

GLOBAL FUND OBSERVER (GFO) NEWSLETTER
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[NEWS: Tommy Thompson's Africa Trip](#)

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NEWS: Global Fund to Play a Key Role in Meeting "3 by 5"
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The World Health Organization believes that the Global Fund has a key role to play in financing WHO's recently announced "3 million by 2005" (3 by 5) initiative. In this initiative, announced on 22 September, WHO seeks to get three million people onto antiretroviral treatment by the end of 2005.

The Global Fund has responded with enthusiasm to the call from WHO. In particular, the Fund hopes to receive large HIV-treatment-oriented proposals in Round 4, which will be launched on 10 January.

"The world is now poised for a massive scale-up in antiretroviral therapy," said the Fund's Executive Director Dr. Richard Feachem in a recent interview that Global Fund Observer conducted jointly with him and Dr. Jim Kim, Advisor to the WHO Director General.

"In every country, that scale-up is urgent, timely, and possible," said Dr. Feachem. "The Global Fund exists to help finance that scale-up. And so we very much hope to see large and ambitious applications for antiretroviral therapy scale-up in Rounds 4 and 5."

Feachem added that he was "surprised" to note the limited number of treatment-oriented applications in previous rounds, and was also surprised at the "cautiousness" of some of those applications.

Dr. Feachem stated that it is quite clear that in many countries the problem with launching treatment programs is not a lack of infrastructure. If more drugs could be made available tomorrow, they could be used the next day.

WHO has declared that the lack of access to antiretroviral drugs is a global health emergency. It estimates that there are six million people worldwide who are in "immediate need" of AIDS treatment. Dr. Kim explained that this number is based on the assumption that fifteen percent of the over 40 million people with HIV worldwide are currently in need of treatment. WHO's goal is that as an absolute minimum, half of these – i.e. three million people – should be reached by the end of 2005. Dr. Kim's strong preference would be to reach more, he said.

Without the "3 by 5" initiative, it is likely that only about 850,000 of these people would be reached by 2005. Most of these, said Dr. Kim, will be reached as a result of Global Fund financing of Rounds 1, 2 and 3. For "3 by 5" to succeed, it will be essential for multiple heavily-impacted countries to rapidly develop plans for implementing treatment programs, and then to obtain financing for these programs. The primary potential source for this financing is the Global Fund, both Dr. Kim and Dr. Feachem said.

Dr. Kim urged countries that do not yet have a plan for addressing their "treatment gap" to approach WHO for help in designing such a plan.

In the interview, Dr. Feachem strongly encouraged all CCMs to seriously consider the possibility of doing any or all of the following in order to help reach the "3 by 5" goal:

- With regard to Round 1 or 2 HIV grants: Modestly re-assign the way in which existing approved budgets are assigned.
- With regard to Round 3 HIV grants: Given that Round 3 grant agreements have not yet been signed, more substantially re-assign the ways in which the approved total HIV grant is assigned, so long as the spirit of the original grant application is respected and the budget total is not increased.
- For countries that have *not* yet had an HIV grant approved by the Fund: Consider submitting a Round 4 and/or 5 proposal that forcefully tackles treatment.
- For countries that *have* had an HIV grant approved in Round 1, 2 and/or 3: Consider applying for an additional HIV grant in Round 4 and/or 5 that focuses on treatment in a way that the previous grant did not, or that regards the treatment component of the prior grant as being a pilot project which will be extended or scaled up in a Round 4 or 5 grant.

The WHO's best estimate of the cost that countries will incur in meeting the "3 by 5" goal is about \$5.5 billion. Dr. Kim explained that a portion of that sum is money that various countries and donor agencies have already agreed to spend. WHO is currently computing how much of the \$5.5 b. represents new or additional needs.

Dr. Kim said that if the Global Fund succeeds in raising the \$3 billion that the it has said it needs for 2004 (\$1 billion from Europe, \$1 billion from the USA, and \$1 billion from all others), and if it raises a

corresponding amount for 2005, all of the needed additional cost of achieving "3 by 5" could be met through the Fund.

