

GLOBAL FUND OBSERVER (GFO) NEWSLETTER, a service of Aidspace.

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NEWS: HIV-Treatment Numbers Grow
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Last Wednesday, the Global Fund, WHO, UNAIDS and the US government's PEPFAR program jointly announced that by the end of December 2004, 700,000 HIV-positive people in developing countries were receiving antiretroviral treatment as a result of the efforts of these organizations plus national governments and other partners. This represents an increase of sixty percent over the past six months.

The World Health Organization reported on the same day that 41% of those who need but are not receiving ARV treatment live in just three countries – South Africa, India and Nigeria. "Those three countries have to get moving, and they have to get moving now," WHO's Jim Kim told the BBC.

And the Global Fund reported that its grants had led, by December, to more than 1 million people being reached with HIV testing and counseling, 385,000 people receiving TB DOTS treatment, 300,000 people receiving third-generation artemisinin-based combination therapy (ACT) for malaria, and 1,350,000 insecticide-treated bed nets being distributed to prevent malaria transmission.

WHO said that the number now receiving treatment for HIV/AIDS shows that the world is on track to meet the goal of 3 million receiving treatment by the end of 2005. However, less than half of the nearly \$4 billion needed during 2005 to meet that goal has been promised thus far. And Doctors Without Borders/Médecins Sans Frontières (MSF) commented that "instead of celebrating," the four agencies "should be sounding the alarm," because the people on treatment still represent only 12% of the nearly six million who need it.

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ANALYSIS: Mis-Steps in the Use of Treatment Numbers
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The Global Fund and PEPFAR (the US President's fifteen-billion-dollar Emergency Plan for AIDS Relief, led by Ambassador Randall Tobias) have both made some mis-steps in claiming credit for their respective roles in financing the 700,000 people who are now receiving treatment for HIV/AIDS.

Even though the total of 700,000 is not in doubt, PEPFAR has created the impression that it is directly providing treatment to far more people than is in fact the case. And the Global Fund may have done the same.

The Fund, whose web site normally provides impressively detailed information about its activities, says that its grants have brought "130,000 [of the 700,000] people on treatment," but provides no country-by-country breakdown or other data to back this up. So it's impossible to know how valid that number is.

PEPFAR, on the other hand, not only says that it has "supported anti-retroviral treatment for approximately 155,000 [of the 700,000] men, women, and children in its first eight months," but it provides a breakdown by country. At first sight, this additional detail is a refreshing change for an agency whose hard-to-find web site normally tells almost nothing about PEPFAR activities.

But as one examines the PEPFAR statements and numbers in more detail, one cannot fail to conclude that PEPFAR is implicitly claiming credit for more than is justified.

For instance, Ambassador Tobias told Voice of America "Today we [PEPFAR] announced very significant progress in our programs to get people on treatment and specifically in the 15 focus countries that we are putting particular attention on. We now have 155,000 people receiving treatment.... We really are ahead of schedule in launching the scale-up of the president's program." Based on this and other statements, the New York Times reported "Ambassador Tobias said the United States is paying for the treatment of 155,000 people."

But these statements go beyond what the PEPFAR documentation claims. For example, in its press release, PEPFAR said only that it "supported" the treatment provided to 155,000 people, not that it "got" these people on treatment. This is a much less strong claim. Indeed, it's an almost meaningless claim, because anyone who gives \$1,000 to a major funding agency can say that he or she has "supported" millions of people.

Meanwhile in further documentation not mentioned in the press release, PEPFAR acknowledged that 68,000 of the 155,000 people who are "receiving treatment" thanks to the United States are also having their treatment supported by the Global Fund.

Furthermore, PEPFAR's definition of whose treatment it is "supporting" is extremely broad. For instance, the PEPFAR documentation states that the 155,000 being supported by PEPFAR includes 32,839 in Botswana. Yet according to a WHO report, the estimated total number of people in Botswana receiving ARV treatment from *all* programs is... precisely the same number. Moreover, according to the WHO report, about 25% of these 32,839 people are paying for their own treatment through private doctors, or are being treated by their employers. And a further 45% were already receiving their treatment through public-sector treatment programs before PEPFAR distributed its first grants in the second quarter of 2004. Finally, some of those under treatment in Botswana are being treated with generic drugs, which thus far PEPFAR has not been willing to finance.

