

The Global Fund Secretariat's suspension of funding to Uganda: how could this have been avoided?

Lydia Kapiriri^a & Douglas K Martin^a

Abstract In August 2005, the Global Fund to fight AIDS, Tuberculosis and Malaria (the Global Fund) Secretariat suspended its five grants to Uganda following a PricewaterhouseCoopers audit report that exposed gross mismanagement in the Project Management Unit. How could this have been avoided? How can other countries avoid a similar pitfall? We argue that if a legitimate and fair decision-making process were used, the suspension of funding to Uganda could have been avoided, and that this lesson should be applied to other countries. The "accountability for reasonableness" framework of relevance, publicity, revisions and enforcement would help in implementing legitimate and fair decision-making processes, which would improve effectiveness, accountability and transparency in the implementation of Global Fund programmes, preventing future suspension of funding to any Global Fund projects.

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يمكن الاطلاع على الملخص بالعربية في صفحة 579.

Introduction

The Global Fund to fight AIDS, Tuberculosis and Malaria (the Global Fund) was created to finance a dramatic turnaround in the fight against human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), tuberculosis (TB) and malaria, which cause over six million deaths each year. To date, the Global Fund has committed US\$ 4.4 billion to country coordinating mechanisms (CCMs) in 128 countries. CCMs are central to the Global Fund commitment to local ownership and participatory decision-making, as well as responsible for developing each country's control programme and monitoring its implementation.¹ The Global Fund recommends that CCMs should have a wide stakeholder representation from both the public and private sectors.

The Global Fund Secretariat has developed extensive structures to ensure transparency and proper accountability, including detailed guidelines and criteria for (1) selecting projects for funding; (2) governing internal appeal mechanisms; and (3) selecting and defining roles of CCMs. In addition, local funding agents (LFA), who are supposed to be the "eyes and ears"

of the Secretariat in each country, assess the capacity of the nominated principal recipient, verify disbursement of requests and progress, and review the annual audit reports.² To promote early identification of challenges to programme implementation, an Early Alert and Response System (EARS) has also been designed; this facilitates systematic sharing of information on grant progress within and outside the Secretariat and ensures timely response to the identified challenges.³ The information gathered through this system — the guideline, criteria, grant application and programme monitoring — are available from the Global Fund web page.⁴

What happened in Uganda?

In August 2005, the Global Fund Secretariat suspended Uganda's funding of five grants (US\$ 367 million) subsequent to a PricewaterhouseCoopers audit report, following a country evaluation, that exposed gross mismanagement in the Project Management Unit (PMU).^{5,6} The mismanagement was evidenced by inadequate monitoring and accounting of grant expenditures; inappropriate, unexplained and/or improperly documented expenses; and lack of adherence

to set criteria (such as for vetting of sub-recipients) resulting in entities being funded without evidence of their legal status.⁷ The possible causes of mismanagement were considered to be (1) lack of capacity to manage the funds and undertake planned programme activities;⁸ (2) low levels of civil society participation; (3) unclear roles and responsibilities of the CCMs, principal recipient and the project implementation unit, which led to the sidelining of the CCM (i.e. instead of reporting to the CCM, the PMU was reporting to the Ministry of Health);⁹ and (4) poor communication between the members of the CCMs (for example lack of advance notice about meetings, late circulation of project proposal documents for review, and lack of, or failure to disseminate, guidelines such as the Project Implementation Manual which should provide guidance on how the PMU should select recipients for funds, disburse money and verify accountability).¹⁰

In response to the suspension of the Global Fund funding to Uganda, the Head of State appointed a five-member commission, chaired by a high court judge, to probe and make recommendations for criminal prosecution of those

^a University of Toronto Joint Centre for Bioethics, 88 College Street, Toronto, Ontario, M5G 1L4, Canada. Correspondence to Dr Kapiriri (email: lydia.kapiriri@utoronto.ca). Ref. No. 06-030718

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found guilty, and also for recovering the Global Fund money from those who had misappropriated the funds.¹¹ In addition, an international accounting and auditing firm was temporarily hired to take over the management of the country's funding, while the entire staff of the PMU was relieved of their duties. Although the commission has not yet concluded their inquiries, the Global Fund Secretariat was satisfied with these measures and reinstated the funding. "Over the past two months, the Global Fund has been heartened by the intensive efforts of our partners in Uganda. We are very pleased that the progress made enables us to lift the suspension of Uganda's grants." (Executive Director, the Global Fund November 2005)¹²

