



Independent observer
of the Global Fund

Global Fund to Resume Disbursements for Grants to China

Discussions continue on concerns raised by the Fund

The Global Fund has lifted the temporary freeze on disbursements for its grants to China. However, not all of the concerns raised by the Global Fund when it imposed the freeze on China's HIV grant in November 2010, and other grants in May 2011, have been resolved. Discussions are continuing.

The disbursements were frozen because of suspected misuse of the money and the government's reluctance to involve community groups in implementation of the grants. (See [GFO article](#).)

The Associated Press (AP) said that the freeze was seen "as a rebuke to the authoritarian government over its customary suspicion of independent groups." The AP quoted the Global Fund as saying that it is lifting the freeze on the grants to ensure that AIDS work in the country continues while the Fund works with government officials, United Nations agencies and private groups to address the Fund's concerns.

"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 Lidén said in an emailed statement in response to an AP query.

Resolving the problem could mean China will continue to receive payments of \$300 million in funding over the next several years for HIV, TB and malaria programmes – unless the ongoing talks result in a reduction of the funding. The Global Fund told the AP that China already funds the majority of its efforts to fight the three diseases.

According to the Global Fund website, since 2003 China has received \$553 million from the Global Fund

for programmes aimed at fighting the spread of the three diseases.

The talks between the Global Fund and Chinese authorities come amid what the AP referred to as 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,” the AP said.

The Global Fund did not provide details about what the Chinese government has done to address the concerns of the Fund. However, according to the AP, in the months since the freeze, China’s Health Ministry has issued statements acknowledging the contributions of China’s independent health groups; and 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.

Citing a public tender notice issued in late July 2011 by the Chinese Center for Disease Control and Prevention (CDC), the Global Fund’s principal recipient in China, the AP said that the Chinese government has also agreed to allocate 25% of the Global Fund budget to community organisations, and to select a separate entity to manage all funding that is allocated to civil society groups. (GFO has ascertained that the 25% figure refers only to the HIV grant.)

Meanwhile, the China Daily, an English-language newspaper, quoted a senior official in the Ministry of Health as saying that the search for a non-profit group to help manage the funding could prove difficult because few seem qualified to handle the task. “Currently, we can’t find any Chinese nongovernmental organisation working with HIV and AIDS intervention that is able to handle the job,” said Hao Yang, deputy director of the CDC.

According to the China Daily, applicants must have a minimum of five years experience in the field. The newspaper cited government authorities as saying that the average lifespan of community-based groups is just one year. The newspaper added that about 400 non-profit grassroots groups were working on HIV at the end of 2009, the most recent year for which figures are available, but that most were not registered with authorities, which hampers their fundraising and operations.

Jia Ping, who is with the China Global Fund Watch Initiative, told GFO that the field could be broadened by allowing joint applications from a local civil society organisation and a partner from the private sector, an academic institute or even an international entity.

Information for this article was taken from an [AP story](#) and an article in [China Daily](#).

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