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The best chance we have

The Global Fund to Fight AIDS, TB and Malaria

Summary

The Global Fund to Fight Aids TB and Malaria is an international public-private initiative launched to help raise the resources needed to effectively combat HIV/AIDS globally. This paper provides an analysis of the strengths of the Global Fund and highlights concerns that must be addressed in order to garner increased support. It examines progress the Fund has made in generating resources and discusses the main challenges the Global Fund faces to its continued existence. Recommendations are given for different Global Fund partners.

Introduction

"The war on AIDS will not be won without a war chest...at minimum, we need to be able to spend an additional US\$7-10 billion a year on the struggle against HIV/AIDS."ⁱ

Kofi Annan, UN Secretary General

Although the year 2003 marks two decades since AIDS was first identified, it is only recently that the international community has recognised AIDS as a global emergency. This recognition has developed in stages:

- 2000 G8 summit in Okinawa – at this summit, leaders committed to strengthening partnerships with governments, international organisations, pharmaceutical companies, NGOs and relevant actors of civil society to achieve three UN targets by 2010; a 25% reduction in HIV/AIDS among those aged 25 and below, a 50% reduction in prevalence and deaths from TB, and a 50% reduction in the burden of disease associated with malaria.
- 2000 UN millennium summit – the Millennium Development Goals (MDGs), one of the key outcomes of the summit, signalled a political commitment by 147 countries, both individually and collectively, to eradicate poverty. Goal six identifies the need to combat AIDS, malaria and other diseases and specifically sets a target of having halted and begun to reverse the spread of HIV/AIDS by the year 2015.
- 2001 UN special session on HIV/AIDS (UNGASS) –this session was convened to review and address the problem of HIV/AIDS, and to secure a global commitment to enhance co-ordination and intensify national, regional and international efforts to combat it in a comprehensive manner. Governments reaffirmed the MDG commitment on HIV/AIDS.

Following UNGASS, at the 2001 G8 summit in Genoa leaders acknowledged that fighting AIDS would require the mobilisation of

ⁱ Speech to Organisation of African Unity Conference, April 2001.

substantially increased levels of resources. With the aim of addressing this need, the G8 introduced the Global Fund to Fight HIV/AIDS, TB and Malaria as an independent, public-private partnership designed to attract, manage, and disburse new resources to address the impact of these diseases of poverty.

The Global Fund to Fight AIDS, TB and Malaria

"If we go about business as usual we will fail. The Global Fund was created to help take the world's response to a higher financial and operational level. The three epidemics can be driven back where there is top level commitment, where the public sector and private sectors work together, and where there is accountability for achieving results."¹

Prof Richard Feachem
Global Fund Executive Director

An estimated 29 million new infections can be prevented by the end of this decade alone with an immediate scaled-up global response to HIV/AIDS.² According to UNAIDS, an estimated US\$10.5 billion per year will be needed for AIDS prevention, care and treatment by 2005. This figure is expected to rise to US\$15 billion per year by 2007.³ Estimates also suggest that US\$2 billion per year is needed to address TB and malaria.⁴ The Global Fund has made significant progress in generating resources of this magnitude.

Progress to date

"We know what works. We know what to do. And with uncompromising determination, we must ensure that no country, no community, fails in its response to AIDS because of a lack of financial and human resources."ⁱⁱ

Peter Piot, UNAIDS Director

Since becoming operational in January 2002, in two rounds of proposals, the Global Fund has

ⁱⁱ Speech to the UN General Assembly Special Session on HIV/AIDS, 25 June 2001.

approved US\$1.5 billion in expenditure across 93 countries. Formal grant agreements have been signed with 49 countries and initial disbursements of US\$37 million have been made or requested for 27 countries.⁵ Figures 1 and 2 from the Global Fund website illustrate the allocation of these resources to date by disease and region:

Figure 1: resource allocation by disease

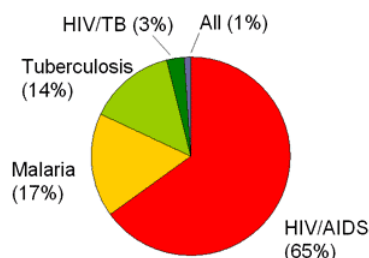
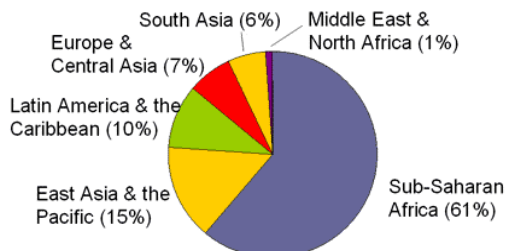


Figure 2: resource allocation by region



Through to 2008, the Fund has received US\$4.6 billion in pledges, though of this total US\$1.2 billion was pledged recently around the G8 summit in Evian, France (June 1-3 2003).

