

GLOBAL FUND OBSERVER (GFO) NEWSLETTER, a service of Aidspace.

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**SUMMARY**  
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Today, March 28, the New York Times published as its lead story an article entitled "Plan to Battle AIDS Worldwide is Falling Short." In view of the significance of the article, Aidspace is reprinting the complete article in this special issue of GFO.

Highlights of the article include the following:

- Despite the launch of the Global Fund and of President Bush's \$15 billion plan to provide AIDS treatment in poor countries, shortages of money and battles over patents have kept antiretroviral drugs from reaching more than 90 percent of the poor people who need them.
- As shown by the New York Times in a chart (not reprinted below) that accompanies the article, 84% of the 0.25 million people in the Americas who need AIDS treatment are receiving it, but only 2% of the 4.4 million people in Africa who need AIDS treatment are receiving it.
- The World Health Organization's plan to have three million people in treatment by the end of 2005 is collapsing from a lack of money.
- Donations to the Global Fund, currently about \$1.6 billion a year, are barely 20 percent of what Secretary General Kofi Annan said was needed when he created the Fund in 2001.
- While generic drugs have been approved by the WHO, endorsed by the World Bank and used in several African countries, the Bush administration has so far paid only for medicines that are still under patent and cost much more.
- Two pharmaceutical giants, Glaxo and Boehringer-Ingelheim, have agreed to grant licenses to produce AIDS drugs to four generic companies from India and South Africa. The companies will be allowed to sell the drugs anywhere in sub-Saharan Africa. In return, Glaxo and Boehringer will get royalties of only 5 percent of sales.
- The Canadian bill under which drug makers will be permitted to make cheap copies of drugs to treat AIDS and malaria for export to poor countries is bogged down in Parliament.
- China has backed away from issuing compulsory licenses for the production of patented antiretroviral drugs for fear of American trade retaliation.

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**NEW YORK TIMES ARTICLE**  
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New York Times, March 28, 2004

Plan to Battle AIDS Worldwide Is Falling Short

By Donald G. McNeil Jr.

Three years after the United Nations declared a worldwide offensive against AIDS and 14 months after President Bush promised \$15 billion for AIDS treatment in poor countries, shortages of money and battles over patents have kept antiretroviral drugs from reaching more than 90 percent of the poor people who need them.

Progress in distributing the drugs, which have sharply cut the death rate in the United States and other Western countries, has been excruciatingly slow despite steep drops in their prices.

As a result, only about 300,000 people in the world's poorest nations are getting the drugs, of six million who need them, according to the World Health Organization.

Experts, advocacy groups and health officials agree that the delays, compounded by inadequate medical facilities and training in very poor countries, are likely to persist unless spending is stepped up sharply.

Early this month, Stephen Lewis, the special United Nations envoy for AIDS in Africa, conceded that the W.H.O.'s ambitious plan to have three million people in treatment by 2005 — announced on Dec. 1, World AIDS Day — was already collapsing from a lack of money. Donations to the Global Fund to Fight AIDS, Tuberculosis and Malaria are now about \$1.6 billion a year, barely 20 percent of what Secretary General Kofi Annan said was needed when he created the fund in 2001.

Saying that global contributions come to a tiny fraction of what is being spent on military operations and building civilian institutions in Iraq and Afghanistan, Mr. Lewis added that if the W.H.O. program failed, "there are no excuses left, no rationalizations to hide behind, no murky slanders to justify indifference — there will only be the mass graves of the betrayed."

While Mr. Bush promised in his 2003 State of the Union address to spend \$15 billion over five years on AIDS in Africa and the Caribbean, his budget requests have fallen far short of that goal. For the most recent donation to the Global Fund, he requested only \$200 million, although Congress authorized \$550 million.

Nor have Europe and Asia been as generous as the fund had hoped.

Dr. Richard G. A. Feachem, a Briton who is the fund's executive director, put a brave face on the situation, describing current donations as "a steep upward flight path to our cruising altitude, which we anticipate to be \$8 billion." To get there in the fund's first two years would be "inconceivable," he added. He is lobbying Congress for \$1.2 billion for 2005.

At the same time, few people in poor countries have been able to get lower-priced generic antiretroviral drugs. While the generic drugs have been approved by the W.H.O., endorsed by the World Bank and used in several African countries, the Bush administration has so far paid only for medicines that are still under patent and cost much more.

For example, Daniel Berman, co-director of the Doctors Without Borders campaign for low-cost drugs, said that in Zimbabwe his organization planned to treat 1,000 patients with drugs from two approved Indian generic makers, Cipla Ltd. and Ranbaxy Laboratories Ltd.