Funding was reinstated on the condition that the grant management is consolidated and that the Ministry of Finance strengthens the oversight and governance of the Global Fund's grants to ensure effective, accountable and transparent implementation of the funded programmes.¹²

Some problems that led to the suspension of funding to Uganda may not be limited to one country as evidenced from recent studies. A technical review¹³ of 107 (83%) CCMs between March and July 2005 revealed that only:

- 51% of countries had a transparent, documented process for nominating the primary recipient (PR) and overseeing programme implementation;
- 43% demonstrated a transparent and documented process for soliciting and reviewing submission of inputs from all stakeholders;
- 23% had a written plan to mitigate against potential conflict of interest; and
- 39% of CCMs had made the names of their members publicly accessible.

A multi-country study showed lack of effective participation of people living with AIDS (PLWA) in the decision-making processes,¹⁴ while another study reported that some countries thought their LFAs lacked the necessary technical expertise and insight to manage health programmes.⁸

Implementing legitimate and fair decision-making

We opine that improvement strategies for managing national Global Fund programmes will not only benefit the

Ugandan programme but also be relevant to other CCMs that need to strengthen their governance. This can be achieved through a legitimate and fair decision-making process that would create the climate for effective and accountable (i.e. ethical) management of Global Fund projects. According to the ethical framework of "accountability for reasonableness", such a process should meet four conditions: (1) relevance; (2) publicity; (3) revisions; and (4) enforcement (Box 1).¹⁵ This framework has previously been used to evaluate and improve health care management decision-making with regard to priority settings in different health systems,^{16,17} and is based on justice theories emphasizing democratic deliberation.¹⁶

We contend that the principles of this framework can provide practical guidance for CCMs, and can guide both global and national level decision-making to ensure legitimacy and fairness in the management of the Global Fund projects.

Relevance

The "relevance" condition requires the participation of a range of stakeholders, who should make decisions based on reasons that are perceived as relevant to the decision and context. While this is in accordance with the conditions for grant eligibility (Box 2),¹⁸ it was not fulfilled in Uganda and other countries. Although relevant stakeholders such as the public/civil society and PLWA should be represented on the CCMs, they were either not involved or lacked the capacity for meaningful participation.^{9,14} The CCMs should have a participatory structure to ensure (1) that all relevant stakeholders, especially members of the civil society and people living with the diseases, are represented; (2) support by either legal or moral backing to enable them

to perform their roles; (3) clarification and publicizing of their role; and (4) training in the necessary skills required to perform their duties.

While the Global Fund Secretariat fulfilled the relevance condition and consistently applied detailed criteria for selection of eligible projects, there are indications that the reasons behind the decisions made by the PMU in Uganda are not readily available.¹⁰ Moreover, inconsistencies in the application of the criteria recommended by the Global Fund were also reported.^{10,11} Hence, there is an urgent need to finalize and publicize the PIM, which should be used consistently. Meanwhile, the guidelines provided by the Global Fund (such as criteria for nominating the principle recipient, selecting the CCMs, hiring of staff, identifying the sub-recipients and the procurement firms) could provide initial guidance, but should be discussed by the CCMs for its local relevance.

Publicity

Publicity facilitates the understanding of the programme among the people and stimulates debate on the decisions and the criteria used in the process thereby improving transparency and public accountability. Publicity may also help in improving general programme management. The "publicity" condition would be more effective if both the decisions and the criteria/reasons guiding the decision-making are publicized. While the Secretariat fulfilled this condition by publicizing their decisions and the criteria on their web page,⁴ given the limited access to the Internet in most developing countries,¹⁹ it should consider additional strategies for publication such as disseminating printed versions of the relevant documents. This condition was not fulfilled in other

Box 1. The four conditions of "accountability for reasonableness"

