



Independent observer  
of the Global Fund

## Global Fund resumes funding to the Democratic People's Republic of Korea

When the Global Fund [terminated](#) its grants to the Democratic People's Republic of Korea (DPRK), also known as North Korea, on 21 February 2018, the Fund said, "We remain committed to supporting the health of the people in DPRK, and hope to re-engage when possible."

Eighteen months later, the Global Fund has decided that the time has come to re-engage. On 13 September 2019, the Board approved by electronic vote a consolidated TB and malaria grant to the DPRK in the amount of \$41.7 million. The funds are part of the 2017-2019 allocations.

The Board was acting on the recommendations of the Technical Review Panel (TRP) and the Grant Approvals Committee (GAC). The grant is scheduled to run until 30 September 2022.

"We have stronger implementation arrangements, including better access to program sites and independent verification," Seth Faison, Head of Communications at the Global Fund, told the GFO

"We can proceed once the Government of the DPRK agrees that UNICEF [the United Nations Children's Fund] can sign the grant."

When the Global Fund decided to pull out of the DPRK, the country had one TB grant and one malaria grant from the 2014-2016 allocations, both being implemented by UNICEF as principal recipient (PR). The malaria grant (\$8.9 million) had been scheduled to end on 28 February 2018, and the TB grant (\$28.4 million) on 30 June 2018. There were no HIV grants to the DPRK.

When the 2017-2019 allocations were announced in December 2016, the DPRK was allotted \$44.1

million. The country submitted a malaria funding request in Window 2 (May 2017), and a TB funding request in Window 3 (August 2017). Both requests were approved for grant-making. However, with the decision to close the DPRK's existing grants, these funding requests did not proceed any further.

When it terminated the DPRK grants, the Global Fund said that although it had established robust arrangements to monitor and supervise the grants, including a strict zero-cash-advance policy and detailed records on the delivery of medicine and health supplies, "we remain concerned that the unique operating environment in the DPRK prevents us from being able to provide the Board with the required level of assurance and risk management around the deployment of resources and the effectiveness of the grants."

In the interim, the GAC said, the Secretariat worked with its technical and development partners and with the DPRK to design a consolidated TB and malaria grant.

The GAC said that despite the improvements in implementation and verification arrangements, the Secretariat acknowledges that the unique country context and political environment in the DPRK mean that certain limitations in oversight and assurance remain which may impact the effectiveness of operations. "The Board is requested to understand the trade-offs and accept these residual risks and balance them against the programmatic needs, lack of other viable options for implementing programs, and the global health security risks which may arise from continued disengagement in [the] DPRK," the GAC said, "taking into account the critical situation in the country and the lack of other viable options for implementing programs."

The GAC noted that the Secretariat had achieved "the strongest implementation arrangements that can be negotiated at this time... Accepting residual risks and acknowledging that these cannot be fully mitigated is a necessary step to addressing the TB and malaria epidemics in the DPRK."

According to the GAC, the DPRK has the highest TB burden in terms of incidence rate in the Southeast Asia Region, with an estimated 513 cases per 100,000 population in 2017. Of the estimated 5,200 cases of multiple-drug-resistant TB (MDR-TB) in the DPRK, only about 2,400 patients receive treatment annually.

The World Health Organization (WHO) data from 2016 shows that about half of the population of the DPRK (the total population is 25 million) is at risk of malaria.

The GAC said that the timing of this grant is critical due to a potential stock-out of TB first-line drugs by June 2020 if no orders are placed by September 2019, given the 10-month lead time for commodities to arrive in the DPRK.

The DPRK did not submit new funding requests. The consolidated grant approved by the Board was carved out of the TB and malaria funding requests submitted by the DPRK in 2017 which were found to be technically sound and strategically focused by the TRP.

#### Changes in implementation arrangements

The Global Fund grants in the DPRK had previously been implemented by U.N. entities with UNICEF as the PR and the WHO as a sub-recipient (SR). For the new grant, the drug-susceptible TB (DS-TB) component and the malaria component will be implemented by UNICEF and the WHO, while the MDR-TB component will be solely implemented by the Eugene Bell Foundation (EBF). According to the GAC, the EBF has years of proven technical and implementation expertise in the DPRK including the ability to deliver results on the MDR-TB response. (See the table for the consolidated grant's budget split among implementers.)