In eight additional countries – Cote d'Ivoire, Ethiopia, Guyana, Haiti, Mozambique, Namibia, Nigeria and Zambia – PEPFAR again says it is supporting treatment to every single person whom the WHO report says is under treatment.

The explanation for these strange figures is that some of the funding provided by PEPFAR does not go to local projects that "put pills in people's mouths." Instead, it goes to national projects – e.g. training of medical staff, or provision of lab facilities – that PEPFAR believes indirectly benefit all people who are on treatment in that country. It may be that the Global Fund takes a similar position regarding some of its own grants. This won't be known until the Fund releases country-by-country treatment data which then can be compared with WHO's data on total numbers of people on treatment.

The joint statement last week by WHO, UNAIDS, the Fund and PEPFAR was the result of a recent decision by the four agencies to use a common and clear methodology for measuring numbers on treatment. More work needs to be done on that methodology, and on how the numbers are used. Otherwise, press reports will continue to mistakenly suggest that a particular funder is single-handedly paying for the treatment of huge numbers of people when in fact that funder is only helping many of them indirectly or jointly with other funders.

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NEWS: Italy Restores its Pledge to the Global Fund
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Italy has decided that it will after all, although somewhat belatedly, pay its 2004 pledge of €100 million to the Global Fund. This means that the Fund can continue to state that no significant pledge to the Fund has ever been cancelled.

After a government official announced in December (see GFO Issue 38) that Italy would not be able to pay the pledge, the Italian NGO network and other supporters of the Fund, quietly backed by Secretariat staff, redoubled their efforts of the previous few months in favor of the pledge. Finally, at a meeting between the Minister of Foreign Affairs, the Minister of Economy and a representative of the Prime Minister, it was agreed that the full 2004 pledge and 80% of the €100 million 2005 pledge will be drawn from the reserves of the Ministry of Economy. The decision was then approved by the Council of Ministries and announced by the Ministry of Foreign Affairs.

One person deeply involved in the work by the Italian NGO network explained to GFO that the government had never formally cancelled the pledge; it was "just trying to forget about this matter" while tackling internal problems directly impacting the next election. According to this person, the recommitment to the pledge was pushed through by Gianfranco Fini, Minister of Foreign Affairs and Deputy Prime Minister, who "includes among his political priorities that Italy maintains its international commitments."

The Global Fund's principles include that governmental support provided to the Fund should be "additional" – that is, should represent an increase in development assistance, rather than a diversion to the Fund from some other form of development assistance. The Italian decision to provide €180 million from the Ministry of Economy represents one of the relatively rare cases where this principle of additionality has been followed.

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ANALYSIS: Year-End 2004 Financial Overview
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Total contributions paid to the Fund in 2004 were \$1,446 m., up from \$937 m. in 2003. The 2004 amount would have been \$136 m. more if Italy had paid its 2004 pledge on time.

The Fund estimates that its total needs in 2005 will be \$2,310 m. – \$1,310 for renewal of various grants approved in Rounds 1-3, and \$1,000 m. for the first two years of Round 5 grants. Of this, \$1,219 m. (53%) has been pledged thus far.

The US originally pledged \$547 m. for 2004. However, this was subject to a cap that the US will not provide more than 33% of total contributions to the Fund. The existence of this cap meant that in the end, the US only gave \$459 m. in 2004.

The US pledge for 2005 is \$350 m., significantly down from its 2004 maximum of \$547 million. However, the "unpaid" part of the 2004 pledge has been added to this, meaning that the US maximum for 2005 will be \$435 m. This again will be subject to a cap that the US will not provide more than 33% of total contributions to the Fund.

Pledges to the Fund for 2004 that have not yet been paid are \$136 million from Italy, \$1 million from the Health Authorities of Taiwan, and \$50,000 from Brazil. Pledges for 2003 that have not been paid are \$1.9 million from South Africa, \$1 million from Nigeria, \$100,000 from Cameroon and \$100,000 from Mexico.