Recent announcements

Recent announcements of pledges to the Fund include:⁶

- United States – as part of a US\$15 billion package, up to US\$1 billion in 2004 for the Global Fund. The current U.S. pledge stands at US\$1 billion pledged over five years starting in 2004. The new pledge potentially represents an increase from the already pledged US\$200 million for 2004.

- United Kingdom – an extension of the original pledge period (2001-2005) with US\$80 million over 2006-2008.
- France – an additional US\$300 million through trebling of its current annual pledge of US\$50million between 2004-2006.
- Italy – an additional Euro 200 million over the period 2003-2006.
- European Commission – a minimum contribution of Euro 340 million between 2003-2006.

“I will remind them that time is not on our side. Every day of delay means 8,000 more AIDS deaths in Africa and 14,000 new infections – every day, 14,000 more people will be infected. I’ll urge our European partners and Japan and Canada to join this great mission of rescue, to match their good intentions with real resources.”⁷

George W. Bush, U.S. President

The above quote is an excerpt from the official signing of the Emergency Plan for AIDS relief (U.S. Leadership Against HIV/AIDS, TB and Malaria Act of 2003) by President George W. Bush, days before the G8 Summit in Evian. The package potentially provides US\$15 billion to fight AIDS over five years (2004-2008), including up to US\$1 billion for the Global Fund in 2004 as mentioned already. Though the US legislation stipulates a significant increase on current U.S. expenditure on AIDS programming, Congress must still annually approve actual spending levels. Consequently, expenditure of US\$15 billion may potentially not be realised. Furthermore, it is still unclear how the funds will be used and in particular, more information is needed about the proposed provision of anti-retroviral therapies. Other areas of concern include:⁸

- That the bill calls for expenditure of US\$3 billion per year, however the Bush administration is seeking **only** US\$1.7 billion in fiscal year 2004, with another US\$300 million if related programs on malaria and TB are included.

- One third of expenditure on prevention (about 7% of the total package) is allocated for projects that promote abstinence – an approach that is largely unsuccessful, imposes moralistic views and undermines local decision-making capacity.
- That the bill links AIDS expenditure with acceptance of US GM food relief by recipient countries.
- That **only** up to US\$1 billion is allocated for the Global Fund. The bill allows for this contribution but does not require it to be made and also does not provide specific amounts for 2005-2008.

ActionAid welcomes the U.S. initiative as a significant step towards addressing the AIDS epidemic but, given the fact that the Global Fund is already established and in urgent need of resources, asks that a greater proportion of this funding be allocated to the Fund. As is, the effective use of resources made available through the new bilateral, U.S. controlled initiative is questionable, as these resources will largely fund unproven programmes.

As the U.S. pledge to the Global Fund is contingent on it being matched by other donors two-to-one, ensuring that the US contributes not more than one-third of the total Global Fund budget, it was hoped that other G8 countries would rise to this challenge and make new pledges to the Fund. Failure to meet the conditionality attached to the pledge will result in the loss of critically needed resources. France and Italy both significantly increased their pledges and French President Jacques Chirac has also called on public and private donors outside Europe and the US to further contribute another US\$1 billion. Despite Tony Blair's statement, "I hope that at the European summit in Greece, the European Union will agree to match the U.S. commitment to the Global Health Fund – potentially up to US\$1 billion a year," the UK pledge was modest compared to the other new pledges. It remains to be seen whether the European Commission

pledge increases when EU leaders meet June 20th, 2003 at the EU Summit in Greece.

ActionAid believes that these new pledges importantly demonstrate renewed commitment to the Global Fund on the part of several G8 countries and the European Commission; however, these new pledges alone are not enough. They do little to address the substantial resource shortfall the Global Fund faces this year in its third round of proposals. Two hundred proposals requesting US\$2 billion for two years have been received for Round 3. Given the likelihood that at least half of the submitted proposals will be recommended for approval, the US\$400 million in remaining pledges for 2003 is clearly inadequate. Furthermore, even with these new pledges, only 23% of the Global Fund's projected needs for the two rounds planned for 2004 are met.⁹ If the Global Fund's needs are not met in the short-term, the initiative may have already failed before donors are accountable for future pledges, such as those made for 2006-2008.

Challenges for the future

"We're told repeatedly by donors that we don't have capacity. I know we have no capacity; give us some help and we'll build the capacity..."¹⁰

Mr. Pakalitha B. Mosisili
Prime Minister of Lesotho

The key challenges for the Global Fund are to increase contributions from donor countries and to develop the private sector as a substantial resource donor.

