

# Global Fund for world health halts new programs

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(AP) -- The world's biggest financier in the fight against three killer diseases says it has run out of money to pay for new grant programs for the next two years - a situation likely to hit poor AIDS patients around the world.

An official with the Global Fund to Fight AIDS, Tuberculosis and Malaria said Thursday that its has been forced to cease giving new grants until 2014 because of global [economic woes](#) brought on by debt crises in the U.S. and Europe.

An independent panel recommended in September that the fund must adopt tougher financial safeguards after it weathered a storm of criticism and doubts among some of its biggest donors.

The fund created the panel - chaired by former U.S. Health and Human Services Secretary Michael Leavitt and ex Botswana President Festus Mogae - in March to address concern among donors after Associated Press articles in January about the loss of tens of millions of dollars in grant money because of mismanagement and alleged fraud.

Germany, the European Commission and Denmark withheld hundreds of millions of euros in funding pending reviews of the fund's internal controls. Germany - the fund's fourth-largest donor- has since restored its funding.

The Geneva-based fund was set up in 2002 as a new way to coordinate

world efforts against the diseases and to speed up emergency [funds](#) from wealthy nations and donors to the places hardest hit. Outside of its donor nations and celebrity backers, the biggest private donor is the Bill & Melinda Gates Foundation that has pledged \$1.15 billion and provided it with \$650 million so far.

Since its creation, the fund, which is strictly a financing tool, has disbursed some \$15 billion for programs - \$2.8 billion this year alone, including to pay for treatment for around half the developing world's AIDS sufferers.

With donations now harder to come by, the fund says it can only afford to keep existing AIDS programs going, but not expand its services or add new patients.

"We're not cutting back - we're not expanding," the fund's board chairman, Simon Bland, told The Associated Press from Accra, Ghana, where the board has been meeting this week.

The fund had to make some "tough decisions to protect some of the gains that have already been delivered," he added.

Among those decisions were that \$800 million to \$900 million in grants planned for China, Brazil, Mexico and Russia will now be used for other purposes, fund officials said.

"It is deeply worrisome that inadvertently the millions of people fighting with deadly diseases are in danger of paying the price for the global financial crisis," the fund's executive director, Dr. Michel Kazatchkine, said in a statement.

But the fund has \$4 billion on hand to meet all of its current commitments and the "presumption" is that people in China, Brazil,

Mexico and Russia won't suffer because their governments will commit their own resources to take over the next phase of the fund's programs, said Dr. Christoph Benn, the fund's external relations manager.

He said the fund's financing picture for the next two years, however, could affect about 9 to 10 million new patients who are in need of HIV treatment in developing nations.

The board has also decided to create a new general manager position after the panel found unhealthy friction between Kazatchkine and the fund's internal watchdog, Inspector General John Parsons's office, whose teams of auditors and investigators have been documenting losses.

The fund released 12 reports on its website earlier this month that turned up an additional \$20 million of [mismanagement](#), alleged fraud and misspending. Earlier probes had detected about \$53 million in losses, according to fund documents.

Some of the reports have led to criminal cases, and some countries - mirroring the fund's own efforts - say they have begun putting new financial safeguards in place.

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