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NEWS: Brown and Chirac Propose New Ideas to Finance the Global Fund
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Two world leaders, Gordon Brown of the UK and Jacques Chirac of France, have proposed radical new mechanisms that would, if implemented, provide major increases in funding for the fight against AIDS in general and the Global Fund in particular.

The UK Chancellor of the Exchequer, Gordon Brown, has proposed setting up an International Finance Facility (IFF) that would raise huge amounts of money quickly by selling bonds backed by promises of future donations from governments.

If Western governments were to provide absolutely convincing pledges that they would donate, say, \$X per annum over the next N years, that money could go to investors instead of to recipient countries. The investors would in return contribute much more than \$X in the early years, knowing that they would eventually be repaid, with interest, from the stream of future money from the donor governments. That way, the Global Fund and other entities backed by the IFF could start giving out large amounts of money before all of that money has been received from donor governments.

The concept has been discussed for some time, and is already believed to be supported by more than 50 countries, including France, Italy and Sweden. The US is currently not in support, though Mr. Brown says that this need not prevent the IFF from moving ahead, and he is hopeful that the US "can be won over" at the forthcoming meeting of the G8.

"Years from now people will ask about AIDS and Africa – how could the world have known and failed to act?" said Mr. Brown, explaining his idea in a speech in Tanzania in mid-January.

The IFF would not just be used to finance the Global Fund; it would also be used to finance vaccine development and certain other development goals. But the Fund featured prominently in Mr. Brown's comments.

"The Global Fund faces a set of decisions over its funding gap," he said. "Instead of just short term cash, it needs stable predictable funding. Instead of minimal funding, it needs sufficient funding to meet its goals." He said that the income of the Global Fund has to rise to \$3.4 billion in 2006 and at least double that by 2010. "Only then can it play its role in providing sufficient finance for the massive scaling up of programs to prevent and treat HIV/AIDS that is needed."

Mr. Brown pledged that during the UK's Presidency this year of the G8, he would make IFF-based funding for the Global Fund a priority. "The Fund needs this to fulfill the mission for which it was created," he said.

"AIDS is not unbeatable," responded Richard Feachem, Executive Director of the Fund. "It is not a natural catastrophe we have to endure. But to get on top of this pandemic, we need to think big and act boldly. We need to invest up front. Unless we reach a high threshold of action and financing, our efforts are wasted. Gordon Brown's ideas are big and bold – just what we need to win the war against this virus."

Then last week, French President Jacques Chirac called for an international tax to fund the fight against AIDS. The experimental levy could generate \$10 billion a year, he told the World Economic Forum in Davos.

Chirac said the levy could be imposed, at an extremely low percentage rate, on certain financial transactions without hampering markets; or it could be imposed on fuel used for air and sea transport, or on every airline ticket sold.

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NEWS: Global Fund is Flexible With Countries Affected by Tsunami
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The Global Fund has informed Indonesia, Sri Lanka, Thailand and India, the four countries most seriously affected by the December 26 tsunami, that it is willing to be flexible in how their grants are implemented. The Principal Recipients and the CCMs in these countries were told they could request reprogramming of grants either because of tsunami-induced difficulties with implementing the grants as originally designed, or because the tsunami has created new perils, such as possible new outbreaks of malaria, that did not exist when the proposals were written.

As a result, the countries are considering whether to take actions such as reallocating resources to regions hardest hit, to shift funds from longer-term malaria interventions to short-term distribution of anti-malaria drugs or bed nets, or to reallocate funds to quickly re-establish the infrastructure necessary to sustain TB and AIDS treatment.

In Sri Lanka, where most of the districts implementing Global Fund-financed programs are severely affected by the tsunami, the CCM has requested, and the Fund has approved, a three-month extension of the Phase 2 renewal process.

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This is an issue of the GLOBAL FUND OBSERVER (GFO) NEWSLETTER.

GFO is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria (www.theglobalfund.org). GFO is emailed to over 6,000 subscribers in over 160 countries once to twice a month.

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