

RELEASE IN PART
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From: Press - The Global Fund [mailto:press@theglobalfund.org]
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Subject: Global Fund statement on abuse of funds in some countries



24 January 2011

FOR IMMEDIATE RELEASE

Global Fund statement on abuse of funds in some countries

Following a recent media report of misuse of Global Fund grants, the Global Fund is issuing the following statement:

The Global Fund has zero tolerance for corruption and actively seeks to uncover any evidence of misuse of its funds. It deploys some of the most rigorous procedures to detect fraud and fight corruption of any organization financing development.

The vast majority of funds disbursed by the Global Fund is untainted by corruption and is delivering dramatic results in the fight against the three diseases.

“Transparency is a guiding principle behind the work of the Global Fund and we expect to be held to the highest standards of accountability,” said Prof. Michel Kazatchkine, Executive Director of the Global Fund.

The news report that has caused concerns refers to well-known incidents that have been reported by the Global Fund and acted on last year. There are no new revelations in yesterday’s media reports.

In its report last year, the Global Fund’s Inspector General listed grave misuse of funds in four of the 145 countries which receive grants from the Global Fund. As a result immediate steps were taken in Djibouti, Mali, Mauritania and Zambia, to recover misappropriated funds and to prevent future misuse of grant money.

In total, the Global Fund is demanding the recovery of US \$34 million unaccounted for in these and other countries out of a total disbursement of US \$13 billion.

“The distinguishing feature of the Global Fund is that it is very open when it uncovers corruption. That is its comparative advantage,” said John Parsons, Inspector General of the Global Fund.

The Global Fund is working with the relevant authorities to ensure that those committing fraud are brought to justice. Criminal proceedings are already underway in Mali, Mauritania and Zambia.

The Global Fund has suspended relevant grants in Mali and Zambia and terminated another grant in Mali. Special safeguards have been imposed on continuing grants in Djibouti, Mauritania and Mali, meaning that they are subject to particularly close scrutiny and restrictions on cash transfers. These safeguards are also in force in Cote d’Ivoire and Papua New Guinea.

The Global Fund Secretariat and the Office of the Inspector General are identifying areas of its portfolio that could be at greater risk of misuse and are strengthening efforts to prevent fraud. Among other measures, the Global Fund Secretariat is devoting additional specialist staff to monitor higher risk countries and improve the capacity of Local Fund Agents, who are responsible for grant oversight in countries, to detect potential fraud.

At its most recent meeting in December, the Global Fund’s Board of Directors, representing donor nations, recipient countries, civil society, UN and partner organizations, reviewed the progress made in detecting and preventing corruption and supported the actions taken to date by the Inspector General and the Secretariat.

The Global Fund will continue to closely monitor all the grants in its portfolio and respond decisively and urgently to any instances of corruption.

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The Global Fund is a unique global public/private partnership dedicated to attracting and disbursing additional resources to prevent and treat HIV/AIDS, tuberculosis and malaria. This partnership between governments, civil society, the private sector and affected communities represents a new approach to international health financing. The Global Fund works in close collaboration with other bilateral and multilateral organizations to supplement existing efforts dealing with the three diseases.

Since its creation in 2002, The Global Fund has become the dominant financier of programs to fight AIDS, tuberculosis and malaria, with approved funding of US\$ 21.7 billion. To date, programs supported by The Global Fund have saved 6.5 million lives through providing AIDS treatment for 3 million people, anti-tuberculosis treatment for 7.7 million people and the distribution of 160 million insecticide-treated nets for the prevention of malaria.

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