

Global Fund announces new anti-corruption measures

February 4 2011, By JOHN HEILPRIN , Associated Press

(AP) -- A \$21.7 billion global health fund and the U.N.'s main development arm launched new anti-corruption measures Friday in the wake of intense scrutiny from donors and stories by The Associated Press detailing fraud in their grants.

Chief among The Global Fund to Fight AIDS, Tuberculosis and Malaria's new measures are plans to create a high-profile panel of experts to examine the fund's ability to prevent and detect fraud in its grants.

"Programs supported by the fund have saved seven million lives and are turning back the three disease [pandemics](#) around the world," said the fund's executive director, Dr. Michel Kazatchkine. He said the fund has "zero tolerance" for fraud and corruption and was "responding aggressively when instances of fraud or misappropriation are detected."

Kazatchkine said the new measures would be in place by June.

Other corrective actions include doubling funds for its internal watchdog, the office of the inspector general, John Parsons. Before the announcement, Parson's office was to get \$18.5 million this year so it could expand to 19 investigators and eight auditors.

The Global Fund also plans to hire more internal financial managers, give outside firms more responsibility for monitoring grant spending and help the countries receiving grants better oversee that money.

A key change will be tighter scrutiny over training events - a place where the fund's investigators have found high levels of fraud. In Mali, a large share of TB and malaria grant money was lost to forged signatures and fraudulent invoices for training that did not take place. In Mauritania, a similar pattern was found among HIV, malaria and TB grants.

The Global Fund, created in 2002 to speed up health grants, has disbursed \$13 billion of \$21.7 billion approved by its directors, sending money to health ministries, international organizations and others to fight the three diseases. Its biggest donors are the U.S., France, Germany and Japan. It is the largest international funder of programs to combat malaria and tuberculosis and provides a fifth of all international funding to combat HIV/AIDS.

Also Friday, U.N. Development Program Administrator Helen Clark announced stricter measures against internal fraud and corruption and backed the Global Fund's new safeguards, saying "we can and we must do better."

UNDP carries out programs with the Global Fund's grant money in 27 countries, managing about \$2.7 billion of the fund's grant money.

"When funds intended for lifesaving treatment and prevention are stolen, that theft is tantamount to murder," Clark said.

The U.N. agency said it will hire an investigator to check out allegations of corruption in UNDP-managed Global Fund grant money and plans to strengthen its investigative and audit teams. It also reached a deal with the Global Fund to better share information in fraud investigations.

The AP reported last week the Global Fund's investigators were finding that high percentages of some grants they had examined were eaten up by corruption. The fund is demanding the return of \$34 million in grant

money. Parsons says his office could double its staff and still not handle all its caseload - there are now at least 100 active cases of possible fraud.

The fund's investigators are looking into allegations of organized thefts of anti-malarial drugs in Malawi, Tanzania, Kenya, Nigeria, Uganda, Togo and Ivory Coast and their sale in Nigeria, Benin, Ivory Coast, Cameroon and Guinea.

Following the AP articles, Germany's development minister called for a thorough investigation and halted further donations to the fund. Fund officials, facing their biggest crisis in years, are also scrambling to reassure Sweden and Denmark.

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