



Independent observer
of the Global Fund

Global Fund's Efforts to Address Problem of Stolen Malaria Drugs "Too Little, Too Late," says one observer

We are at the "forefront of the international community" in addressing drug theft, Global Fund responds

According to Robert Bate, of the American Enterprise Institute, as many as 30 million donated malaria treatments are stolen every year. Bate said that most of these treatments are financed by the Global Fund, and that the Fund's recent efforts to combat the problem amount to "too little, too late." He added, "The Global Fund has always had the power to oversee the distribution of its funds, but it has chronically failed to act on that responsibility."

Bates was writing on 11 January 2011 in the online edition of the magazine Foreign Policy. Nine days later, the magazine published a rebuttal from the Global Fund, in which Michel Kazatchkine, Executive Director, and John Parsons, Inspector General, state that Bate "told only half the story."

Bate's claims

Bate said that the Global Fund's accountability standards "don't nearly" measure up to its hefty budget and vast influence. "Recipient governments are responsible for managing the funds they receive, and often their local institutions are simply not up to the task. The Global Fund gets a third of its donations from the United States, but more than U.S. dollars, it needs American oversight."

Bate claimed that the Global Fund doesn't have the resources to both administer and audit medicinal grants. Bate cited the example of Togo where, he said, over half a million malaria treatments, well over a quarter of the treatments purchased with Global Fund monies, were stolen from government stores and then sold at street markets across the country. Bate said that officials from CAMEG, the Togolese national

procurement agency that was responsible for the procurement, storage and distribution of the medicines, are suspected of being involved in the thefts. According to Bate, the Global Fund took too long before sending investigators to Togo – “The trail had gone cold well before they arrived.”

Bate said that despite the fact that stolen medicines is a serious and growing problem, “the Global Fund grant system continues unchanged and unaffected by the evident corruption in the states that receive funding. Currently, the organization only temporarily cuts the flow of funds from Geneva before again turning the funding tap back on.”

Bate said that the Global Fund should follow the lead of the U.S. medicinal aid system, which, he said, controls its own drug purchases for the developing world far more tightly. Unlike the Global Fund, Bate said, the U.S. government doesn’t simply provide funds to recipient countries. “Rather, it comes to an individual agreement with each country regarding which drugs the country wants; then it buys the drugs and has U.S. contractors deliver the products to the government distributors.”

The Global Fund’s response

Kazatchkine and Parsons said that the Global Fund has zero tolerance for theft or fraud, and that, “contrary to Mr Bate’s claims, the Fund is acknowledged (by the U.S. and other governments) to have one of the most rigorous mechanisms to uncover and tackle fraud and to recover stolen funds.” Kazatchkine and Parsons said that the Global Fund’s Office of the Inspector General (OIG) “is at the forefront of the international community” in addressing drug theft, diversion and counterfeiting.

Concerning Togo, Kazatchkine and Parsons said that the Deputy Director of CAMEG “and his accomplices” were involved in the misappropriation of malaria drugs worth \$849,832 and that when alerted to suspicions of this theft, the Togolese Country Coordinating Mechanism (CCM) took swift action. In addition, the government of Togo promised to compensate the Global Fund for the missing drugs, and has already repaid most of the amounts involved. “It is ultimately the Togolese tax payer who will pay for this theft, not international donors,” said Kazatchkine and Parsons. “While the theft is despicable, it is not a reason to withdraw continued support for the country’s efforts to fight malaria, since the entire population should not be punished for the actions of a handful of bad people.”

Just as important, Kazatchkine and Parsons said, the thefts have spurred the Togolese government to analyse weaknesses in its drug distribution system and to strengthen the system, such that the risk of theft in future has been greatly diminished.

Kazatchkine and Parsons said that the solution to drug theft in developing countries is to work with countries and their partners to ensure that existing systems include appropriate safeguards. “To imply, as Mr Bate does, that only foreign oversight can secure drug distribution is an affront to the vast majority of honest, hardworking pharmacists, doctors and nurses who are successfully and conscientiously delivering drugs to patients in many countries around the world.”

In its latest progress report to the Global Fund Board, reported on in GFO 137, the OIG said that it had also received reports of organised thefts of anti-malarial drugs in Malawi, Tanzania, Kenya, Nigeria, Uganda and Côte d’Ivoire.

Several months ago, Bate wrote an article on this topic in the journal *Research and Reports in Tropical Medicines*, in which he said that the problem also affects aid programmes at the United States Agency for International Development (USAID). See [“Report Renews Concerns About Stolen Malaria Medicines”](#) in GFO 131.

Editor's note: The Global Fund is planning to convene a meeting in the near future bringing together major international funders of drug supplies to developing countries, technical and law enforcement agencies and implementers of health programmes to intensify joint efforts to prevent theft of medicines.

The article by Robert Bate ("Africa's Epidemic of Disappearing Medicine") and the response from the Global Fund ("A Half Truth on Drug Theft") are at

www.foreignpolicy.com/articles/2011/01/11/africas_epidemic_of_disappearing_medicine?page=0,1.

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