

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

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CONTENTS
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[1. ANALYSIS: Prospects for London Replenishment Meeting](#)

An analysis of the Fund's financial needs and its likely income suggests that it may well not be possible for the Fund to launch any new rounds in 2006 or 2007. At best, there might be money for one new round in 2007, but none in 2006.

[2. COMMENTARY: "Providing" Treatment Versus "Supporting" Treatment](#)

Neither the Global Fund nor PEPFAR has adequately explained what they mean when they say how many people's treatment their grants are "providing" or "supporting."

[3. NEWS: Fund's Chief of Operations to Depart](#)

Brad Herbert, the Global Fund's Chief of Operations, has announced that he will be leaving the Fund on 1 December.

[4. ANALYSIS: The Fund's "Executive Dashboard"](#)

The Fund's website now shows an "Executive Dashboard" capturing various measures of the Fund's progress. But without more target data being provided, the graphs are not very useful as a measure of success.

[5. NEWS: "Communities" Delegation Seeks Focal Point](#)

The Global Fund board delegation that represents "Communities Living with AIDS, TB and Malaria" is seeking a person to serve as Communications Focal Point.

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1. ANALYSIS: Prospects for London Replenishment Meeting
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An analysis of the Fund's financial needs and its likely income suggests that it may well not be possible for the Fund to launch any new rounds in 2006 or 2007. At best, there might be money for one new round in 2007, but none in 2006. This is a very different future than the one hoped for by the Global Fund Secretariat, in which there would be one new round in 2006 and two in 2007.

Donor governments will meet in London on September 5-6 for the last of a series of three "Replenishment" meetings to agree on how much money they will give to the Global Fund in 2006 and 2007. At the first two meetings (in Stockholm in March and in Rome in June), donors focused on learning more about the Fund, its work and its plans. They are now deciding what pledges to announce at the London meeting.

Shortly after the London meeting, the board will approve grants for Round 5 that are anticipated to cost at least \$1.0 billion. As has been the case for some months now, it appears likely that the Fund will only have about \$0.3 billion to pay for that round, because other money received in 2005 must be allocated for renewals of earlier grants. If this shortfall does indeed arise, the board will have two main options. The first is only to approve grants for which there is enough money (which could be under 30% of the grants recommended for approval by the Technical Review Panel). The second is to approve those grants, and then to approve the remaining grants in January 2006, at which point the Fund's Comprehensive Funding Policy will permit 2006 pledges to be taken into consideration. The

latter is the more likely decision; but that decision would mean that the Fund's financial needs for 2006 will be correspondingly greater.

In addition, the Fund estimates that it will need \$7.1 billion in 2006 plus 2007 for three new rounds plus renewal of grants from earlier rounds. This is based on the Fund's assumption that it will continue to launch one new round of grants every eight months.

Thus, the total need for 2006+7 is likely to be close to \$8 billion, as shown in Table 1.

Table 1: Global Fund needs, \$ billions

Global Fund needs	2006	2007	Total
Needed for "Phase 1" of one new round in 2006 and two in 2007	1.1	2.6	3.7
Needed for renewals ("Phase 2") of past rounds	1.8	1.6	3.4
Total need	2.9	4.2	7.1
Plus likely Round 5 shortfall, carried over from 2005 to 2006	0.7	0	0.7
Revised need	3.6	4.2	7.8

According to sources within the Secretariat and the board, the total amount pledged at the September Replenishment Meeting by non-US sources is likely to be between \$1.6 and \$2.0 billion for each of 2006 and 2007.

One way of validating that number is as follows: If every donor gives in both 2006 and 2007 the most that it has given in any previous year, the total per year from non-US sources would be \$1.23 billion. However, it is believed that France will give approximately \$270 m. in 2006 and \$360 m. in 2007, up from its 2005 contribution of \$180 m. Also, Japan has promised to give \$500 m. "in the coming years," which is believed to mean over the two years 2006-7, which is a tripling of its 2005 pledge of about \$80 m. Finally, some observers believe it likely that the UK will approximately double its 2005 pledge of about \$90 m. If all those things happen, that would increase the total per year from non-US sources to about \$1.56 b. Further increases by other donors would take the total correspondingly higher.