Donor countries

Although the pledge figures discussed above may seem large, it is important to keep in mind that the G8 countries have a combined annual income of US\$20,000 billion. Given that some pledges for 2002 still remain unpaid and that the Global Fund hasn't yet met its resource needs for this year, it is worthwhile considering other more structured methods to mobilise reliable and predictable resources. To this

effect, the Equitable Contributions Framework¹¹, a formula that determines contributions that, if not required, are at least strongly encouraged, may prove helpful. The proposal for fair sharing of the resource needs of the Global Fund is based on the following principles:

- Contributions from donor countries should be proportional to their gross domestic product (GDP).
- 80-90% of donations to the Global Fund should be made by the 47 countries with a higher Human Development Index (HDI).ⁱⁱⁱ
- foundations, corporations and individuals should contribute the remaining 10-20% of donations to the Fund.

The formula is applied to the projected needs of the Global Fund (shown in Table 1) to determine equitable contributions from donors.¹²

year	projected costs (US\$m)
2002	629
2003	2,521
2004	3,842
2005	8,200
2006	8,980
2007	8,984
2008	8,988
Total	42,144

UK government equitable share

“The developing world faces a health crisis that threatens to reverse the development gains of the last 50 years. Three diseases – HIV/AIDS, TB and malaria – kill over 5 million people a year and debilitate a further 250 million sufferers. The economic and social consequences for the poorest countries are devastating.”¹³

Tony Blair, UK Prime Minister

ⁱⁱⁱ The human development index (HDI) is based on three indicators: (1) life expectancy at birth; (2) educational attainment ;(3) GDP per capita.

The UK government originally pledged US\$200 million over the period 2001-2005 and has now added another US\$80 million over 2006-2008. Applying the Equitable Contributions Framework yields the results shown in Table 2.¹⁴

Min % that should be paid based on share of world GDP	2003		2003-2005	
	Min amount that should be paid (US\$m)	Pledged thus far with surplus from 2002 pledges (US\$m)	Min amount that should be paid during 2003-5 (US\$m)	Pledged thus far for 2003-5 with surplus from 2002 pledges (US\$m)
4.0	113	66	655	166

Based on the above figures, at least US\$489 million should be added to the amount pledged by the UK for 2003-2005. The UK government cites that it is the second-largest donor to the Fund, however, according to the equitable contributions framework, it is far from contributing its fair share. ActionAid commends the UK government on increasing expenditure on HIV/AIDS over the past several years and extending the period of its pledge, but calls on the government to pay its fair share and respond to the shortfall the Fund faces in Rounds 3 and 4.

Private sector

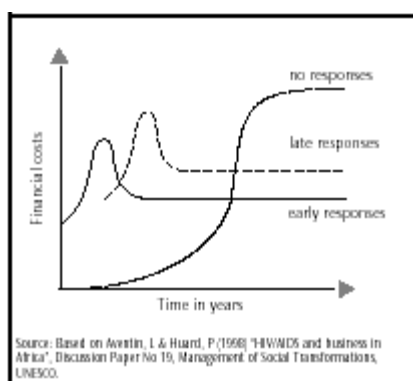
“The current situation requires a substantial front-loaded capital investment to scale up existing efforts. The programmes are ready. Any delay now will be measured by millions of lives lost and billions of dollars of additional cost to later respond to the expanded epidemics.”¹⁵

Prof. Richard Feachem
Global Fund Executive Director

HIV/AIDS is more than just a health problem – it also has devastating economic consequences. The financial impact of HIV/AIDS on a company

is theoretically modelled in Figure 3 and clearly justifies the need in financial terms, for the private sector to act now rather than later.

Figure 3: Impact on HIV/AIDS on a company



The spread of HIV/AIDS is seriously eroding human capacity and compromising the possibility of building on existing skills to increase productivity. By draining human resources, AIDS distorts labour markets, disrupts production and consumption and diminishes national wealth. Thus, through diversion of investment, and loss of adult labour and productivity, HIV/AIDS is reversing annual economic growth by one to two percentage points in worst affected countries. It is estimated that economic wealth in the form of gross national product (GNP) could drop in some areas by as much as 40% by 2020.¹⁶

Considering the impact of these diseases on production and consumption, and the profits generated from developing country markets by the private sector, it is reasonable to ask that the corporate sector increase its contribution to the Global Fund both for moral and business reasons. Contributions from the corporate sector have so far been very limited and make up only 2% of total pledges.¹⁷ The largest philanthropic commitment from the private sector has been US\$100 million from the Bill and Melinda Gates Foundation while the largest corporate donations have come from Winterthur

Insurance/Credit Suisse and ENI with pledges of US\$1million and US\$0.5million respectively.

ActionAid believes that the full engagement of the private sector is essential for the Global Fund to achieve its purpose. One suggestion has been to introduce a branding package that would allow corporations and foundations to receive recognition for in-kind contributions made to the Fund either at the country level or the regional or global level.¹⁸ This would function as a parallel structure allowing corporations to make visible yet coordinated contributions. Provision of tax incentives is another strategy that could be investigated.

