



Independent observer
of the Global Fund

The Right Diagnosis, but the Wrong Prescription

Editor's Note: This article is responding to [a commentary](#) on the firing of John Parsons written by Bernard Rivers in GFO 203.

In his commentary posted on 21 November, Bernard Rivers joined countless others in cheering the dismissal of the Inspector General of the Global Fund. The cheers are not surprising. The Office of the Inspector General (OIG) has not made many friends. But reducing this to a discussion of the failures of John Parsons is too facile. This is about a much more fundamental issue of what we should expect of an OIG in the Global Fund. And here, I suggest, Bernard is making a big mistake.

In 2008, the incoming Inspector General had options for shaping the OIG in the evolving Global Fund structure. The most visionary among them would have been a unit to monitor grant implementation on behalf of all stakeholders in the Global Fund, from people benefiting from grants to those contributing through their taxes. The OIG had the status in the Global Fund architecture to do this. It was independent of the Global Fund Secretariat. Like the Technical Review Panel, it was under the direct authority of the Global Fund Board.

If John Parsons had grasped this opportunity, the OIG could have added real value to the Global Fund. It could have cut through the superficiality of numbers that the Global Fund proudly announces as its "results." It could have analysed and communicated the meaning of these numbers, and the real costs of generating them. These costs are never seen in the Global Fund's reports because they are borne by communities and by health and social systems that are supposed to be "beneficiaries." The OIG could have analysed and communicated the risks that resources for the response to HIV, tuberculosis or malaria are lost or misapplied because of inappropriate programme design or weak management controls. And, most importantly, the OIG could have worked with grant recipients and grant administrators to mitigate

these risks before they resulted in losses.

This would have been a function usually associated with an internal audit department. In the case of the Global Fund, this would have required a new definition of what is “internal.” A definition had already been advanced by former Executive Director Michel Kazatchkine when he told countless meetings of stakeholders that “the Global Fund is you.” If the Global Fund really is all of us who contribute or benefit, if it is not some office in Geneva or a group of contracted accountants called “local fund agents” (LFAs), then I would like to have something like an OIG to keep an eye on things before they can go wrong.

John Parsons may well have had such a vision when he started the rounds of comprehensive country audits in 2008. But the OIG soon became side-tracked. There are three reasons for what went wrong:

1. Although the country audits were meant to be “comprehensive,” the OIG did not hire professional staff to guide them. In 2011, the OIG finally recruited an Audit Director who had a notion of what was required. But by then the damage was already done: Audit reports had been made public that included programmatic and procurement reviews lacking focus and quality control; consultants had been recruited at the last minute on the basis of availability rather than competence; reports had been generated by single consultants working without professional guidance, embedded in teams of finance auditors like journalists embedded in army units in the Iraq war; and public health and supply management findings in the audit reports had been edited down to meaningless paragraphs by audit team leaders with only rudimentary understanding of the issues under discussion.
2. The emerging focus on “recovering funds” poisoned the atmosphere of work with grant recipients. The OIG teams were resented before they even arrived in the country. Their reputation had spread. They were considered to be just another cross to bear by grant recipients who were often run ragged by unreasonable and senseless controls imposed by the Global Fund through the LFA. In such an atmosphere, participatory analysis and the search for solutions to mitigate programmatic and supply management risks became nearly impossible.
3. Fraud investigation became a major growth department within the OIG. The investigation unit was staffed by consultants who sometimes overstepped the limits of acceptable behaviour. There was never an attempt to clearly communicate the difference between the practices of the investigators seeking retribution, and the problem-solving approach of internal auditors. In fact, some of the OIG auditors and their consultants did not understand this difference.

By the time the new Director of Audits started to address some of these issues, the relationship of the OIG with the Global Fund Secretariat – and with many of the constituencies at country level – was irrevocably poisoned. The Secretariat had long ago started to create an evaluation unit within its own hierarchy, short-circuiting any attempt to locate the evaluation function under direct Board authority. And, as Bernard rightly points out, an unknown number of grant recipients had suffered serious damage because of the inappropriate zeal to “recover funds” by contracted OIG financial auditors.

The damage is done and the Global Fund needs a new OIG, not just a new Inspector General. I agree with Bernard up to this point. His diagnosis is correct but his prescription is wrong. His suggestion that the OIG should concentrate on finding more fraud is prescribing the poison that caused the disease in the first place.

We don't need to be afraid that the fraud investigation unit of the Global Fund will disappear. But what is likely to disappear is an opportunity for a transparent evaluation and audit function to monitor the practices of grant funding and grant implementation. Clearly, John Parsons did not realise this opportunity although I think he may have tried. The opportunity may now be lost forever. If this is the case, it is nothing to cheer about. The Global Fund may have rid itself of an annoying itch, only to move one step further away from the partnership approach to development financing that it pretends to practice.

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Conflict of interest statement: Josef Decosas served on the Technical Review Panel of the Global Fund from 2005 to 2010, and has worked as a public health consultant on several country missions for the OIG since 2009.

Another reader has posted a comment on GFO Live about the original commentary by Bernard Rivers. See [here](#) (scroll down to the bottom of the commentary).

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