This leads to the question, how much will the US pledge? The US will not announce its 2006-7 pledges at the Replenishment Meeting, partly because US funding decisions are made through a complex process involving the President, the House, and the Senate. At present, the House has proposed that the US gives \$400 m. in 2006, and the Senate has proposed \$600 m. The final decision will be made jointly some time after Congress returns in early September from its summer recess.

If non-US donors give \$1.8 billion per year, the US would have to give \$0.9 billion per year to maintain its past tradition of providing one third of the total.

In Table 2, we show how much the Fund will receive if non-US donors do indeed give \$1.8 b. per year and if the US gives (a) \$400 m. per year, as proposed for 2006 by the House, which would be 18% of the total, (b) \$600 m. per year, as proposed for 2006 by the Senate, which would be 25% of the total, or (c) \$900 m. per year, which would be 33% of the total.

The table shows, in the last line, how much money will be available for new rounds according to these different scenarios.

**Table 2: Possible Global Fund revenues, \$ billions,
for different US choices of percent of total revenue to contribute**

Possible Global Fund revenues	2006			2007			Total		
	18%	25%	33%	18%	25%	33%	18%	25%	33%
US share of total revenue									
Possible pledges: Non-US (\$1-6-2.0 b./year, but assume here \$1.8 b. per year)	1.8			1.8			3.6		
Possible pledges: US (at 18%, 25% or 33% of total)	0.4	0.6	0.9	0.4	0.6	0.9	0.8	1.2	1.8
Total pledges	2.2	2.4	2.7	2.2	2.4	2.7	4.4	4.8	5.4
Needed for renewals plus Round 5 shortfall (from Table 1)	2.5			1.6			4.1		
Thus: Available for new rounds after Round 5 (Note: Each new round costs at least \$1 b.)	-0.3	-0.1	0.2	0.6	0.8	1.1	0.3	0.7	1.3

What all this leads to is that at the low end, it will not be possible to have any new rounds in 2006 or 2007; at the mid or high end, maybe there could be one new round in 2007, but it is hard to see how there could be a new round in 2006.

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2. COMMENTARY: "Providing" Treatment Versus "Supporting" Treatment

by Bernard Rivers

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A key feature of the Global Fund is that it says it is "results-based" – that it can measure the impact that its grants have, and it can prove to its donors that their money is well-spent.

Recently, PEPFAR (the \$15 billion US bilateral AIDS program) has had a difficult time coping with some confusions that its published numbers have caused. The experience provides a sobering lesson for the Fund.

On 1 February, GFO published an article pointing out that PEPFAR stated in January that it is "supporting" the treatment of 32,839 people in Botswana – which is exactly equal to the total number of people who were on antiretroviral treatment in Botswana from all forms of support, including those whose treatment was paid for by themselves or their employers. Shortly afterwards, PEPFAR reduced that Botswana number to 20,000.

Then on 1 July, the *Washington Post* ran a front page story on the same subject. The article quoted Botswana's deputy permanent secretary for health services as saying he couldn't identify a single person in Botswana who was receiving treatment as a direct result of PEPFAR financing.

Then last week, a public meeting was arranged in Washington DC so that PEPFAR could explain more about how its treatment numbers are computed.

The problem relates to two things: terminology, and how numbers are measured.

First, terminology. When launching PEPFAR, President Bush said that the program "will treat at least 2 million people with life-extending drugs." And until February 2005, PEPFAR said on multiple occasions that it would "provide" treatment to 2 million people worldwide. However, after February, PEPFAR changed its terminology and said only that it would "support" treatment for 2 million people.

On 13 June 2005, Ambassador Randall Tobias, US Global AIDS Coordinator, said "The goal set forth a year ago was to support treatment for more than 200,000 people in these 15 countries by June of this year; and so we didn't just exceed the goal by 35,000, we did it three months earlier than the goal. In my opinion, that is striking."

This is not really correct. The original goal was to "provide" treatment to that many people, not to "support" treatment to that many people.

Second, measurement. PEPFAR says that its definition of "support" of treatment includes contributions to a variety of activities up to and including curriculum development. But no cut-off levels are provided – PEPFAR does not state whether a \$5 contribution to curriculum development would count as supporting all those receiving treatment in that country.

Mark Dybul, Deputy US Global AIDS Coordinator, speaking at last week's meeting in Washington DC, said that the US had always intended its grants to support (rather than directly provide) treatment, and that it has changed its terminology – not its actions – because what it said earlier was being misinterpreted. And Ambassador Tobias and the Botswana Minister of Health wrote a letter to the *Washington Post* saying "The appropriate role for the U.S. plan was to support the [Botswana] national laboratory and training and quality assurance systems... Focusing on alleged squabbles about who should take credit for progress on AIDS in Botswana badly misses the mark."