As noted by the Centre for Strategic and International Studies (CSIS), concerns that have been expressed by the private sector and may in part contribute to its reluctance to play a more active role as a donor to the Fund include:¹⁹

- The view that as a UN project the Global Fund is subject to the same waste and bureaucracy;
- Direct contributions allow for more consistency with their own goals and objectives;
- Direct funding allows for tangible examples of the impact their interventions have had and accountability to trustees, directors and shareholders.

Although these concerns may be valid, ActionAid believes that many characteristics of the Global Fund strengthen the notion that it should be supported, both by the public and private sectors.

Why support the Global Fund?

'I am shocked to learn that 1 in 2, that is, half, of our young people will die of AIDS. The most frightening thing is that all of these infections were preventable.'^{iv}

Nelson Mandela

^{iv} Speech at the International AIDS Conference in Durban, South Africa. 2000.

In a survey of developing country NGOs, presented at the Global Fund NGO consultation meeting in November 2001, insufficient money was cited as the main obstacle to carrying out HIV/AIDS work in country. Of the respondents, 38% believed that the Global Fund would decrease the impact of HIV/AIDS, TB and malaria “a lot”, while 32% believed that the Fund would decrease impact of the diseases “a little.” Considering the scepticism that many international initiatives are subject to, in many cases rightly so, it is significant that there is this level of faith in the Global Fund.²⁰

The fact that the Global Fund, an initiative of Northern donor countries, has raised the hopes of Southern countries is reason enough to advocate that it be given the support and time to prove itself; however, several other key aspects, discussed below, strengthen the case for support as well.

Global Fund awards are untied funding

Aid tying is the practice of insisting that aid funds are used to purchase goods and services from suppliers based in the donor country or a limited group of countries (most often the donor and recipient).²¹ An example of this is the U.S. tying of AIDS funding to the acceptance of U.S. GM food aid. It is possible that U.S. pharmaceutical companies stand to profit substantially from this initiative as over half of the potential US\$15 billion available is allocated for treatment and therefore will involve drug procurement. Aid tying has several negative consequences, both direct and indirect, which have been calculated to reduce value for money by as much as 25%.²² Over half of international aid remains tied if one includes technical assistance and technical cooperation. For example, 75% of the US aid budget is comprised of technical cooperation. If all aid were untied an additional US\$5 billion would be released.²³ In the EU, only the UK has untied its aid and as such is uniquely positioned to use its influence to encourage other G8 countries to follow suit.

Box 1: arguments against tied aid

- favours technical solutions (often less appropriate and more expensive) requiring goods and services from the donor country;
- discourages donor procurement from developing country markets;
- increases the administrative burden on recipient countries;
- results in a donor-driven approach to development;
- discourages donor collaboration; and
- distorts aid allocation

Source: DFID. Untying Aid. September 2001.

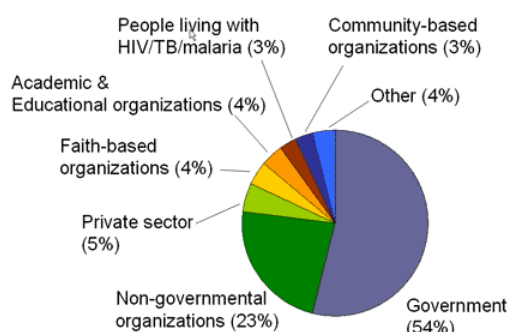
The Global Fund is participatory

The Global Fund is a public-private partnership between donor and recipient country governments, multilateral agencies, civil society, the private sector and affected communities. The involvement of these stakeholders has been seen since the Fund's inception in the form of the Transitional Working Group (TWG). This group developed the guidelines for the Fund's operations such as legal status, management structure including selection of Board members, financial structure and eligibility criteria. To complete this task, the Group considered input from regional and thematic consultation. Membership of the Global Fund Board, Technical Review Panel (over 50% from developing countries)²⁴, Secretariat, and Country Coordinating Mechanisms (CCMs) reflect the outcomes of these consultations.

Now that it is functional, the Global Fund's operations are also intended to follow a participatory model. The structure of the Fund, in particular the CCM, encourages multi-sectoral collaboration – key to the launch of effective interventions. Governments, NGOs/community-based organisations, the private sector, people living with HIV/AIDS, academics, multilateral and bilateral agencies are all members of the CCM, through which countries are encouraged to submit a coordinated country proposal (CCP). The

members of Nigeria’s CCM, as reported by ActionAid Nigeria, are shown in Box 2. This collaboration is reflected in the allocation of Global Fund awards as shown in Figure 4.

