

PRESS STATEMENT

For Immediate Release: March 3 2016

New Audit of Global Fund Grants in Uganda finds millions in unspent funds; massive public sector stockouts of life-saving HIV medicines; ineffective Ministry of Health leadership, management and oversight; and lack of government accountability

Ugandan activists call for immediate bold corrective action

(Kampala) The Global Fund's Office of the Inspector General (OIG) released the results of a routine audit of the Portfolio of Global Fund grants to Uganda February 26, available here: <http://bit.ly/1QteXT1> This routine audit of Uganda's grants focused on whether: the national supply chain delivers quality medicines in a timely manner; accurate data are available to support decision making; and whether internal controls result in economic, efficient and effective use of Global Fund funding.

Unfortunately on all fronts, the audit showed Uganda's grant performance was poor. Furthermore, civil society is not convinced that the corrective actions being proposed are substantial enough to trigger the changes that are urgently required. "This is a crisis," said Joshua Wamboga, Executive Director of UNASO. "In almost all cases the problems that the audit found have been known to the Ministry of Health for years—but no effort has been made to resolve them. Meanwhile, Ugandans with HIV are suffering entirely preventable stockouts of medicines. These failures are completely untenable—there is no committed leadership, no action, no accountability, and no sign that government is taking these problems seriously." About ten years ago, massive theft of Global Fund and GAVI resources in Uganda was exposed, implicating then Ministers of Health Hon. Jim Muhwezi and Hon. Mike Mukula among others. Civil society is concerned the same culture of impunity is persisting up to today.

Highlights of the audit report include:

Missing managers and front-line staff: national malaria and TB program manager positions have been vacant for 3 years, undermining the response. 50% of government-funded malaria and TB program positions have been vacant since 2012 (p. 13). 58% of the Monitoring and Evaluation focal persons within the Regional Performance Monitoring Team had resigned and their replacements were yet to be recruited. Staff positions whose salaries have been funded by the Global Fund to support TB data collection have not been filled. Similarly, 41% of biostatisticians at the district levels supported by local governments were yet to be recruited (p. 18); and 17 out of the 43 pharmacists and HIV, TB and malaria focal points for the regional performance monitoring teams were not at post during the audit (p. 13).

Ineffective leadership and unaccountable fiefdoms: The audit revealed that structures had been established, such as the Global Fund "Focal Coordination Office," that are unaccountable to the Ministry of Health: "The Ministry of Health had not embedded structures put in place to support the implementation of the funded programs, such as the focal coordination office and the regional performance monitoring teams. The governance, oversight, and management is therefore rated as ineffective" (p. 21). Furthermore, the auditors found "the recurring nature of the issues also raises questions about the level of oversight provided by the senior management of the Ministry of Health in ensuring that activities are effectively implemented. The level of oversight by senior management of the Ministry was not commensurate with investment as evidenced by their limited focus on Global Fund funded activities" (p. 8).

Stockouts of life-saving medicines, unspent funds and supply chain weaknesses: Uganda's massive national shortage, since October 2015, of HIV treatment at the public sector facility level has drastically undermined the HIV response. The audit revealed that 70% of the 50 health facilities visited by the audit team reported "stock-outs of at least one critical medicine, with HIV drugs being the most affected of the three diseases. Furthermore, 54% of the health facilities visited had accumulated expired medicines, partly funded by Global Fund" (p. 6). 68% of facilities reported stock-outs of anti-malaria medicines and malaria test kits and 64% of facilities surveyed reported stock-outs of tuberculosis medicines of between one week and three months (p. 9). The OIG also found that nationally procured medicines were on average 36% more expensive than internationally benchmarked prices (p. 10). At the same time, the audit found that "only 46% of funds disbursed to the Ministry of Finance between January 2013 and June 2015 had been spent...the low absorption rate was attributed to protracted procurement and recruitment processes for example the procurement of condoms and food packages" for TB patients, since 2012 (p. 21).

