

GLOBAL FUND OBSERVER (GFO) NEWSLETTER  
A service of Aidspan.

Issue 8 – Monday 24 March 2003.

Note: For a formatted web version of this issue, see  
[www.aidspan.org/gfo/archives/newsletter/issue8.htm](http://www.aidspan.org/gfo/archives/newsletter/issue8.htm)

++++++  
**CONTENTS**  
++++++

[NEWS: Global Fund Announces Round 3](#)

The Global Fund has invited countries to submit Round 3 proposals. Projections allow for this round to cost nearly double the cost of Round 2 – partly because countries that have already had proposals approved are still eligible to apply in this round.

[COMMENTARY: Funding the Fund \(by Bernard Rivers\)](#)

The Resource Mobilization Committee has only met once, and has no chair. The Secretariat has no Director of Resource Mobilization. The Fund has no resource mobilization strategy. Everyone is waiting for someone else to solve the problem.

[INTERVIEW: Richard Feachem](#)

A wide-ranging interview with the Fund's Executive Director, covering India, Monitoring and Evaluation, Round 3, and more.

[NEWS: Fund Seeks New TRP Members](#)

The Technical Review Panel is the Fund's way of de-politicising aid. It now seeks some new members.

[COMMENTARY: From the Chairman \(by Tommy Thompson\)](#)

Tommy Thompson, new Chair of the Global Fund's board, introduces himself to GFO readers.

[NEWS: Paris meeting on "Fund the Fund"](#)

NGOs from around the world meet later this week in Paris to discuss what they can do to generate more pressure to Fund the Fund.

[ANALYSIS: How much money does the Fund need? How much does it have?](#)

\$42 billion by 2008 needed; \$3 billion promised. How would the Equitable Contributions Framework address the gap?

[From the GFO Editor](#)

The next issue will contain an analysis of the current state of play regarding Round 1 grants.

++++++  
**NEWS: Global Fund Announces Round 3**  
++++++

On March 13, the Global Fund issued its third "call for proposals". Proposals must be submitted to the Fund by 31 May 2003. The Technical Review Panel (TRP) will review proposals in late July and will

then submit its recommendations to the board, which will consider them in September. (In the first two rounds, the board approved all proposals recommended by the TRP.)

The Fund has developed three key documents: the “Call for Proposals”, the “Guidelines for Proposals”, and the “Proposal Form”. These are available in the six UN languages at [www.globalfundatm.org/proposals.html](http://www.globalfundatm.org/proposals.html). Applicants need to carefully study all three documents, which have been revised since Round 2.

The Fund says that it “gives priority to effective proposals from countries and regions with the greatest need, based on highest burden of disease and the least ability to bring financial resources to address the problems of AIDS, tuberculosis and malaria. Proposals from countries and regions with a high potential for risk will also be considered.” The Fund adds, “If there is a Country Coordinating Mechanism (CCM) in your country, you should try to submit your plan through it.”

The Fund’s financial projections assume that in Round 3, proposals worthy of approval will cost \$1,600 m. over the first two years, nearly double the \$883 m. for Round 2.

In an interview reported elsewhere in this issue, Richard Feachem, Executive Director of the Fund, has made it clear that a country that has already had a proposal approved by the Fund for one of the three diseases is still free to submit a new proposal regarding that same disease. This new proposal “could be a massive scale-up, it could be a different dimension of the epidemic that’s being tackled, it could be more treatment whereas the first proposal was more prevention. Or it could be simply different actors. Imagine the CCM had come in in Round 1 or 2 with a mainly government-led proposal, it could come back in Round 3 with a more NGO- and civil society-led proposal.”

Dr. Feachem added that the Fund very much welcomes bold proposals. “If we don’t go to scale in all three of the diseases quickly, we’re not going to make the impact we need to make.” He also encouraged CCMs to invite NGOs within their country to submit proposals to the CCM that could, in turn, be bundled by the CCM and submitted to the Global Fund. “The prospects for such a group of applications [being approved by the Fund] would be enhanced if it were accompanied by a covering explanation from the CCM that set these several strong proposals into a national context.”