Both companies combine three antiretrovirals so that a day's dose is just two pills and the cost is \$244 to \$292 per patient per year. Meanwhile, Mr. Berman said, the Centers for Disease Control in Atlanta plans to pay for the treatment of 1,000 Zimbabweans, buying the same three drugs separately from GlaxoSmithKline, Bristol-Myers Squibb and Boehringer-Ingelheim. The best prices available in Africa from those companies, he said, add up to \$562 a year, and a daily dose is six pills.

Advocates of cheap drugs say the Bush administration has yielded to pressure from the pharmaceutical lobby to find ways to reject the generics.

On Friday, Senators Edward M. Kennedy, Democrat of Massachusetts, and John McCain, Republican of Arizona, wrote a joint letter to the White House urging it to accept W.H.O.-approved generics.

In a separate letter, Representative Henry A. Waxman, Democrat of California, accused the administration of trying to set standards for Indian generics higher than those for American ones.

A spokesman for Randall L. Tobias, the administration's AIDS coordinator, said any suggestion that he was snubbing generics was "utter nonsense."

"We will buy whatever drug is safe and effective at the lowest possible price," said the spokesman, Dr. Mark R. Dybul. "We don't care if it's made by Cipla or Ranbaxy, in South Africa or Brazil or Nigeria."

Mr. Tobias has scheduled a meeting in Botswana for Monday to ascertain whether the W.H.O.'s approval process is rigorous enough.

Dr. Lembit Rago, who leads the W.H.O. assessments, said he used "absolutely the same principles" as the Food and Drug Administration, and borrowed his inspectors from regulatory agencies in Canada, France, Germany, Sweden and Switzerland. As soon as his office approved the Indian pills, he said, "a very cold wind began to blow from the U.S."

"It is no secret that Pharma is lobbying against us in a big way," he said.

A spokesman for the Pharmaceutical Research and Manufacturers Association of America, the industry's American lobbying group, said his association was "not involved in any way in this." But he called the Indian drugs "new combinations that have not been appropriately treated."

Dr. Dybul said Mr. Tobias wanted to see all the data the Indian companies gave the W.H.O.

A W.H.O. spokeswoman said the agency signed confidentiality agreements, but she said the Bush administration could ask the Indian companies for the data.

Against that backdrop, prices for both branded and generic medicines have plunged in the last two years. Last October, a foundation organized by former President Bill Clinton announced an agreement with Indian and South African generic makers to sell the drugs for \$140 per patient per year if large orders were guaranteed, payment was in cash and the drug maker did not have to pay the legal and lobbying costs of getting each drug licensed in each country.

In January, Mr. Clinton announced that he had brokered another price-cut deal with five companies making AIDS tests. One of the companies, Becton, Dickinson & Company, dropped the cost of its CD-4 count, which measures immune cells, to as little as \$3, from a high of \$10.

On Dec. 9, with little fanfare, an important step took place in South Africa. Two pharmaceutical giants, Glaxo and Boehringer-Ingelheim, agreed to grant licenses to produce AIDS drugs to four generic companies from India and South Africa.

The companies will be allowed to sell the drugs anywhere in sub-Saharan Africa. In return, Glaxo and Boehringer will get royalties of 5 percent of sales. Under the threat of heavy fines, the companies had backed down from their original plan: a license for one small generic maker supplying only South Africa's public hospitals and royalties of 15 percent to 30 percent.

The Canadian government has proposed a law encouraging its drug makers to make cheap copies of drugs to treat AIDS and malaria for export to poor countries. The bill is bogged down in Parliament.

Treatment plans have varied wildly in different countries. South Africa, with the world's largest number of AIDS patients, was slow to roll out nationwide treatment because of years of opposition by President Thabo Mbeki. India, which has the second largest number, has been slow to negotiate low prices with its own generic companies. Brazil makes its own generic drugs. Romania buys only brand-name drugs, but its epidemic is confined to about 10,000 people.

Nigeria, Africa's most populous country, has had trouble running even so much as a pilot program for 15,000 of an estimated 3.5 million infected people. Many of the country's 25 treatment centers, which were selling the drugs at a subsidized price of \$85 a year, ran dry in September and did not get new supplies until February.

Malaysia is the only country to exercise a "compulsory license" right under trade treaties to ignore a patent and import generics, said James P. Love, director of the Consumer Project on Technology, a group that is pushing for cheaper drugs. Uganda, Mozambique and Zambia may soon do the same, he said, but China backed away from doing so for fear of American trade retaliation. "They're using older drugs that are already off patent in China," he said.

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This is an issue of the GLOBAL FUND OBSERVER (GFO) NEWSLETTER.

The GFO NEWSLETTER is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria ([www.theglobalfund.org](http://www.theglobalfund.org)). The GFO Newsletter is emailed to about 5,000 subscribers once to twice a month.

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