Figure 4: resource allocation by recipient^v



Source: Global Fund website

Box 2: composition of Nigeria's CCM	
Group	No. of representatives
Ministry of Health	1
Other government	6
NGO/CBO	9
Private sector	5
People living with HIV/TB/malaria	3
UN/multilateral agencies	3
Bilateral agency	3
Academic/educational organisations	6
Religious	2

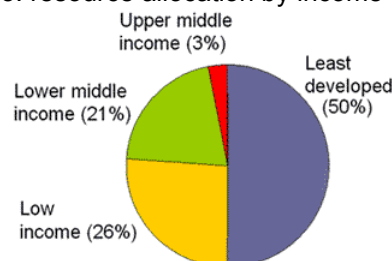
Allocation of resources is needs-based

The Global Fund states “the highest priority will be given to proposals from countries and regions with the greatest need, based on highest burden of disease and the least ability to bring the required additional financial resources to address these health problems.”²⁵ Global Fund awards go where funding is most needed rather than reflecting the political and economic interests of donors. The independence of the Technical Review Panel

^v Round 2 only

(TRP) also prevents political interference in the proposal approval process. The needs-based allocation of Global Fund awards is illustrated in Figure 5 from the Fund website where 50% of resources have been allocated to least developed countries. This compares favourably to the 29% of aid from Development Assistance Committee (DAC) members that went to least developed countries in 2000.²⁶

Figure 5: resource allocation by income



Box 3: Global Fund criteria for judging proposals	
•	disease burden;
•	potential for rapid increase of disease;
•	economic and poverty situation;
•	political commitment;
•	complementarity and additionality to existing programmes;
•	absorptive capacity;
•	soundness of approach;
•	clear logical structure;
•	monitoring and evaluation indicators; and
•	implementation arrangements;

Source: Global Fund website

The Global Fund is democratic

The democratic structure of the Global Fund is perhaps best illustrated through the structure of the Fund’s board.^{vi} Donor and developing country governments occupy seven seats each. The board also includes two NGO and two private sector donor seats. The NGO seats include one representative of NGOs from the

^{vi} A complete list of board members is available from <http://www.globalfundatm.org>.

south and one representative of NGOs from the north. The Gates Foundation currently occupies one of the private sector seats as a representative of private foundations while McKinsey & Company occupies the other as a representative of private companies. Non-voting seats are held by UNAIDS, WHO, and the World Bank, and another non-voting seat is held by a person living with or affected by HIV/AIDS, TB or malaria.

Transparency is a key principle

One of the key stated operating principles of the Global Fund is transparency.²⁷ To this end, approved proposals for Rounds 1 and 2 are available to civil society. Grant recipients progress updates, and requests for disbursements will also be made available in the future. Contact information for CCMs is available on the website to encourage engagement with interested parties. Information on the board's structure and governance is freely available on the website as well, as are documents discussed at board meetings.

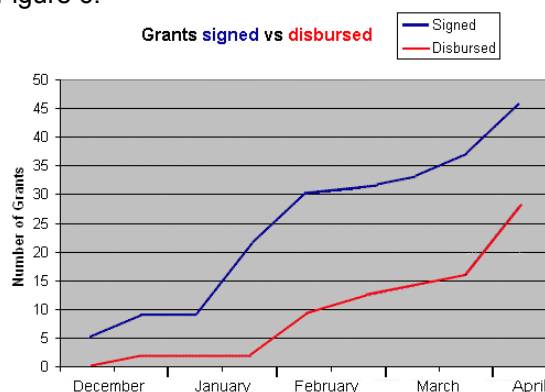
The speed of Global Fund processes

To date, in two rounds of proposals, the Global Fund has approved US\$1.5 billion in expenditure across 93 countries. Formal grant agreements have been signed with 49 countries and initial disbursements of US\$37 million have been made or requested for 27 countries.²⁸ Two Round 2 grant agreements have also been signed, less than three months after their approval.

Being outside the UN system, the Fund is more able to minimise bureaucratic delays and maximise flexibility. Proposals have been screened, reviewed and approved at a rapid pace. Though one of the main goals of the Fund is to disburse money quickly, a high level of accountability must also be maintained. To achieve this, fiduciary mechanisms must be put into place and consequently disbursement of first round monies has taken longer than what is ideal. However, once such mechanisms are established, further disbursements are

expected to progress more rapidly and in time the Global Fund should prove significantly faster than other comparative aid programmes.²⁹ In Figure 6, this trend can already be evidenced.

Figure 6:



Source: Global Fund website

The scale of resource mobilisation

In 2002 US\$1.5 billion was committed to global HIV/AIDS with US\$1.2 billion coming from G8 countries.³⁰ In a comparable time period, the Global Fund, as a single entity, has approved US\$1.5 billion in funding.