++++++  
**COMMENTARY: Funding the Fund**  
by Bernard Rivers  
++++++

Nearly three months ago, *Global Fund Observer* asked “How can we expect \$11 million to be raised every day under the leadership of a [Resource Mobilization] committee made up primarily of [board members] who would rather be somewhere else? How can we expect the Fund to meet its mission, or indeed to survive, if it pays so little attention to fundraising?” (See [www.aidspace.org/gfo/archives/newsletter/issue2.htm](http://www.aidspace.org/gfo/archives/newsletter/issue2.htm))

The situation has grown even worse since then:

- The Global Fund predicts that it will need to receive \$1,600 million by the end of the year in order to pay for the Round 3 grants that are anticipated to be approved in September. So far, only \$229 million of that amount has been raised. (See “Analysis: How much money does the Fund need? How much does it have?”, below.)
- The Global Fund board’s Resource Mobilization Committee has only held one meeting, in late January. (Other board committees have been vastly more active.) The minutes of that meeting have still not been written. Dr. Feachem, Executive Director, attended the meeting for only 20 minutes, partly because all the board committees met on the same day.
- The Resource Mobilization Committee has no chair, because the full board’s Chair (Tommy Thompson of the US) and Vice Chair (Dr. Suwit Wibulpolprasert of Thailand) cannot or will not agree on whom to appoint.

- The Secretariat has no Director of Resource Mobilization. Last November, someone was hired to play that role, and also to supervise all communications activity, but he was gone within two months.
- The Fund has no written resource mobilization strategy.
- No country other than the US has made a significant new pledge to the Fund in many months.
- The US is of the opinion that it is time for other countries to make the next pledges to the Fund, because the US, which has pledged all the way to 2008, has pledged half of all the pledges made thus far. On the other hand, regarding 2003-2004, which is the period that the current funding crisis relates to, the US has actually pledged less, relative to GDP, than have the Canada, France, Italy, Netherlands, Spain, Sweden, and the UK. (Again, see the "Analysis" article, below.)
- Dr. Feachem is working hard to make a case in G7 capitals for further funding. But he has multiple other responsibilities, many of which appear to interest him more and to make better use of his talents, and he has assigned almost no staff to help him with resource mobilization.
- The nations from whom Dr. Feachem hopes to raise the bulk of the Fund's needs also have seats on the Global Fund's board. That board hired Dr. Feachem, and can fire him. So it is unrealistic to expect Dr. Feachem to push those nations hard to contribute to the Fund.

This situation is a recipe for disaster. Everyone is waiting for someone else to solve the problem.

Dr. Feachem cannot raise the money alone, with or without the help of hard-working aides. Western governments will not give substantial money just because Dr. Feachem jets in, meets a few key people, and jets out again.

The plain fact is that the Fund has not really \*raised\* any money at all. It was \*given\* about \$2 billion in startup money, based on an initial vision developed and promoted by Kofi Annan and others. The Fund faces a crisis now because the startup funding is running out and no clear strategy has been developed regarding what to do next.

The board and the Secretariat must acknowledge that the Fund's resource mobilization crisis is severe, and that it cannot be overcome unless an entirely new approach is devised. (This new approach might require scrapping or reconstituting the Resource Mobilization Committee.)

Both the board and the Secretariat must make resource mobilization their top priority, and must work jointly and harmoniously on developing and then implementing a forceful and viable strategy. The strategy must include a precise workplan, time-based targets, effective use of external allies, and built-in monitoring and evaluation.

The resource mobilization strategy must separately address the short-term needs (i.e. obtaining voluntary governmental pledges this year and next), and the long-term needs (i.e. gaining eventual approval of a dues-based "appropriate minimum contribution" framework that leads to more predictable outflows from the donors and inflows to the Fund, and that also taps potential support from corporations, foundations, and individuals). The short-term component must be launched by the end of April.