Relevance	Rationales for resource allocation decisions must rest on reasons (evidence and principles) that "fair-minded" people can agree are relevant in the context. "Fair-minded" people seek to cooperate according to terms they can justify to each other — this narrows, though does not eliminate, the scope of controversy, which is further narrowed by specifying that reasons must be relevant to the specific priority-setting context.
Publicity	Priority-setting decisions and their reasons must be publicly accessible.
Revisions	There must be a mechanism for challenge, including the opportunity for revising decisions in response to considerations that stakeholders may raise.
Enforcement	Leaders who bear responsibility for the process must ensure that the first three conditions are met.

countries¹³ and Uganda¹⁰ where the programme implementation manual was lacking. Countries need to ensure that information including the criteria used in the selection of the key actors and sub-recipients is publicized. At the national level, the CCMs and the PMU should ensure documentation and publicizing of the reasons for their decisions through printed documents, media mass, and verbally through meetings, which should include both sub-recipients and the end beneficiaries. At the sub-national level, information meetings should be facilitated, using the existing decentralized local council structures, where information about the qualifying project, the objectives, target population, activities and outcomes are discussed. In countries such as Uganda, with low literacy rates and varied dialects, the radio and newspapers should be used for publicity. The information should be translated into the main languages used in the different regions in the country.

Revision

The "revision" condition would be effective in the presence of mechanisms for challenge and an opportunity for revising decisions in accordance with new evidence. The Global Fund Secretariat fulfilled this condition by publicizing mechanisms and conditions for appeals.²⁰ However, this is not an explicit condition for a country's grant eligibility, and there are no indications of its fulfilment at the national level. In Uganda, an appeals/revisions mechanism would have ensured timely solving of complaints such as those regarding hiring of PMU staff, which were only revealed during the inquiry.²¹ An internal (e.g. within the CCMs) or external (e.g. for the public) appeals mechanism would allow potential employees, staff, project implementers and other stakeholders, to engage with decision-makers about the reasons behind the decisions, hence providing timely rectification of differences.

Enforcement

The "enforcement" condition would be effective in the presence of explicit leadership for ensuring that the Global Fund management decisions are fair (adhering to the relevance, publicity and revision conditions). This condition can

Box 2. Requirements for grant eligibility¹⁸

1. The Global Fund requires all CCMs to show evidence of membership of people living with and/or affected by the diseases.
2. CCMs are required to put in place and maintain a transparent, documented process to nominate the Principal Recipient(s) and oversee program implementation.
3. CCMs are required to put in place and maintain a transparent, documented process to:
 - a. Solicit and review submissions for possible integration into the proposal;
 - b. Ensure the input of a broad range of stakeholders, including CCM members and non-members, in the proposal development and grant oversight process
4. CCM members representing the nongovernment sectors must be selected/elected by their own sector(s) based on a documented, transparent process developed within each sector.
5. When the PRs and Chair or Vice Chair of the CCM are the same entity, the CCM must have a written plan in place to mitigate against this inherent conflict of interest.

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be definitely fulfilled at the Secretariat through board-level leadership. Within countries, ethical leadership is implicit in the designing of country programme management through the LFAs. However, in both cases, this responsibility should be made explicit. Since the LFA represents the Global Fund within the countries, it may act as the enforcement mechanism although the problems associated with using a parallel structure to pre-existing structures need to be addressed.³ Alternatively, the LFA could play its designated role, while other existing structures (such as the health policy advisory committee in Uganda (HeaPAC) composed of senior government officials and development partners who meet on a weekly basis to advise government on policy implementation) could provide the necessary leadership in ensuring that the LFA, CCM and PMU are meeting the conditions of fair decision-making. At the lower levels such as the PMU, and the districts, the CCMs could ensure the PMU's adherence, while the PMU and the district health council should ensure adherence at the district level.

Conclusions

"Accountability for reasonableness" provides guidance for implementing legitimate and fair decision-making processes, which would improve effectiveness, accountability and transparency in the implementation of the Global Fund programmes, preventing future suspension of funding to any Global Fund projects. While the Global Fund adheres

to most of the conditions of a fair process and provides guidelines, which are in agreement with most of these conditions, the Ugandan case and the literature from other countries showed a lack of adherence to these conditions. Improvement in legitimate and fair decision-making at the Global Fund Secretariat would require more innovative strategies for publicity. At the country level, adding the appeals/revisions and enforcement conditions to the recommended guidelines for CCMs would greatly improve their decision-making processes by emulating the Global Fund Secretariat example. However, developing the necessary legal legitimacy and capacity building to ensure consistent use and publication of the relevant rationales should strengthen CCMs.