The Fund promotes country ownership and allows recipient countries to set their own priorities

The Global Fund is one of the few funding mechanisms that truly allow countries to decide their own priorities. In addition to aid being tied to donor economic interests, aid often still reflects donor political and moral ideologies rather than reality on the ground. The new U.S. AIDS plan is a clear example of this; as one third of the money allocated to prevention is allocated to interventions that promote abstinence. The Global Fund is designed to support *proven* interventions as identified by the *recipient* countries, rather than donors. Recipient countries are usually far better positioned to know what types of interventions are needed, feasible and culturally appropriate.

Accountability is a key principle

The Fund claims that it is accountable firstly to those affected by AIDS, TB and malaria; their families and those at risk of infection; and secondly, donors; technical partners; and developing countries.³¹ In its structure the Global Fund has several mechanisms to ensure accountability in its grant review, awards and disbursement procedures. These are shown in Box 4. Grant awards are made based on confirmed pledges and agreements are signed based on funds actually received. Also, the Global Fund has adopted a drug procurement policy that ensures that recipients secure the lowest available price for pharmaceuticals.

Box 4: built-in accountability mechanisms

- **Local CCMs** – outline plans for independent audits of program financial statements in proposals and oversee and monitor progress during implementation.
- **Local funding agents** – certify the fiscal and administrative capacity of the principle recipient prior to signing of agreement and provide independent verification of progress updates provided by the principle recipient.
- **Principle recipient** – accountable for the use of grant funds and programme results. Periodic disbursements of funds are linked to programme and financial updates submitted by the PR.
- **Partnership forum** – beginning in 2004 this broad group of stakeholders will meet biannually to review progress and provide counsel to the Fund.

Source: <http://www.globalfundatm.org>

Global Fund awards are grants

The fact that Global Fund awards are grants is significant, as many developing countries are already heavily mired in external debt. Such countries are often forced to spend more on servicing debt than on social services such as education and health care.

ActionAid welcomes the Global Fund as a disease oriented and target driven mechanism with real potential to improve the lives of the

poor. Furthermore, the Global Fund is one of the few examples of a transparent, democratic, and participatory funding mechanism in which developing countries have the power to set their own priorities. The Global Fund has raised the profile of AIDS as a global emergency and has mobilised significant amounts of resources to address the epidemic. Despite these achievements, however, there exist concerns that must be addressed in order to strengthen the long-term viability of the Global Fund.

Continued concerns

“Every country yielded the same questions: When will the money come? Does the Global Fund have enough money? Why don't governments contribute to it? What happens if it goes bankrupt? The questions are germane. The Global Fund, after January, can be said to be in crisis.”

Stephen Lewis

UN Special Envoy for HIV/AIDS in Africa

Is the Fund providing new money or just replacing existing funds?

One concern that has been raised by many groups, including some UK NGOs,^{vii} is that the Global Fund is not providing new money. Because awards are non-repayable, there is considerable incentive for the replacement of other resources such as World Bank loans with Global Fund resources. Global Fund proposal selection guidelines stipulate that proposals must demonstrate how new funds will add to existing resources. The issue is again revisited by the Fund, the CCM, and the PR before the signing of a grant agreement. Monitoring and evaluation processes will also examine whether or not other funding streams are being diverted as a result of awards.

The potential of pledging resources to the Global Fund diverted from other development areas also exists with donor countries. With respect to its contribution, DFID has stated, “the UK pledge to the Fund has not been diverted

^{vii} 2002 Christian Aid briefing on the Global Fund

away from already established programmes and the amount of aid committed to HIV/AIDS programmes has increased, not decreased, in real terms over the past few years.³²

ActionAid believes that it is essential that Global Fund resources be used to scale-up the response to HIV/AIDS and not replace funding from other sources. All stakeholders, and particularly donors and recipients, must genuinely commit to ensure that the primary goal of the Global Fund is not undermined.

Absorptive capacities and limitation of recipient country infrastructures

Some have raised the issue that the Global Fund puts little emphasis on support for health systems and may even divert existing human and financial resources from health systems.^{viii} According to the Global Fund, proposals have the greatest possibility of being approved if they can demonstrate the feasibility of the plan with respect to implementation, management and potential for programmatic and financial sustainability. The Fund states, "successful proposals will include a focus on institutional and absorptive capacity."³³ Resources from the Global Fund may be used to improve structural problems such as lack of access to health services, for example through training of personnel and community health workers. Funding proposals submitted by countries must also specify expected health systems' strengthening outcomes.

As initial disbursements of Global Fund awards are still in progress, it is still too early to determine what effect, negative or positive, Global Fund financing is having on recipient country health systems. ActionAid highlights this as a key issue that should be examined in Global Fund monitoring and evaluation reports.