According to an [article by NK News](#), on 9 August, the EBF was granted a humanitarian exception to

sanctions imposed on the DRPK to ship “supplies necessary to maintain and expand EBF’s ongoing diagnosis and treatment program for multi-drug resistant tuberculosis and extensively drug resistant tuberculosis in the DPRK.”

Medical delegations from the EBF make trips into the DPMG twice a year, traveling to various locations throughout the country to meet and provide care for patients, conduct tests, and deliver medicines, NK News reported. The EBF is expected to make its next trip this fall, likely to assemble the 50 new prefabricated patient wards set to be delivered, in addition to its treatment work.

Table: New consolidated grant budget split among implementers

Recipient	Funding	% of total funding
UNICEF	23,110,394	55%
WHO	6,141,454	15%
Eugene Bell Foundation	12,488,851	30%
Total	41,740,699	100%

The Secretariat is still in discussions with the Government of the DPRK, which proposed that EBF implement 60% of the MDR-TB component and UNICEF the other 40%. Given that EBF is already working in 68% of the country, the Global Fund believes that this proposal would be highly inefficient, likely to achieve lower targets and to have significantly lower potential for impact. “Should the DPRK Government not agree to the EBF as sole implementer of the MDR-TB component in a greater number of provinces, then the totality of the grant MDR-TB funds will be invested in scaling up and intensifying MDR-TB activities in the geographic areas where the EBF currently has operational access and the ability to implement,” the GAC said. “There are more than enough MDR-TB cases for available funds in current EBF program areas given the gaps in the treatment coverage.”

The United Nations Office for Project Services (UNOPS) will be engaged as the local fund agent.

As was the case with the previous grants to the DPRK, the Global Fund will not be able to validate the financing and accounting records of UNICEF and the WHO because of the single audit principle applicable to U.N. agencies.

## Reaction

When the Global Fund terminated its grants to the DPRK in February 2018, there was some negative reaction.

For example, in an [open letter](#) in The Lancet on 15 March 2018, Kee B. Park, Director of North Korea Programs for the Korean American Medical Association, and two other researchers said that “the decision will have profound negative effects on the health of millions of North Koreans and the populations of other countries in the northeast Asia region.”

In addition, one observer [wrote](#) that the decision by the Global Fund “comes amid increasingly tight sanctions in North Korea in retaliation for its nuclear weapons program, and it could worsen health conditions nationwide.”

Dr. Park told the GFO that the approval of the consolidated grant by the Global Fund Board, if accepted by the DPRK, is welcome news. “Hopefully, the agreements can be executed quickly to avoid any gaps in the drug supply for the people of North Korea with tuberculosis,” he added.

Dr. Park said that “no one will dispute the Global Fund’s intent to increase monitoring programming to

improve accountability and impact.” However, he said, “the effectiveness of the tactics used — i.e. pressuring the DPRK by suddenly closing the grants — is very much in question. In my opinion, the ‘improvements’ contained in the new grant could have been achieved through sustained strategic negotiations without resorting to ending the grants. None of the new conditions are surprising as some aid organizations working in the DPRK already have these concessions.”

Dr. Park said that there was a steep cost to the Global Fund from its decision. “The Global Fund’s reputation suffered as a principled humanitarian organization,” he said. “They unraveled the relationship and trust between the Global Fund and the DPRK that was built over eight years. Further, the operational capacity of the recipients has to be rebuilt – a costly proposition.”

Some of the information for this article was taken from Board Document GF/B41/ER06 (“Electronic Report to the Board: Report of the Secretariat’s Grant Approvals Committee”), undated. This document is not available on the Global Fund website.

Further reading:

- [‘Global Fund terminates its grants to the Democratic People’s Republic of Korea,’](#) GFO 333, 20 March 2018.
- [‘Global Fund Board discusses decision not to proceed with grants to the DPRK, but makes no changes,’](#) GFO 336, 12 May 2018.
- [‘Open letter to the Global Fund about its decision to end DPRK grants,’](#) The Lancet (volume 391, Issue 10127), 14 March 2018.
- [Why is the Global Fund pulling out of North Korea?,](#) NKEWS.ORG, 2 May 2018.

[Read More](#)

---