The June board meeting must make resource mobilization its primary focus. And if, at that meeting, the Resource Mobilization Committee and the Secretariat cannot show that the new strategy is well under way and is worthy of board endorsement, approval of Round 3 grants (scheduled for September) should be put on hold.

[Bernard Rivers ([rivers@aidspan.org](mailto:rivers@aidspan.org)) is Executive Director of Aidspan and Editor of its GFO Newsletter. He will be in Geneva on April 1-2 to interview board members attending the second meeting of the Resource Mobilization Committee.]

++++++  
**INTERVIEW: Richard Feachem**  
++++++

On March 14, Richard Feachem, Executive Director of the Global Fund, was interviewed by Bernard Rivers of GFO and Jim Cashel of IAEN (International AIDS Economics Network – [www.iaen.org](http://www.iaen.org)), for publication in both newsletters. Highlights from the transcript follow. The order of some of these excerpts has been modified to increase clarity. For the entire verbatim interview, see [www.aidspace.org/gfo/docs/gfo54.htm](http://www.aidspace.org/gfo/docs/gfo54.htm).

Readers who have follow-up questions for Dr. Feachem may post them at [www.iaen.org/global/feachem/survey.php](http://www.iaen.org/global/feachem/survey.php). The interviewers will choose some of these questions and send them to Dr. Feachem for emailed response, to be run in future issues of the GFO and IAEN newsletters.

Interview excerpts:  
=====

ON INDIA

Question: You were in India last week. What are your greatest concerns regarding HIV/AIDS in India?

Feachem: I think the greatest concern about HIV/AIDS in India is that it will become the major epidemic in the world, and this could happen rather quickly. I think in many ways India is the turning point for the global pandemic. If India succeeds, the world succeeds, and if India fails, the world fails. ... If we all continue to do as little as we're doing at the moment, it's going to be absolutely huge, and obviously massively destabilizing for that society...

India spends very little of its own money on HIV/AIDS work. The HIV/AIDS work in India is largely funded from foreign sources including, now, the Global Fund...

ON GLOBAL FUND RESOURCE MOBILIZATION

Question: At the last board meeting, the Global Fund Secretariat projected that the Fund would need to receive \$6.3 billion during 2003 plus 2004. Does the Secretariat stand behind those numbers?

Feachem: Yes, absolutely. ... And this is only a rather small share of the total resources that are needed to fight the HIV/AIDS pandemic alone, not to mention TB and malaria...

Question: What is the Secretariat doing, and what is the Board doing, to raise the money that the Fund needs by October?

Feachem: A lot... We regard the upcoming G-8 summit in Evian, France, as an extremely important event. There will be a report back to the G-8 leaders in Evian on the progress and challenges of the Global Fund, including the financing of the Global Fund... France, who is the president of the G-8 this year, is hosting the Evian meeting, and will also be hosting a Global Fund donors' conference in Paris in the middle of July... The details of those discussions are, of course, somewhat different in each of the G-7 capitals because they each have their own appropriations cycles and parliamentary procedures, but the overall news is cautiously positive... In the case of both the U.S. and other G-7 nations, there's a need to front-load [their] pledges because the immediate refinancing needs for the Global Fund are this year, right now, and not in three or four years' time...

The Board has a Resource Mobilization Committee which is becoming more active and has a meeting the first week of April. It is important that the Committee becomes fully effective as quickly as possible. A necessary step for this to happen is for the appointment of a chair of that Committee, which unfortunately is still an unresolved issue. From the Secretariat perspective, we will be hoping to see a considerable increase in Board pro-activity in the resource mobilization arena. I mean, clearly, it is a matter where the Board has to be properly active and where the Chair of the Board has to play a particularly influential role...

## ON MONITORING AND EVALUATION

Feachem: Our focus at the Global Fund is not so much on M&E [Monitoring and Evaluation] for the sake of M&E, but on performance-based funding where the measurement of performance is crucial not only to know how successful the programs are but also crucial for the funds to continue to flow...

