



Independent observer  
of the Global Fund

## Global Fund terminates its grants to the Democratic People's Republic of Korea

The Global Fund has closed its TB and malaria grants to the Democratic People's Republic of Korea (DPRK, a.k.a North Korea).

In a short announcement dated 21 February 2018 on the DPRK country page on its website, the Global Fund said that 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. "However," the Fund said,

"despite additional safeguards, 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. We remain committed to supporting the health of the people in DPRK, and hope to re-engage when possible."

The Global Fund had one TB and one malaria grant in the DPRK, both with the United Nation's Children's Fund (UNICEF) as principal recipient. 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 are no HIV grants to the DPRK.

When the 2017–2019 allocations were announced, 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 current grants, these funding requests will not go any further.

"This issue arose because the Global Fund had to decide whether to proceed with the new grants," Seth

Faison, Director of Communications, told Aidspace. In evaluating DPRK's new funding requests, he said, "the Global Fund took into account a range of considerations, including perspectives that came up in discussions with implementing partners. It also factored in discussions with members of the DPRK Ministry of Public Health on potential future funding, in meetings in Geneva in August and November 2017."

Faison said that the Global Fund informed the Government of the DPRK of its decision by letter on 22 February 2018. The Fund told the government that to resume grants to DPRK, the Fund would have to see "significantly greater levels of transparency, assurance and risk management."

Faison told Aidspace that the Global Fund will work with UNICEF to ensure an orderly closure of both grants by 30 June 2018.

## Reaction

There has been reaction to the Global Fund decision in several quarters.

According to the [Korean Central News Agency](#), Kim Hyong Hun, the DPRK's vice-minister of public health, sent a letter to the Global Fund on 10 March, expressing surprise over the decision. The vice-minister said the it could not be seen as anything else but "the outcome of the pressure of some hostile forces," adding that the decision was made without any prior discussion with other international agencies operating in the DPRK.

In an [article](#) on 1 March on McClatchyDC.com, Stuart Leavenworth wrote: "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."

Leavenworth quoted Kwonjune Seung, an international TB expert affiliated with the Eugene Bell Foundation, as saying the decision is "mind-boggling and shocking to anyone working in North Korea." Seung said that "if there isn't a good exit strategy, there will be increased incidence [of TB]." There's also a strong chance, Seung added, that more North Koreans will develop resistance to normal TB antibiotics if their treatment ends while they still carry the disease.

In an open letter in The Lancet on 15 March, 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."

The other researchers were Uzma Khan, Director of Interactive Research and Development, a global health delivery and research organization, and Kwonjune Seung, TB Co-Leader for Partners in Health.

According to the researchers, the Global Fund's investment enabled the national TB program to undergo a much-needed modernization, including the introduction of new diagnostics and treatment protocols. Currently, they said, over 100,000 TB patients are treated annually with high-quality drugs.

The suspension of the grants "and the absence of any coherent exit strategy, is likely to lead to massive stock outs of quality-assured TB drugs nationwide," the researchers said. They asked that the Global Fund explain the process it followed in reaching its decision, as well as the conditions that would need to be met to resume the projects.

"The decision to suspend the Global Fund projects in North Korea, with almost no transparency or publicity, runs counter to the ethical aspiration of the global health community, which is to prevent death and suffering due to disease, irrespective of the government under which people live," the researchers

concluded.

The first (and only other) Global Fund grants to the DPRK were in 2010 (Round 8). At the time, the Fund awarded a malaria grant worth \$25.4 million and a TB grant valued at \$45.5 million.

AIDSPAN COMMENT:

The Global Fund has not responded publicly to the reaction to its decision to close the DPRK grants. While we would like to see the Fund be more forthcoming about the reasons for the decision, it is likely that the Fund is thinking about the potential impact to its global portfolio of grants if anything were to go wrong in the DPRK. After all, it did not take much to spook donors when allegations of fraud involving a very small percentage of grants under management surfaced in 2011.

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