Duplication of efforts and increased competition among donors and recipients
CCMs are responsible for ensuring that new activities are coordinated with existing activities

and that efforts through the Global Fund are truly additive. The Fund states that it will "in no way compete with development or international agencies on the ground" and reiterates its aim to allocate resources to programmes and interventions that are not adequately funded. It claims that it is "committed to coordinating with and working through existing international, regional, and national mechanisms wherever possible."³⁴ It further states, "applicants should not feel compelled to create totally new structures only for the purpose of applying to the Global Fund. Where possible, a CCM should not replace existing well-functioning, coordinating mechanisms but rather build on them."³⁵

ActionAid believes that the coordination of Global Fund stakeholders is key to its success. If it is determined that a completely new CCM is needed, it should consider and integrate existing related efforts and activities such as those through national AIDS organisations and groups involved in STOP TB and Roll Back Malaria initiatives. Any competition between donors and recipients can only be completely eliminated if the multi-sectoral and partnership elements of the Global Fund are fully embraced.

CCMs can be dominated by government

A review paper by the International HIV/AIDS Alliance examines problems that some NGOs in developing countries have had with respect to CCM participation.³⁶ ActionAid Kenya has also highlighted that communication with all relevant stakeholders has been inadequate in Kenya's CCM processes. The Global Fund has recognised this concern with a more stringent approach to participation of *all* stakeholders both before and after proposals are approved. The Fund will not consider proposals that are not inclusive. Changes to the composition or stated allocation of awards must be justified to ensure initiation or continuation of disbursements. CCMs are expected to include active engagement of civil society including NGOs. Also, the Global Fund states that it is in

^{viii} 2002 Save the Children UK briefing on the Global Fund

a process of “establishing independent agents in each country who will keep an eye on, among other things, whether or not the most important stakeholders are actually involved in the CCM process.”³⁷

NGOs and community-based organisations are usually most engaged with HIV/AIDS work at the grassroots level and more able to innovate and experiment with respect to programming activities. As such, they have unique and well-informed views on what can and should be done to best combat HIV/AIDS. ActionAid believes that the input of these groups is essential in all Fund processes, especially in CCMs, and asks that the Global Fund implement and vigorously monitor recipient countries to ensure that full stakeholder participation truly exists.

The Fund is focused on treatment at the expense of prevention

As one of its objectives, the Fund seeks to “pursue an integrated and balanced approach to prevention, treatment, care and support.”³⁸ Provision of anti-retroviral treatment is one example of the possible activities that can be supported under this objective. As this is an option that is generally still unavailable to developing countries, it is not surprising that 70% of the countries with proposals approved in the first round include money for highly active antiretroviral therapies (HAART).³⁹ However, it is estimated that only 188,744 people are to receive antiretroviral (ARV) therapy through funds allocated in Rounds 1 and 2, a mere drop in the ocean considering the estimated 5-6 million people that are in need of ARV treatment.⁴⁰ It is likely that many governments have not focused more on ARV provision, as there would be serious consequences if funding was depleted, rendering such programmes unsustainable.⁴¹

Professor Richard Feachem, Executive Director of the Global Fund, cites that the Fund has already stimulated the high volume, low margin marketplace, noting that GlaxoSmithKline has made its lowest prices available to Global Fund

grant recipients. He further states, “there’s a very strong commitment to lowest price, and to open and competitive tender processes and to transparency on prices. And we will be annually publishing the prices obtained for drugs using Global Fund resources.”⁴² As prices decrease – a process encouraged by the Global Fund – grant recipients may feel more confident providing ARV treatments.

If a wide group of stakeholders in recipient countries collaborate to prepare funding proposals, the balance between prevention and care in such proposals will reflect country priorities. ActionAid has the belief that care and support for infected individuals is imperative for prevention efforts to be successful.

As a semi-vertical funding mechanism the Global Fund undermines the mainstreaming of AIDS initiatives

Vertical programming has been criticised as being contrary to these broader goals, as such programming is seen by some to be difficult to integrate into country priorities and existing frameworks. Other critiques include that vertical initiatives are not sustainable, do not build country capacities, duplicate other efforts, neglect the broader health system, and disrupt negotiated health reform processes. Consequentially, many donors have switched, at least in part, to other horizontal aid modalities such as sector-wide approaches and direct budget support in an effort to build health infrastructure and promote the implementation of effective health policy. The strong push to mainstream HIV/AIDS work has complemented this trend.

Although many of the critiques of vertical funding are addressed by the Global Fund and outlined above, ActionAid recognises the limitations of the Global Fund. However, ActionAid firmly believes that the Global Fund, and vertical programming as an aid modality, has its place in the fight against AIDS. ActionAid agrees that health systems in many countries must be supported and that HIV/AIDS

mainstreaming must continue in order to fully take advantage of resources obtained through the Global Fund. These processes, however, can be supported through horizontal programming. The scale of the AIDS epidemic and the nature of the disease necessitate that funding for HIV/AIDS work be channelled through both vertical and horizontal programming that works in tandem to launch and support an effective, sustainable and coordinated response.

