, the minister appointed Nordström as Sweden’s AIDS Ambassador. And five weeks subsequent to that, Nordström was assigned the task of announcing Sweden’s decision to delay making its next pledge to the Global Fund.

Information for this article was taken from the following sources: “Defrauding of the Global Fund Gives Sweden Cold Feet,” Ann Danaiya Usher, The Lancet, Vol. 376, No. 9753, 13 November 2010 at www.thelancet.com/journals/lancet/issue/current; “Head of Sweden’s Aid Agency Sacked,” Johan Nylander, 27 May 2010 at www.swedishwire.com/component/content/article/2:politics/4726:head-of-swedens-aid-agency-sacked; “Gunilla Carlsson: Sidas ledning ansvarig för systemfelen,” 26 May 2010 at www.newsmill.se/artikel/2010/05/26/gunilla-carlsson-sidas-ledning-ansvarig-for-systemfelen.

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