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Principal Recipient for Papua New Guinea Grants Resigns -

Global Fund audit found some misuse of funds by government PR, media report says

Replacement PRs have been nominated

A government principal recipient in Papua New Guinea has resigned “for the sake of the grants.” The National Department of Health (NDOH) was PR for two grants – Round 8 malaria and Round 6 tuberculosis – and had been nominated as PR for a Round 10 HIV grant which has not yet been signed. Replacement PRs have been nominated by the country coordinating mechanism (CCM).

IRIN, a news service of the U.N. Office for the Coordination of Humanitarian Affairs, said in an online article in July 2011 that the decision to resign “followed a Global Fund audit in September and October 2010, when it found the NDOH had not complied with grant guidelines and some \$7 million had been misdirected.” However, the Global Fund Secretariat told Aidspan that the information that has appeared in the media concerning the OIG findings was “not entirely accurate.” The Secretariat declined to comment further because the draft audit report is not yet public and has not been shared with the country.

Editor’s note: In its December 2010 progress report to the Global Fund Board, the Office of the Inspector General (OIG) said that an audit was underway in PNG, and that an investigation was launched into possible misuse of grant funds. No reports have yet been issued on either the audit or the investigation.

IRIN quotes officials as saying that the government’s decision to resign as PR will improve the country’s response. “Stepping down as a PR was a difficult decision to make,” said Leo Sora Makita, principal technical adviser for malaria and vector-borne diseases for the NDOH. “We actually had to step down because we need a principal recipient that can effectively manage the funds and report back to Global Fund.” According to IRIN, Makita agreed that there were some weaknesses in the system and that the

funds were not managed effectively.

The Global Fund Secretariat said that following NDOH's notice of resignation on 15 April 2011, the CCM issued a call for expression of interest for a new PR; and that the CCM received eight applications from organisations with strong financial and management attributes. The Secretariat said that the CCM evaluated each organisation on the basis of its capacity and systems, applicant profile, financial management systems, institutional and programmatic skills, and monitoring and evaluation capacities.

According to the Secretariat, the CCM nominated Oil Search, a private sector company, to replace NDOH for the malaria and HIV grants. World Vision International was nominated to replace NDOH for the TB grant. The Secretariat said that Oil Search is currently being evaluated as a new PR by the local fund agent (LFA); and that the evaluation report will be shared with the Secretariat in September, after which Secretariat experts in finance, procurement and monitoring and evaluation will review the LFA's findings.

Assuming that Oil Search is approved as PR for both the malaria and HIV grants, it will assume its responsibilities as soon as agreements can be signed, which the Secretariat believes will happen by the end of 2011. Until this occurs, NDOH legally remains PR of the malaria grant. The Secretariat said that since NDOH's notice of resignation, one disbursement has been made to NDOH for anti-malaria drugs through the voluntary procurement pool. If Oil Search is confirmed as PR, there will be a transitional period in which NDOH will be working together with Oil Search on the hand-over of responsibilities, under the coordination and oversight of the CCM.

NDOH will also continue as PR for the TB grant, until World Vision International is confirmed as the new PR for that grant.

The Secretariat said that NDOH will continue to play an important role in Global Fund-supported programs as a sub-recipient.

In its article, IRIN said that in addition to producing oil and gas in PNG, Oil Search has run several successful anti-malarial programmes since the 1990s and says it has expertise that can be tapped for its new role.

Information for this article was based on ["Papua New Guinea" Government Steps Down to Step Up Malaria Fight,](#) IRIN, 19 July 2011; and on communications with the Global Fund Secretariat.

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