

Global Fund lifts China grant freeze

August 24 2011, By GILLIAN WONG , Associated Press

(AP) -- A high-profile global health fund that has come under pressure to clean up corruption has ended its dispute with China and will resume hundreds of millions of dollars in funding for programs to fight AIDS and other diseases, thereby removing a source of embarrassment for Beijing.

The Global Fund to Fight AIDS, Tuberculosis and Malaria froze disbursements of its AIDS grant to China in November and then all other grants in May over suspected misuse of the money and the government's reluctance to involve community groups. The move was seen as a rebuke to the authoritarian government over its customary suspicion of independent groups.

The Geneva-based Global Fund said Tuesday it is lifting the freeze on funding to China to ensure AIDS work in the country continues while it works with [government officials](#), representatives from United Nations' agencies and private groups to resolve the dispute.

"During these discussions, the parties agreed to resume funding flows to ensure that the Chinese AIDS program would not be impeded by the ongoing efforts to strengthen fiduciary controls and to ensure sufficient civil society engagement in The Global Fund-supported programs," Global Fund spokesman Jon Liden emailed in response to an Associated Press query.

"China and The Global Fund will continue to work closely together to tighten fiduciary controls and ensure that programs are as effective as

possible in combatting the three diseases," Liden said. He said the lifting was effective immediately.

The Global Fund froze payments of a \$283 million AIDS grant in November after finding that Chinese government agencies had breached an agreement by channeling too small a share of the funds to grass-roots groups. Then in May, it stopped payments of all other grants in China after concerns about how the money was being used by the thousands of counties that receive grant payments.

Earlier this year, the \$22 billion Global Fund faced a backlash among major donors over reports of [corruption](#). It has said it will make public more detailed information about money it has lost to fraud and mismanagement.

Resolving the China dispute could mean China will continue to receive payments of \$300 million in funding over the next several years for programs to prevent and treat HIV and AIDS in prostitutes, injecting drug users and others and for malaria and [tuberculosis](#) - unless the recent talks resulted in a reduction of the funding.

Beijing already funds the majority of its efforts to fight AIDS, TB and malaria, the fund added in its statement.

The dispute comes amid a larger debate among international aid donors and groups about whether China should continue to receive foreign aid, considering its relative prosperity resulting from decades of high economic growth. Critics point to the government's ability to fund a manned space program and extravaganzas like the 2008 Beijing Olympics, while proponents say China still has hundreds of millions of poor and needs international know-how.

Critics have said that by competing with poorer developing countries for

Global Fund grants, China is effectively robbing the poor. Since 2003, the Global Fund has disbursed \$570 million in grants to China.

The Global Fund did not provide details about what the Chinese government has done to meet the demands of the fund before the decision to lift the freeze was made.

But in the months since the freeze, China's Health Ministry has issued statements acknowledging the contributions of China's independent health groups. Health Minister Chen Zhu attended a meeting with community AIDS groups in late June in the southwestern city of Kunming and pledged that his ministry would try to help facilitate the work of private groups.

The government has also agreed to allocate 25 percent of the [Global Fund](#) budget to community organizations, and to set up a separate entity to manage all funding that is allocated to civil society groups, according to a public tender notice issued late last month by the Chinese Center for Disease Control and Prevention, or China CDC, the Global Fund's main recipient in China.

The China CDC's moves were welcomed by the leader of a network of more than 130 groups working to help people with HIV across in China.

"To community groups, this is a really good thing, because it has pushed the government to change its attitude toward us," said Wang Long, who heads the [China](#) National Network of AIDS Community-Based Organizations. "It has made the government value the contribution of civil society groups."

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