The LFA [Local Fund Agent] is not directly involved in monitoring and evaluation, but it is involved in confirming the plausibility of the M&E reports that are received. So data reported by the Principal Recipient to the Global Fund travels first to the LFA, whose job is to have a light oversight of that and, if you like, do a plausibility check. Whenever you move to a performance-based funding system, you do provide a very strong incentive to make up numbers and fudge results, and everybody's very conscious of that. And so it is an appropriate moment to give a plausibility check to make sure that numbers being reported are actually the best and honest estimate of what is being achieved...

If [a grant applicant] were to propose to us that 10% of [its] total [grant] money be spent [on M&E], we would not have any objection to that. And we certainly would want to see suitable budget lines for M&E in all proposals, or a clear explanation of how M&E was being separately funded, if it's not being funded by the Global Fund.

## ON HOW TO MEASURE THE FUND'S SUCCESS

Feachem: It's too early for us to claim reduced morbidity or reduced mortality as a result of the existence of the Global Fund. But there's a lot else that we are drawing attention to and that we will encapsulate in statements made to the G-8 Summit in Evian. Some examples of that: the Global Fund has designed, put in place, and begun to operate a new innovative financing mechanism, able to get large amounts of money to people on the front line of the fight against these diseases. And the early indications are that that mechanism is an appropriate balance between swiftness and proper oversight and that it is working... Secondly, the existence of the Global Fund has stimulated a very large number of proposals coming from public and private organizations in very many countries... And those programs contain a tremendous amount of innovation...

## ON PROCUREMENT

Feachem: The Global Fund's procurement policies for drugs and for other commodities were agreed in October... 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... The existence of the Global Fund, even before the money has been spent or even before any large procurements have been made, has considerably stimulated the high-volume, low margin marketplace... For example, GlaxoSmithKline has made its lowest prices available to all countries that are in receipt of Global Fund grants...

We will ... have a list of approved and pre-qualified international procurement agencies to whom recipients of Global Fund finance can go to have the drugs bought on their behalf. And of course the bulk purchasing power of those international procurement agencies should have an additional strong affect in reducing prices...

## ON SUPPORTERS OF THE FUND

Feachem: The community of committed people worldwide, be they activists, be they from communities living with these diseases, be they academics or concerned professionals... – have already had a huge impact on the creation of the Fund, on the design of the Fund, on the work of the Fund going forward... Our communications efforts so far have been small and there are still a lot of misunderstandings and a lot of people with a need to know who are not yet well-informed... [We are happy for people to] hold us accountable, be constructively critical, make sure that the Global Fund lives up to the promises that it has made. At the same time, I think that the other side of that coin is helping to manage expectation... There are some expectations in the Global Fund that are reasonable and that we should be absolutely held to, and there may be other expectations in the Global Fund which are beyond the bounds of possibility...

## ON PROPOSALS FROM FAITH-BASED ORGANIZATIONS

Feachem: In Rounds 1 and 2, the applications from faith-based organizations were small in number and I would say fairly timid in their ambitions. I think because faith-based organizations were learning about the Global Fund and not completely confident that the Global Fund would support large efforts coming from faith-based organizations. Well, we certainly can and we're certainly enthusiastic [about supporting such applications].

Question: When you say you are very open to applications from faith-based organizations, do you mean faith-based organizations applying directly to the Fund, or do you mean applying through a CCM proposal?

Feachem: I mean through the CCM... There are a very small number of specified grounds for bypassing the CCM and they don't apply in most circumstances. So faith-based organizations, just like NGOs, just like the private sector, just like corporations, have to come to us through the CCM if it's a one-country proposal, or through several CCMs if it's a multi-country proposal...

## ON ROUND 3

Question: If country A already has an approved grant [from the Fund] for dealing with one of the three diseases, is it conceivable that that country could submit another proposal to deal with the same disease, but to tackle certain other aspects of it? Or does it have to wait until the two or five-year period of that first proposal is over?