Somehow, the Global Fund has thus far escaped the spotlight on this issue. It said last month that "220,000 people are now on AIDS treatment through programs supported by the Global Fund," but despite its normally impressive transparency, it has never provided any country-by-country breakdown or any explanation of how its treatment numbers are computed. When asked, the Fund simply informed GFO that it is working with PEPFAR and others to develop a common approach to how treatment numbers are calculated, and this will be used when results are published at the end of 2005.

There are two possible paths forward. The first option is for PEPFAR and the Global Fund to state something along the following lines: "We are both working hard in multiple countries on programs designed to support treatment, as are the governments of those countries, employers, and others. PEPFAR has spent \$X on treatment-related work, the Fund has spent \$Y, and other players have spent \$Z. The collective result of everyone's work is that N people are on treatment."

The other option is for PEPFAR and the Fund to agree on and publish precise criteria for measuring how many people's treatment each of them is supporting, with a distinction being made between people for whom the agency in question has covered the great majority of the direct treatment costs (that is, people of whom the agency can say "We are treating these people"), and people for whom the agency is providing a significant and defined share of the direct or indirect treatment costs.

Without one or other of these options being pursued, the media and the public will continue to misunderstand Global Fund and PEPFAR statements about credit that each deserves for numbers of people put on treatment.

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3. NEWS: Fund's Chief of Operations to Depart
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Brad Herbert, the Global Fund's Chief of Operations, has announced that he will be leaving the Fund on 1 December for personal and professional reasons.

Herbert has been with the Fund for almost three years, and for much of that time has been in charge of all work regarding oversight of Global Fund grants.

Upon announcing his plans to depart, Herbert told all staff that "to have been part of the start-up and to lead such a great team has been the highlight of my professional career... In just over 30 months we went from no grants to over 300 in 130 countries; from transferring no resources to over \$1.6 billion; and most importantly from no results to impacting millions of lives... I want to also thank Richard [Feachem], who provided me with the opportunity and space to get on with the job and to do what I thought best.... The Global Fund is indeed global and we will continue to make a difference."

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4. ANALYSIS: The Fund's "Executive Dashboard"
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In June 2004, Richard Feachem, the Fund's Executive Director, informed the board, "We have developed the so-called 'Executive Dashboard', an IT-based tracking and reporting tool, which will allow us to monitor progress against agreed targets on an ongoing basis and intervene early when there are signs of slippage."

A year later, the Executive Dashboard was made available from the Fund's home page at www.theglobalfund.org/en/files/executive_dashboard.pdf.

The Dashboard is a series of graphs which are updated monthly and are intended to capture the Fund's progress. The five main graphs show the following, with further graphs providing additional details:

- Resource mobilization (Primarily, money contributed as compared to pledges and internal targets for resource mobilization, by year)
- Proposal management (Primarily, grant agreements signed as a share of the total number of approved grants, by round)
- Grant negotiation (Primarily, the median proposal handling time, from proposal submission to board approval, to grant signing, to first disbursement, by quarter)
- Disbursement and grant management (Primarily, cumulative actual disbursements by quarter, compared to targets set from time to time by the Executive Director)
- Business services (Primarily, total secretariat cost as a percentage of total grant commitments)

Many of the graphs show useful information, though some are hard to understand. However, the main weakness is that many of them do not show any targets, which means that they do not in fact provide a basis whereby the Fund can "intervene early when there are signs of slippage." This is unfortunate, because the whole premise of the Fund is that the Fund, and its grants, are "results-based," with continued funding only being guaranteed when there is evidence that planned results are being delivered more-or-less on time.

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5. NEWS: "Communities" Delegation Seeks Focal Point
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The Global Fund board delegation that represents "Communities Living with AIDS, TB and Malaria" is seeking a person to serve as Communications Focal Point. This position requires one quarter to one half of the chosen person's time, and is unpaid, through costs are paid for attending Global Fund board meetings. Details of the requirements and of how to apply are available at www.aidsalliance.org/sw28582.asp. The closing date is 7 August.

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END OF NEWSLETTER
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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 7,500 subscribers in 170 countries once to twice a month.

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