Furthermore, Dr. Kim said he believes it need not be too long before the required drugs could be available in a one-pill-per-day combination pill that will cost no more than \$50 per patient per year. At that level, the cost of drugs – but not human resources – for treating all 40 million people with HIV would be a not-unthinkable \$2 billion per annum.

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COMMENTARY: The Global Fund and Treatment Access in Latin America – A Critical View

By Richard Stern

[Note: This article represents the opinions of the author. Global Fund Observer has not taken a position on the matters discussed.]

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The Global Fund offers promises and hope for many, but a view from the field in Latin America and the Caribbean indicates that when it comes to antiretroviral treatment access, the complications are many and the promises offered by the Fund are slow to be fulfilled.

In Ecuador and the Dominican Republic, prolonged internal disputes involving CCMs and Principal Recipients have meant that even though their proposals were accepted by the Fund in January 2003, the grant agreements had still not been signed as of late November, and thus no money has been received. These countries compounded the problem by deciding to wait for Global Fund money to arrive before starting to purchase antiretrovirals for targeted populations. Thus, ironically, the existence of the Global Fund has actually delayed treatment access in these countries.

There is another problem, somewhat less dramatic, that has occurred in almost every country. NGOs that in the past might have tackled violations of human rights or gaps in treatment access now have to consider whether such activism could cause them to lose access to Global Fund revenue received by their local CCM. It is important to remember that in Latin America, prior to the Global Fund, only very minimal amounts of financial support have been available for civil society through national AIDS programs. The Global Fund appearing on the scene represents a potential "windfall" of resources, and the dynamics related to advocacy have changed considerably. The key factor here is that most CCMs are, in fact, government controlled, even if that is not the Fund's intention.

The domination of government in CCMs was dramatically illustrated in the Latin American/Caribbean Regional Meeting that the Fund held in Panama in late November. Incredibly, only 8 of 160 participants were People Living with HIV/AIDS (PLWAs). The Fund had instructed CCMs to make their own selection as to who to bring to the meeting, and only four out of the twenty countries present – Costa Rica, Bolivia, Colombia and Cuba – actually included PLWAs in their delegation.

One of the most interesting moments in the Panama meeting occurred on the final day when nearly a dozen international agencies marched to the podium to present themselves. Among them were USAID, PAHO, GTZ, UNAIDS, the World Bank, the Interamerican Development Bank, UNDP and UNICEF. Many of the agencies made references to the hundreds of millions of dollars they have invested in the AIDS pandemic. After the speakers had concluded their presentations, Julio Cesar Aguilar, a PLWA from Bolivia, commented "I am grateful that almost all of the agencies on this stage are working to help us in Bolivia. But I wonder how it is possible that as yet not even one PLWA in my country has received ARV treatment?"

Eighteen months after the Fund began operations, Global Fund money has only led to some 800 to 1,000 people receiving treatment in Latin America and an additional 1,000 in the Caribbean. Most of these are in Honduras and Haiti, which had their proposals approved in Round One, and some are in El Salvador. (Argentina and Chile may also be providing some ARV access with funds provided by the Fund, but ARV access in these two countries was nearly universal even before the GF began to provide funds).

With the impending arrival of Global Fund money, it seems almost inevitable that there is intense competition and distrust between civil society and government, as well as between NGOs themselves.

In two of the countries mentioned above, the fight about who was to be the Principal Recipient was taken by NGOs to the Fund's mid-level staff, and perhaps beyond, and this has resulted in delays which will set the process of actual disbursement of funds back as much as a year. Those who urgently needed ARVs in 2003 will now have to wait until 2004. As many as 25% will not survive.