The Ugandan case demonstrates the need for explicit leadership to ensure adherence to a legitimate and fair decision-making process. In addition, decision-making in Global Fund country projects should focus on ongoing quality improvement whereby regular evaluations by systems, such as EARS, are guided by accountability for reasonableness, and generate evidence-based and context-specific strategies for improvement.²² ■

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Résumé

Comment aurait-on pu éviter la suspension des versements du Secrétariat du Fonds mondial à l'Ouganda ?

En août 2005, le Secrétariat du Fonds mondial de lutte contre le SIDA, la tuberculose et le paludisme a suspendu le versement de ses cinq subventions, destinées à l'Ouganda, à la suite d'un rapport d'audit de PricewaterhouseCoopers qui faisait apparaître de graves erreurs commises par l'unité chargée de la gestion du projet. Comment une telle suspension aurait-elle pu être évitée ? Comment d'autres pays peuvent-ils éviter le même écueil ? On peut soutenir qu'un processus de prise de décision juste et équitable aurait permis d'éviter d'en arriver là et qu'il y

a des enseignements à en tirer pour d'autres pays. L'application de l'«obligation redditionnelle raisonnable», comportant quatre conditions à remplir - en matière de pertinence, de publicité, de révision et d'exécution - contribuerait à un processus de prise de décision juste et équitable de nature à améliorer l'efficacité, la responsabilisation et la transparence dans l'application des programmes du Fonds mondial, ce qui permettrait à l'avenir d'éviter la suspension des versements aux projets du Fonds.

Resumen

Suspensión de la financiación a Uganda por la Secretaría del Fondo Mundial: ¿cómo podría haberse evitado?

En agosto de 2005 la Secretaría del Fondo Mundial de Lucha contra el SIDA, la Tuberculosis y la Malaria (Fondo Mundial) suspendió sus cinco subvenciones a Uganda a raíz de los resultados de un informe de evaluación de PricewaterhouseCoopers que puso de relieve graves problemas de mala gestión en la Unidad de Gestión del Proyecto. ¿Cómo podría haberse evitado eso? ¿Cómo podrían evitar otros países problemas parecidos? Argumentamos que, si se hubieran seguido procedimientos decisorios legítimos y justos, se podía haber evitado la suspensión de la financiación

a Uganda, y que esta lección debería aplicarse a otros países. El marco de «demostración de actuación razonable» -pertinencia, publicidad, revisiones y cumplimiento- ayudaría a implementar procedimientos legítimos y justos de adopción de decisiones, que redundarían en mejoras de la eficacia, la rendición de cuentas y la transparencia en la ejecución de los programas del Fondo Mundial, evitando así en el futuro nuevas suspensiones de la financiación de otros proyectos del Fondo.

ملخص

إيقاف أمانة الصندوق العالمي لمكافحة الإيدز والسل والملاريا لتمويل أوغندا: كيف كان بالإمكان تجنب ذلك؟

في البلدان الأخرى. ويمكن لإطار عمل حول الملاءمة والإعلان والمراجعات معني بالمحاسبة لتحقيق المعقولية أن يفيد في تنفيذ عمليات اتخاذ إجراءات شرعية وصحيحة. وهو ما سيؤدي لتحسين الفعالية والمحاسبة والشفافية في تنفيذ برامج الصندوق العالمي لمكافحة الإيدز والسل والملاريا وتجنب إيقاف التمويل في المستقبل لأي مشروع من مشروعات الصندوق العالمي لمكافحة الإيدز والسل والملاريا.

في شهر آب/أغسطس 2006، أوقفت أمانة الصندوق العالمي لمكافحة الإيدز والسل والملاريا خمس منح لأوغندا تلو تقرير تفتيشي لبراييس ووترهاوس كوبرز أوضح سوء إدارة الوحدة الإدارية للمشروع، فكيف كان بالإمكان تجنب ذلك؟ وكيف يمكن للبلدان الأخرى تجنب الوقوع في خطأ مشابه؟ لقد ناقشنا احتمال تجنب إيقاف التمويل لأوغندا إذا ما كانت العمليات الشرعية والصحيحة قد اتبعت في اتخاذ القرار، والاستفادة من هذا الدرس

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