Feachem: The answer is, yes, the door is wide open. Imagine Country A has been successful with HIV/AIDS in Round 1 or 2 – that same country is absolutely free to come back again in Round 3 for HIV/AIDS. So yes, the door is wide open to further proposals for the same disease. It could be a massive scale-up, it could be a different dimension of the epidemic that's being tackled, it could be more treatment whereas the first proposal was more prevention. Or it could be simply different actors. Imagine the CCM had come in in Round 1 or 2 with a mainly government-led proposal, it could come back in Round 3 with a more NGO- and civil society-led proposal. And we're seeing that. We are aware that a number of those kinds of add-on proposals in the same disease area are going to be submitted in Round 3 and we welcome that...

We very much welcome [bold proposals]. Boldness could be in going to scale, really thinking about scale because if we don't go to scale in all three of the diseases quickly, we're not going to make the impact we need to make. So bold and big, yes, definitely...

We have encouraged, informally, CCMs to issue Requests for Proposals (RFPs) to civil society as part of the round 3 process. So readers of your newsletters who are sitting on CCMs or have influence on CCMs might advance that idea of an RFP issued widely to civil society. Such a process in some countries could stimulate more innovation and more boldness in terms of what comes forward from NGOs.

Question: Imagine a CCM does formally or informally issue an RFP that encourages civil society within its country to submit proposals to the CCM, and imagine a CCM does receive proposals from, say, two different faith-based organizations and a couple of other aspects of civil society – not to work together, but each to do some terrific things, but [with] no particular integration of these things – can that CCM submit a proposal which proposes four or five independent projects?

Feachem: Yes, it can. A CCM is free to do that. In terms of how that would be regarded and interpreted by the technical review panel, I think the prospects for such a group of applications would be enhanced if it were accompanied by a covering explanation from the CCM that set these several strong proposals into a national context...

++++++  
**NEWS: Fund Seeks New TRP Members**  
++++++

The Fund is seeking eleven new members for its 25-person Technical Review Panel (TRP). The TRP is a unique aspect of the Global Fund. Members of the TRP do not represent their countries or even the organizations that normally employ them. They are recruited (and paid) to get together for two intensive weeks of work to review the proposals submitted in each Round. Their collective recommendations are then passed to the board, whose members have thus far endorsed the TRP recommendations, resisting the temptation to micro-manage or to introduce political factors into their grant-making.

The TRP is composed of a mix of HIV/AIDS experts, malaria experts, TB experts, and “cross-cutters”. The term of office from now on will be three years, with part of the TRP being replaced each year. A qualified member living with HIV/AIDS is also sought.

Applications must be submitted by 20 April. For details, see [www.globalfundatm.org/trp](http://www.globalfundatm.org/trp).

++++++  
**COMMENTARY: From the Chairman**  
by Tommy Thompson  
++++++

I am deeply honored to serve as Chair of the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria for 2003. I know that by working together the Board can make a tremendous difference in the fight against AIDS, tuberculosis and malaria. It is a grave and weighty task, and I know that the Fund is ready to take it on. I look forward to being an active spokesman and advocate for the Fund.

One of my objectives as Board Chair is to ensure that the Board is open and transparent, effective and productive. By the end of my term, I hope we will have created an institution that continually attracts new investors and encourages those already involved to increase their pledges.

It is important always to refer back to the purpose of the Global Fund: to attract, manage and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contribution to poverty reduction as part of the Millennium Development Goals.

Partnership is fundamental to our way of working. I intend to tap into the power and potential of civil societies in areas afflicted by HIV/AIDS, tuberculosis, and malaria. The creation of strong public-private partnerships is already making a difference in this fight. The Country Coordinating Mechanisms, or CCM, must increase the engagement of civil society, including churches, medical practices and voluntary associations, in the development of proposals, implementation of projects, and monitoring and evaluation. I would especially like to see more chambers of commerce and business associations encouraged to serve on and consult with CCMs. We must encourage, broaden, and strengthen the relationships that already exist and build new ones. The problems are simply too big to exclude any sector of society.