Another problem is that in some countries, NGOs which represent vulnerable populations such as gay/lesbian/bi/trans people are routinely denied legal registration, yet CCM regulations stipulate that only legally registered NGOs can benefit from Global Fund money. So, because of this Catch 22, these groups – which have a real ability to reach out to and conduct prevention work among their own populations – are supplanted by legally registered NGOs that suddenly appear on the scene and have no demonstrated track record in working with vulnerable populations.

Another discouraging factor is that some of the accepted Global Fund proposals in the Latin American region were written by highly capable experts who joined forces with local CCMs only for the purpose of writing the proposal. In these cases, the accepted proposal does not always accurately reflect the country's national AIDS program or its ability to put large amounts of money to good use in AIDS programs. Some proposals reflect mainly the writing and technical skills of the outside consultants who drafted the proposals.

Another issue is that the few civil society representatives on the CCMs often are well intentioned but poorly trained regarding more technical issues of program implementation and medication purchase. Many of the PLWA representatives come from backgrounds where they simply have not been trained in the necessary areas. This puts them at a tremendous disadvantage when facing government AIDS bureaucrats who may dominate decision-making processes in areas to do with ARV access and other “technical” issues.

The only feasible solution to the problems elaborated above would be greater active participation of the Global Fund in CCM activities and program implementation. The Fund is reluctant to do this because it has limited staff and it wants local capacity to develop and national AIDS programs to become self-sufficient. One possibility would be for this to happen in phases with, at first, much more support from trained experts whom the Fund could employ after a proposal has been approved.

To suddenly present a previously impoverished and not particularly well-trained AIDS program with the prospect of millions of dollars is certainly well intentioned but can sometimes lead to all kinds of unforeseen problems, ranging from inadequate infrastructure to rampant manipulation and corruption. People living with HIV/AIDS need treatment today, not in a year or two. But without more active guidance and “hands on” participation from the Fund, situations that are destructive and lead to long delays in treatment access will undoubtedly continue to occur.

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ANALYSIS: The Global Fund and Disbursements – Moving Money out the Door

by Eric Friedman

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As more funds become available for prevention and treatment of HIV/AIDS in poor countries, the ability of grant-making agencies to move money into the field is crucial. In this regard, the Global Fund to Fight AIDS, Tuberculosis and Malaria has an admirable record, particularly for an organization formed so recently. The Fund is moving money to grant recipients with considerable – and increasing – speed.

The Fund's disbursement process is central to an understanding of the Fund's pace of disbursements. The Fund does not disburse an entire 2-year grant at once. The Fund disburses grants in installments, generally on a quarterly basis. This method enables the Fund to ensure that the grant money is being used properly and that progress is being achieved. Thus, a seemingly low proportion of grant commitments that have been disbursed so far (as of mid-November, the Fund has disbursed

\$164 million, or about 11%, of the \$1.5 billion in commitments for Rounds 1 and 2) does not mean that the Fund is having trouble disbursing money, or that it has more money than it can spend. Indeed, it has committed all funds pledged through 2003, as well as \$138 million pledged for 2004, a total of \$2.05 billion – more than the \$1.71 billion that donors had actually paid into the Fund as of December 4, 2003.

Most grantees have received one or two sets of disbursements; Ghana and Haiti have received three. The Fund is on pace to disburse \$1 billion by the end of 2004 towards its \$2.05 billion in commitments for the first two-years of proposals approved for Rounds 1, 2, and 3. Because the disbursements are made in installments, the disbursements will always be below commitments.

Most of the time between proposal approval and the first disbursement passes as the Fund and country coordinating mechanism work to establish the in-country mechanisms needed to ensure that the grant is used effectively and efficiently. This process entails finding a Local Fund Agent (which provides financial oversight) and a Principal Recipient (which is responsible for distributing the funds among the implementing organizations). The Fund can then sign a grant agreement with the Principal Recipient, enabling the funds to flow once any other requirements (such as the need to develop an approved plan for procurement and supply management) are fulfilled. As these mechanisms are established in an increasing number of countries, and as the Fund gains more experience in laying this groundwork, the time between when a proposal is approved and when a grant agreement is signed will decrease significantly. Indeed, from the first round to the second round, this period of time decreased from an average of 10.3 months to 4.6 months (a decrease of 55%). The first two grant agreements on a Round 2 proposal, both for Madagascar, were signed 2.7 months after being approved. As of November 15, 2003, grant agreements had been signed for 78% of the proposal components approved in Rounds 1 and 2, and had a total value of \$1.09 billion as of mid-November 2003 (64% of contributions).

