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Major abuse of global development fund

GENEVA: A US\$21.7 billion (RM66.4 billion) development fund backed by celebrities and hailed as an alternative to the bureaucracy of the United Nations sees as much as two-thirds of some grants eaten up by corruption.

Much of the money is accounted for with forged documents or improper bookkeeping, indicating it was pocketed, investigators for the Global Fund to Fight AIDS, Tuberculosis and Malaria say. Donated prescription drugs wind up being sold on the black market.

The fund's newly reinforced inspector general's office, which uncovered the corruption, cannot give an overall accounting because it has examined only a tiny fraction of the US\$10 billion that the fund has spent since its creation in 2002. But the levels of corruption in the grants they have audited are astonishing.

A full 67 per cent of money spent on an anti-AIDS programme in Mauritania was misspent, the investigators told the fund's board of directors. So did 36 per cent of the money spent in Mali to fight tuberculosis and malaria, and 30 per cent of grants to Djibouti.

In Zambia, where US\$3.5 million in spending was undocumented and one accountant pilfered US\$104,130, the fund decided the nation's health ministry simply couldn't manage the grants and put the United Nations in charge of them. The fund is trying to recover US\$7 million in "unsupported and ineligible costs" from the ministry.

The fund is pulling or suspending grants from nations where corruption is found, and demanding recipients return millions of dollars of misspent money.

"The messenger is being shot to some extent," fund spokesman Jon Liden said. "We would contend that we do not have any corruption problems that are significantly different in scale or nature to any other international financing institution."

To date, the United States, the European Union and other major donors have pledged US\$21.7 billion to the fund, the dominant financier of efforts to fight the three diseases. The fund has been a darling of the power set that will hold the World Economic Forum in the Swiss mountain village of Davos this week.

It was on the sidelines of Davos that rock star Bono launched a new global brand, Red, which donates a

large share of profits to the Global Fund. Other prominent backers include former UN secretary-general Kofi Annan, French first lady Carla Bruni-Sarkozy and Microsoft founder Bill Gates, whose Bill and Melinda Gates Foundation gives US\$150 million a year.

The fund's inspector general, John Parsons, said donors should be reassured that the fund is serious about uncovering corruption.

Fund officials blame the misspending on the lack of financial controls among the grants' recipients, many of which are African health ministries whose budgets are heavily supported by the fund. Others are nations or international organisations without the resources to deal with pervasive corruption. The fund finances programmes in 150 nations.

Among the corruption uncovered by Parsons' task force:

- Last month, the fund halted grants to Mali worth US\$22.6 million, after an investigative unit found that US\$4 million was misappropriated. Half of Mali's TB and malaria grant money went to supposed "training events," and signatures were forged on receipts for per diem payments, lodging and travel expense claims. Mali has arrested 15 people suspected of committing fraud, and its health minister resigned without explanation two days before the audit was made public.

- Mauritania had "pervasive fraud" with US\$4.1 million, 67 per cent of an anti-HIV grant, lost to faked documents and other fraud.

- Tens of millions of dollars worth of free malaria drugs sent to Africa each year by international donors are stolen and resold on commercial markets.

— AP

GOOD HEART: A 2006 file photo shows Irish rock star Bono meeting an unidentified boy suffering from heart problems at a health centre in Mayange, Rwanda. Bono was touring some African nations to support the Global Fund to fight AIDS, Malaria and Tuberculosis
— APpic