Recommendations

The following are recommendations for the Global Fund and some of its key partners.

NGOs

NGOs have played an instrumental role in the design and function of the Global Fund. They have also been important advocates with respect to the Fund.

- NGOs in donor countries must continue to press donors to make stable, long-term commitments to the Global Fund, which in turn would better enable recipient countries to plan long-term strategies;
- NGOs in recipient countries should closely monitor government use of Global Fund grants;
- NGOs in recipient countries must ensure that every effort is made to collectively contribute to CCMs and other Global Fund processes.

Recipient countries

Recipient countries have most at stake and can support the Global Fund through:

- ensuring the open reporting of government usage of Global Fund awards, possibly through the publication of periodic and accessible data on reached targets and objectives;
- ensuring that in programmes and policies HIV/AIDS, TB and malaria link with other development issues, with the recognition that a focus on improving national health care systems is needed; and
- genuinely engaging all stakeholders in Global Fund processes, such as the CCM, through

wide and full dissemination of information relating to Global Fund activities and country coordinated proposals.

UK government

ActionAid asks that the UK government:

- immediately commit at least £32m extra towards the £1 billion shortfall that the Global Fund faces this year;
- commit at least £284m towards the shortfall the Global Fund is facing over 2004 – 2005;
- apply the fair share contribution and encourage other donor governments, particularly the U.S., to do the same; and
- drive the international dialogue on untying bilateral aid and ensuring that monies pledged to the Fund are free from conditionality.

European Union

In order to realise the U.S. pledge of US\$1 billion in 2004, the EU must:

- ensure that an EU pledge of US\$1 billion to the Global Fund can be announced at the EU summit June 20, 2003 in Greece;
- commit to raising a further US\$1 billion from other donor countries such as Canada and Japan and from the private sector.

Global Fund

The United States General Accounting Office (GAO) has recently completed one such review.⁴³ This report recommends that the Global Fund give increased attention to:

- involving locally based governance structures;
- finalising procurement issues and address challenges to oversight systems at the country level;
- ensuring that countries have the capacity to effectively use grants and that such monies complement existing expenditure on HIV/AIDS, TB and malaria.

ActionAid believes the Fund should also:

- Develop a written resource mobilisation strategy separately addressing the short-term and long-term needs of the Fund. The long-term strategy should attempt to establish more predictable inflow of contributions. These issues should be discussed at the Global Fund Supporter's conference in July 2003 in Paris.
- Ensure that the monitoring and evaluation burden placed on countries is minimised through collaboration with bilateral and multilateral organisations. Although evaluation is important, especially if the Global Fund wants to demonstrate impact, it should not come at the expense of scaling-up the response and there should be recognition that some interventions cannot be fairly evaluated at this early stage.

Private sector

Considering the impact of HIV/AIDS on production and consumption ActionAid asks:

- That the public-private partnership embodied by the Global Fund be truly realised through commitments from the UK private sector.
- That the private sector takes the initiative to develop proposals on how its participation in the Global Fund as a donor can be increased. A tax reduction mechanism or other financial mechanisms could be developed.

All

The private sector has enormous potential as a donor to the Global Fund. For this reason it is imperative that all Global Fund stakeholders work collectively to develop concrete strategies on how best to generate contributions from the private sector. A tax reduction mechanism or other financial mechanisms should be considered.

Conclusion

"It is impossible to overstate how strongly people feel- from cabinet ministers to people living with HIV/AIDS – that the Global Fund is the best vehicle we have to finance the struggle against the pandemic."^{ix}

Stephen Lewis
UN Special Envoy for HIV/AIDS in Africa

It is a given that the launch of any high-profile initiative such as the Global Fund will attract scrutiny and rightfully so; what cannot be ignored in the meantime, however, is the immediate need for increased resources to fight AIDS. In this regard, ActionAid believes that the Global Fund, by raising the profile of AIDS as a global emergency, has proved to be a complementary and substantial instrument in the fight against HIV/AIDS. ActionAid also supports the Global Fund's recognition that access to affordable medicines, including ARV therapies, is an important component of an effective and comprehensive strategy to combat HIV/AIDS.

Although there are areas where the Global Fund can be improved, it has made significant advances and must be given the opportunity to prove itself further. It is the best chance we have to fight HIV/AIDS globally. The fact that the Global Fund, in the span of two years, has mobilised an amount of resources that has no precedent cannot be overlooked. ActionAid believes that continued pressure on donor country governments, in particular those that have failed to make any new pledges to follow original pledges made when the Global Fund first became operational, is imperative. Donations must also be solicited from the private sector to ensure that the Global Fund does not join the list of failed initiatives that monopolised poor countries' hopes for a few years before failing to deliver.

^{ix} Press Briefing by Stephen Lewis, UN Special Envoy for HIV/AIDS in Africa. 8 January 2003.

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