Once these mechanisms are in place, funds are being disbursed with increasing speed. In the first quarter of 2003, it took an average of 81 days after the grant agreement had been signed before the first disbursement was made. In the second quarter of 2003, the average time period was cut to 40 days, and the Fund is committed to further reducing this time. The Fund has disbursed approximately 75% of grant money that countries had budgeted for the initial 6 months of their 2-year grants within that time period, measured from the signing of the grant agreement. This percentage can be expected to increase as the time between grant agreement and disbursement continues to decrease.

According to data available from the Global Fund in mid-November, of the 133 proposals from the first two rounds for which grant agreements had been signed, at least the initial disbursement had been made for 103 of them (77%). Grant disbursement had begun on 84 of the 87 grant agreements (97%) signed before August 2003.

In some cases, the turn-around time between grant agreement and disbursement has been only several weeks – or less. For example, two grant agreements were signed with Benin on September 17, 2003, and disbursements were made on September 26. Ethiopia received a disbursement on a grant agreement signed August 1, 2003, in less than three weeks. Thailand received two grants based on its Round 2 HIV/AIDS proposal in one and two weeks after grant agreements were signed. Disbursement on one of Madagascar's grants began only two days after a grant agreement was signed.

The Global Fund's disbursement processes represent a responsible response to the health crisis facing the world. The Fund develops the mechanisms – namely the Principal Recipient and Local Fund Agent – to ensure that the grants will be used effectively, and once these mechanisms are established, disburses funds in short order. In the case of one of Madagascar's Round 2 grants, the entire process took less than three months. The speed of this example represents a service standard to which the Global Fund aspires as it streamlines its internal processes and as in-country mechanisms become more established.

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NEWS: Short items

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- Japan has announced an increase in its contribution to the Global Fund for 2004, from an originally planned US\$40 million to "up to" US\$100 million. This brings the total Japanese contribution to the Global Fund for the period 2002-2004 to US\$ 260 million.

Current US pledges for 2002-4 total \$823 m., and European pledges total \$1,691 m. The US House and Senate are currently discussing by how much to increase the US's current \$200 m. pledge for 2004.

- Nine major international companies with operations in developing countries — AngloAmerican, Bristol-Myers Squibb, Chevron Texaco, DaimlerChrysler, Eskom, Heineken, Lafarge, Pfizer and Tata Steel — have announced that they will use their facilities, employees and other infrastructure to expand workplace HIV/AIDS prevention and treatment programs into communities where they operate.

The Global Fund is interested in receiving some "co-investment" proposals from CCMs. In such proposals, companies provide infrastructure that was originally established to serve their employees, and the Fund and others provide financing that enables the corporate infrastructure to be extended to serve non-employee members of the community.

- As previously reported, the Global Fund's Call for Proposals for Round 4 will be issued on 10 January 2004. At that time, the updated guidelines and application forms will be available for downloading from www.theglobalfund.org. Completed applications will need to be submitted by 2 April 2004. The Technical Review Panel will meet in May, and approvals will be made by the Board on 28-30 June.
- Aidspace's survey of actual and potential providers of technical assistance (TA) to Global Fund applicants and grant recipients has been responded to by 8 multilateral and governmental agencies, 49 NGOs and academic organizations based in 14 countries, 18 for-profit companies based in 7 countries, and 40 technically-qualified individuals based in 20 countries. One quarter of the respondents offer TA at no charge, and one half state that they have already provided Global Fund-related TA and can provide references from the TA recipients in question.