The success of my tenure will be judged by my ability to generate involvement at every level. Resource mobilization is essential to the Fund’s operation but there is more than one way to mobilize resources - and dollars are not the only valuable currency. There is a wealth of technical expertise and assistance that has been developed by multilateral organizations, individual nations, and NGOs. Coordinated assistance would be just as valuable as every dollar the Fund receives.

As the Fund grows, the roles of the Board and the Secretariat must become better defined and more distinct. Both are essential for the Fund’s operations and effectiveness, and I look forward to working with both. The Board brings together knowledge, experience, and financial backing. For its part, the Secretariat has been given its mandate It has done great work under difficult circumstances but must continue to carry out the directives of the Board. The Board must allow the Secretariat to focus on

negotiating grant agreements and getting money out the door to the lifesaving programs we support. We have at last reached the stage where the Fund can function on its own — now we must focus on ensuring that it is an organization that will endure.

I am more committed than ever to the Global Fund to Fight AIDS, Tuberculosis and Malaria, and I look forward to the next year with enthusiasm and optimism.

[Tommy Thompson is Secretary of Health and Human Services (equivalent to Minister of Health) in the US government, and head of the US delegation to the Global Fund board. At the January 2003 board meeting he was elected Chair of the board for a one year term, possibly renewable for a second year.]

++++  
**NEWS: Paris Meeting on “Fund the Fund”**  
 ++++

Advocacy and activist NGOs from around the world will be holding a meeting in Paris on March 28-29 to discuss development of a coordinated campaign for full funding of the Global Fund. The meeting is organized by the French groups AIDES and Act Up Paris, and the US group Health GAP. Details are available at <http://fundthefund.free.fr>.

The meeting is by invitation only. NGOs that support the goals of the meeting and that wish to send a representative who is authorized to make provisional commitments on behalf of their organization are encouraged by the meeting organizers to contact Arnaud Wasson-Simon ([asimon@aides.org](mailto:asimon@aides.org)).

++++  
**ANALYSIS: How Much Money Does the Fund Need? How Much Does it Have?**  
 ++++

[Aidspan, the organization that publishes GFO, has conducted a detailed analysis on “How Much Money Does the Global Fund Need? How Much Does it Have?”. The paper, based on data published by the Global Fund through 21 March 2003, is available at [www.aidspan.org/gfo/docs/gfo55.pdf](http://www.aidspan.org/gfo/docs/gfo55.pdf). GFO here presents a summary of that paper.]

The role of the Global Fund is to receive, evaluate, and respond to proposals generated by countries that wish to forcefully tackle AIDS, TB and malaria. The fact that the Fund operates in responsive mode makes it hard to project how much money it will need.

However, now that two rounds of proposals have been received, the Fund has some solid data to work with. An evaluation of these data by Aidspan suggests that as a minimum, the Fund will need to spend \$42 billion over the years 2002 to 2008, as follows:

**Table 2: Minimum Projected Global Fund Costs, by Year**  
 (Note: Table 1 is not included in this summary version)

Year	Projected Costs
2002	\$ 629 m.
2003	\$ 2,521 m.
2004	\$ 3,842 m.
2005	\$ 8,200 m.
2006	\$ 8,980 m.
2007	\$ 8,984 m.
2008	\$ 8,988 m.
<b>TOTAL</b>	<b>\$42,144 m.</b>

The pledges received thus far to meet the above costs, according to Fund data, are as follows:

**Table 3: Pledges to the Global Fund, by Year that Donation Will be Made**

Year	Total Pledges
2002	\$ 944 m.
2003	\$ 835 m.
2004	\$ 477 m.
2005	\$ 334 m.
2006	\$ 209 m.
2007	\$ 201 m.
2008	\$ 200 m.
Unspecified	\$ 173 m.
<b>TOTAL</b>	<b>\$3,372 m.</b>

