



Aid and corruption

Cleaning up

NEW YORK

Can the Global Fund to fight Aids, Tuberculosis and Malaria restore its reputation as the best and cleanest in the aid business?

BEING attacked on Fox News was probably the worst, but all the past month has been horrid for the Global Fund to fight Aids, Tuberculosis and Malaria, backed by \$20 billion and one of the world's biggest do-gooding outfits. Set up in 2002, it is used to appreciative coverage of its efforts to stamp out three of the deadliest diseases.

The unexpected woes started with an Associated Press story entitled "Fraud plagues global health fund" on January 23rd. It claimed that up to two-thirds of some grants went astray, with "astonishing" corruption in some cases. It cited faked invoices, phoney training events and other abuses, chiefly involving health ministries in some African countries. For Fund insiders, that was nothing new: evidence of the misuse of \$34m paid out in Mali, Mauritania, Djibouti and Zambia became public knowledge in October.

The fund's staff argued that the source was their own investigations (albeit of a small chunk of the billions it has distributed). Perhaps self-servingly, the fund's fans argued that a tiny loss to corruption counted almost as a success given the problems that beset other aid efforts.

In retrospect, that looks complacent. Some donors issued cross statements. Germany, Spain, Sweden and the European Union said they would freeze payments into the Global Fund pending their own inquiries. Germany had promised \$272m

each year in 2011-13; Sweden had yet to make a pledge for that period, but was expected to do so. Spain has paid less than it pledged. Cynics wonder if the furore now gives politicians in Madrid a useful excuse.

Other politicians may indeed use the scandal to justify cutting back on commitments, not just to the Global Fund but to aid in general. Most rich-country budgets are under huge strain, and poor people in foreign countries are not votewinners.

An important test will be what the British government decides to do. At the World Economic Forum in Davos last year, the then leader of the opposition, David Cameron, made a surprise appearance at a dinner to discuss malaria and said that as prime minister he would keep to the target of giving 0.7% of Britain's G D P in aid. He also praised the Global Fund as one of the best users of aid money. His government has kept that promise, even as it has cut public spending at home. So far, at least-

Nor is it just rich-world taxpayers' money that is at stake. The Global Fund was designed as a model for a new approach to development, dubbed in that world's opaque lexicon as "multi-stakeholder". This means that as well as government grants, the Fund relies on gifts from other sources. One is wealthy philanthropists (the Bill & Melinda Gates Foundation, one of the largest donors, says it will continue to give the Global Fund its full support).

Another is from businesses. A third is from the public, including an idea called Product (RED) created by Bono, a rock-star activist at Davos, an event much favoured by the Fund's glitzy backers. (RED) is a brand attached to products and services from firms such as Apple, Gap and Starbucks; part of the revenues go to the Global Fund's work on Hiv/Aids. The \$160m raised so far by this scheme is not touched by the scandal.

Credit and credibility

Mystification has belatedly given way to action. "The Global Fund has zero tolerance for corruption," insisted Michel Kazatchkine, its executive director, as he announced tougher controls and monitoring. He highlights the kind of spending at risk of going astray. "In three of the four cases, the corruption took place in budgets for training, through travel expenses, hotels, per diems."

All of the money distributed by the Global Fund is handed over to national governments, so the Global Fund is to spend more money on local controls. It is doubling the budget of the independent inspector-general. A panel of international experts will review procedures. In December Mr Kazatchkine had ordered a freeze on training in all of the 140 countries to which the Global Fund sends money. This is now being melted one country at a time. ••

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- Whether these new procedures will cost more to administer than the money lost in the corruption scandal remains to be seen, as is their effects on the fund's operations, which were hitherto relatively speedy and unbureaucratic.

Yet with luck the changes will reassure the critics and start the money flowing again. The Global Fund sits on a big pile of credibility after more than meeting expectations in previous years. Sceptics may quibble with its claim to have saved at least 7m lives, and exactly how many more millions of lives it has improved, but mortality rates in the diseases it targets have dropped sharply. The fund's approach to

allocating aid wins plaudits too: it makes countries compete for money based less on their needs than on their ability to get things done. That has brought a switch from laggards to leaders of some \$1.1 billion of the \$13 billion so far paid out

Until the latest storm broke, the aid world was abuzz with talk about expanding the fund's remit to include maternal and child health. It would be odd if that plan stalls as a result of the corruption worries and if the money went instead to other international agencies. These tend to be less efficient and more prone to fraud. Though they may also be less likely to claim corruption as a sign of probity.

lery of Ethiopia, Libya and Zimbabwe. Mr Musyoka went to Uganda to back President Yoweri Museveni's election campaign; in return the Ugandan leader promised to back a deferral of the Kenyan cases. Mr Musyoka also claims backing from Nigeria, South Africa and Gabon, which sit on the UN security council (but have no veto and thus cannot influence a deferral). The African Union, never a friend of the icc, said Mr Moreno-Ocampo was egotistical and prejudiced against Africa.

That adds to his other troubles. The case against Thomas Lubanga, a Congolese militia commander, which was mishandled from the start, looks wobbly. A former Congolese vice-president, Jean-Pierre Bemba, is on trial in The Hague over atrocities in the Central African Republic. But nobody from Congo's equally trigger-happy pro-government forces is in the dock. The icc's effort to try Joseph Kony and other bosses of Uganda's murderous Lord's Resistance Army has stalled. Mr Kony remains a fugitive. His deputy, Vincent Otti, is dead, apparently killed at Mr Kony's house.

And the mishaps continue. This week in The Hague, judges in the Kenyan case upbraided Mr Moreno-Ocampo for releasing the names of the suspects before the court had ruled that they could be tried. Not all the icc's failings can be blamed on him. But some of the criticism sticks.

Mr Moreno-Ocampo finishes his nine-year term next year. The new prosecutor, possibly an African, will be in a tricky position. The icc badly needs the Kenyan case to succeed, not least to stiffen Japanese and German willingness to continue contributing the largest share of its \$100m-plus budget. Missteps and dithering are indeed damaging. But excess zeal can prove awfully costly too.

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