Survey responses will be analyzed and contact details will be provided in Aidspace's "Guide to Obtaining Global-Fund-Related Technical Assistance," scheduled for release in mid-January. Instructions on how to obtain the Guide will be published in GFO. Although the official deadline for responding to the survey has passed, responses made online at www.aidspace.org/survey during the next few days will still be considered.

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NEWS: Tommy Thompson's Africa Trip

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During the first week of December, nearly 100 corporate and other leaders from the US flew to Africa to visit AIDS projects in Zambia, Rwanda, Kenya and Uganda. The trip was led by Tommy Thompson, who serves both as US Secretary of Health and Human Services and as Chairman of the Global Fund. The purpose of the trip was primarily to see the impact of AIDS-related projects that are funded by the US government. Thus, Global Fund projects were not a primary focus, though many references to the Fund's work were made throughout the trip.

Participants included Randall Tobias, the newly appointed US Global AIDS Coordinator; Richard Feachem of the Global Fund; Julie Gerberding, Tony Fauci, and other leaders of the US National

Institutes of Health, Center for Disease Control, and USAID; J.W. Lee, head of WHO; Peter Piot, head of UNAIDS; and leaders of various US NGOs and pharmaceutical corporations.

Thompson said he had organized the trip partly because he was "transformed" during his first visit to Africa last year, when encounters with AIDS sufferers moved him to tears. "I held a baby girl in my arms and could feel her love and warmth," Thompson said. "All she wanted was an opportunity to live."

"We're tired of these photo op trips to Africa," countered Paul Zeitz, executive director of the Global AIDS Alliance in Washington, D.C. "Another photo with Secretary Thompson and Ambassador Tobias hugging AIDS patients and watching orphans sing is not what is needed." Other critics were concerned that the trip served in part to showcase the compassionate side of the Bush administration's conservatism, and perhaps to shore up the nation's international standing after months of worldwide criticism of the Iraq war.

"The trip was extraordinary," said Richard Feachem, Executive Director of the Fund. "It gathered senior American public and private leaders, from CEOs to the Directors of the CDC and NIH. And it brought us out into the field to witness the good work that governments and NGOs are doing to roll back AIDS, TB and malaria. We met with many people living with HIV, some now receiving ARVs, and heard about their challenges, triumphs and hopes."

"It was clear," added Feachem, "that there is tremendous local capacity to increase the scale of our efforts to turn back these diseases, and that all parties concerned – public and private – have a role to play. The Global Fund was a constant feature in our discussions, and communities throughout these countries talked often about the promise of the Global Fund and, in some cases, the reality of what our resources are now purchasing and enabling. It was a wonderful feeling to see in Zambia and Kenya the nets and 3rd generation malaria treatments that Global Fund grants had made possible."

The party traveled on a chartered plane that one participant described as being incredibly cramped and uncomfortable; he said that it was a joy, after the trip was over, to fly Economy on a commercial flight within Europe. Two participants – the CEOs of Pfizer and Bristol Myers Squibb – flew on their own much more comfortable corporate jets, but other participants were not given a chance to ride with them.

Daily schedules generally lasted from 6 am until late evening. One participant who has devoted most of his working life to AIDS said that although he was very impressed with the hard work of the organizers, he felt that a somewhat sanitized view of AIDS was presented – that there were plenty of meetings with HIV patients whose lives were improving thanks to ARV treatment, but none with patients who were close to death as a result of lack of treatment. Another participant, whose career has been equally devoted to AIDS, said that this would not have been appropriate. The key point was to give a sense of the hope that is now possible.

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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). The GFO Newsletter is emailed to subscribers once to twice a month.

GFO has an Editorial Advisory Board comprising ICASO, GNP+ and the AIDS NGO Network in East Africa (the three organizations designated as Communications Focal Points within the Global Fund's NGO board delegations), and the International HIV/AIDS Alliance. GFO is currently provided in English only. It is hoped later to provide it in additional languages.

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