The above tables show that the money that donors have promised to give to the Fund by the end of this year is \$1,371 m. LESS than the money that the Fund needs to receive by then. This serious situation is rendered worse by the fact that a number of the pledges for 2002 still have not been paid. According to the Fund's web site, unpaid pledges from last year are as follows:

**Table 4: Unpaid 2002 Pledges to the Global Fund**

Country/Corporation	Unpaid 2002 pledge
Belgium	\$ 0.2 m.
European Commission	\$64.6 m.
Luxembourg	\$ 1.1 m.
United States	\$25.0 m
Winterthur (corp.)	\$ 0.4 m.
<b>TOTAL</b>	<b>\$91.3 m.</b>

In the short term, the money required by the Fund must obviously be raised through persuading donors to make ad hoc – and very large – voluntary contributions. But as the Fund matures, countries will need to agree on a formula that determines dues which, if not **required**, are at least strongly **encouraged**.

In April 2002, a group of three authors (one of whom is now Editor of GFO) proposed an “Equitable Contributions Framework.” (See [www.aidspace.org/gfo/docs/gfo15.htm](http://www.aidspace.org/gfo/docs/gfo15.htm).) The Framework is based on the following concepts:

- 80% or 90% of donations to the Fund should be made by the countries whose citizens live the most comfortable and unthreatened lives. It is suggested that these be the 47 countries that have a ‘high’ Human Development Index, or HDI. (The UN’s HDI measures the overall quality of life based on standard of living, life expectancy, and literacy plus school-enrolment.)
- The remaining 10% or 20% of donations to the Fund should be made by foundations, corporations, and individuals.
- Donations by the donor countries should bear some relation to their level of economic activity and wealth. There are various possible formulae, some of them (such as that used for UN dues) being based on lengthy negotiations. But the simplest approach is for contributions to be proportionate to GDP (gross domestic product).

The following table summarises how, according to the Equitable Contributions Framework, the responsibility for paying the \$6,363 m. needed by the Fund over the years 2003 plus 2004 should be divided between various donors, and also what their actual pledges have been thus far for those two years.

**Table 5: Summary of Pledges and Equitable Contributions to the Fund**

Donor	Minimum percent of Global Fund's budget that should be paid by each donor, equal to its share of world GDP	Thus, Equitable Contribution: The minimum amount that should be paid to the Fund during 2003+2004	Pledged thus far for 2003+ 2004 (including surplus from 2002 pledges)	Thus, percent of Equitable Contribution that has been pledged thus far
The G7 "high Human Development Index" Countries:	66%	\$4,224 m.	\$1,267 m.	30%
Canada	2%	\$ 138 m.	\$ 58 m.	42%
France	4%	\$ 265 m.	\$ 126 m.	47%
Germany	6%	\$ 381 m.	\$ 39 m.	10%
Italy	3%	\$ 222 m.	\$ 133 m.	60%
Japan	14%	\$ 863 m.	\$ 147 m.	17%
UK	4%	\$ 286 m.	\$ 113 m.	40%
USA	33%	\$2,069 m.	\$ 650 m.	31%
European Commission:	n/a	n/a	\$ 43 m.	n/a
The 40 non- G7 "high Human Development Index" countries:	14%	\$ 921 m.	\$ 228 m.	25%
All other countries, plus foundations, corporations and individuals	19%	\$1,218 m.	\$ 89 m.	7%
<b>TOTAL:</b>	100%	\$6,363 m.	\$1,626 m.	26%
<b>Global Fund's minimum requirements for 2003+2004 (see Table 2)</b>		\$6,363 m.		