"We are sick of unacceptable delays in the procurement of life saving interventions—such as food for people with drug-resistant TB or condoms—being delayed because those responsible for procurement are seeking kickbacks," said Rachel Nandelenga of ICW EA. "This impunity must end today."

The report links the depreciation of the shilling as well as the December 2013 shift in treatment guidelines to these stockouts—however these explanations, while cited by government, have been called into question by civil society and by donor partners. According to the activists, numerous independent analyses show that even accounting for the depreciation of the shilling, if medicines had been purchased at internationally benchmarked prices, there should have been more than enough funding to prevent drug stock outs. Recently, both the European Union Observer Mission as

well as the Commonwealth Observer Mission to Uganda's 2016 Elections independently highlighted massive state spending of public sector resources to fund campaign activities.

"We are concerned that diversion of national resources for electioneering deprived the Treasury of the resources needed for procurement of life-saving medicines," said Lillan Mworeko of ICW EA. "This must never happen again, government must immediately complete a transparent and detailed gap analysis, in partnership with civil society, and allocate sufficient funding in the FY2016/17 budget to close the funding gap." In addition, multiple supply chain weaknesses such as theft commodities were reported (p. 6).

Poor absorption of available funding: The audit report noted that only 46% of funds disbursed to the Ministry of Finance between January 2013 and June 2015 had been spent; poor absorption was attributed to protracted procurement and recruitment processes (p. 21). This poor grant performance denies people access to services and also compromises Uganda's future access to Global Fund funding—since funding available as part of the New Funding Model depends on qualitative factors such as absorptive capacity and potential for impact.

RECOMMENDATIONS:

The Government must immediately account for and correct the inefficiency and lack of leadership described in this report, by dissolving the Global Fund Focal Coordination Office in the Ministry of Health, and expediting chronically delayed recruitment and procurement processes by immediately handing over authority to TASO (The AIDS Support Organization) for completion.

The Ministry of Health should no longer be the main implementer of Global Fund grants in the public sector; the Country Coordinating Mechanism (CCM) should work with the Ministry of Finance, Planning and Economic Development (MoFPED) to find an alternative implementer with a proven track record of successful grant implementation and performance. For example, MoFPED should consider implementing through other organization with proven track record.

National procurement of medicines should be subjected to minimum standards of efficiency, transparency and value for money. The current 36% higher prices for HIV treatment procured through national systems reduces the quantities of medicines that could be bought with the same money, robs Ugandans of access to treatment and should not be tolerated. Supporting local industry does not have to come at the expense of access, transparency and accountability. We recommend that government explore alternative mechanisms of supporting local industries that do not compromise on the supply and availability of life-saving HIV treatment medicines. Additionally government should establish a buffer fund to address adverse effects of exchange rate fluctuations on procurement of life-saving HIV treatment medicines.

The government must immediately increase funding for HIV treatment in the FY 2016/2017 budget and foregoing budgets, from 100 billion to 200 billion shillings including the immediate operationalization of the National AIDS Trust fund effective from July 2016 at the latest.

The government must invest in strengthening health and community systems for effective and efficient implementation of Global Fund grants and programs. For instance, the report cited insufficient storage facilities for pharmaceutical products and medicines at the facilities and hospitals visited by the audit team. Government must also strengthen national health information management systems for better planning and accountability.

**Endorsed by: Uganda Network of AIDS Service Organisations, including all Districts networks (see below)
International Community of Women Living with HIV Eastern Africa (ICWEA)
Coalition for Health Promotion and Social Development (HEPS Uganda)
Civil Society Inter Constituency Committee (CICC)
The District Networks of AIDS Service Organisations of Kamuli, Moroto, Busia, Mbale, Amuria, Kumi, Jinja, Iganga, Mayuge, Nakapiripiti, Soroto, Kaberamaido, Kapchorwa, Arua, Nebbi, Gulu, and Kitgum**



**ROBERT
CARR
FUND**
for civil society
networks