As can be seen, the US share of the global economy is 33%. As a result, its Equitable Contribution for 2003+2004 is \$2,069 m., of which it has currently pledged \$650 m. (when one includes \$100 m. from its 2002 pledge that was not used that year so was rolled into the 2003 disbursement). The US has so far only pledged 31% of its Equitable Contribution, though legislation is being proposed to increase this figure. Of the G7 nations, Canada, France, Italy and the UK have pledged higher portions of their Equitable Contributions than the US; Germany and Japan have pledged much lower portions. Not shown in the table are Netherlands and Sweden, which are the two countries that have already pledged in excess of their Equitable Contributions.

++++  
**From the GFO Editor**  
 ++++

- The current state of play regarding the 58 Global Fund grants approved in Round 1 is as follows:
  - 9 grants: grant agreements signed and fund disbursement commenced.
  - 19 grants: grant agreements signed but fund disbursement not yet commenced.
  - 28 grants: grant agreements not yet signed.
  - 2 grants: No longer mentioned at the Fund's web site.

The next issue of the GFO Newsletter will contain an analysis of these grants.

- Subscribers are invited to submit signed "Commentary" articles, 300-700 words in length, for possible inclusion in the GFO Newsletter. This will help ensure that the Newsletter offers a wide range of viewpoints. In addition, subscribers are encouraged to respond to Newsletter articles via the GFO Discussion Forum. (See below for how to join the Forum.)

Bernard Rivers ([rivers@aidspan.org](mailto:rivers@aidspan.org))

++++++  
 END OF NEWSLETTER  
 ++++++

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.globalfundatm.org](http://www.globalfundatm.org)). The GFO Newsletter is emailed to subscribers about twice a month. It is closely linked to the GFO DISCUSSION FORUM (see below).

GFO has an Editorial Advisory Board initially comprising ICASO, GNP+ and REDLA+ (the three organizations designated as Communications Focal Points within the Global Fund's NGO board delegations); plus Health & Development Networks (founder of the Break-The-Silence listserv, which originally covered the Global Fund); and the International HIV/AIDS Alliance. GFO is currently provided in English only. It is hoped later to provide it in additional languages.

GFO is a free service of Aidspan ([www.aidspan.org](http://www.aidspan.org)), based in New York, USA. GFO and Aidspan have no formal connection with, and will accept no grants or fees from, the Global Fund. Aidspan is a nonprofit organization that promotes increased support for, and effectiveness of, the Global Fund. It also provides fee-based grant-writing assistance and strategic-planning advice to organizations that run AIDS-related projects in developing countries.

GFO Editor: Bernard Rivers ([rivers@aidspan.org](mailto:rivers@aidspan.org), +1-212-662-6800)

Reproduction of articles in the Newsletter is permitted if the following is stated: "Reproduced from the Global Fund Observer Newsletter ([www.aidspan.org/gfo](http://www.aidspan.org/gfo)), a service of Aidspan."

- To stop receiving the GFO NEWSLETTER, send an email to [stop-gfo-newsletter@aidspan.org](mailto:stop-gfo-newsletter@aidspan.org)  
 Subject line and text can be left blank.
- To receive the GFO NEWSLETTER (if you haven't already subscribed), send an email to [receive-gfo-newsletter@aidspan.org](mailto:receive-gfo-newsletter@aidspan.org)  
 Subject line and text can be left blank. (You will receive about two issues per month.)
- To receive the GFO DISCUSSION FORUM, send an email to [join-gfo-forum@aidspan.org](mailto:join-gfo-forum@aidspan.org)  
 Subject line and text can be left blank. The Forum provides an opportunity for subscribers to share information, express opinions, seek advice, and respond to articles in the GFO Newsletter. (Subscribers receive consolidated postings once or twice a week, and automatically receive the Newsletter.)
- For GFO background information, see [www.aidspan.org/gfo](http://www.aidspan.org/gfo)
- For previous issues of the GFO Newsletter and Discussion Forum, see [www.aidspan.org/gfo/archives](http://www.aidspan.org/gfo/archives)
- For a definitive collection of papers on the Global Fund, see [www.aidspan.org/globalfund](http://www.aidspan.org/globalfund)

Copyright (c) 2003 Aidspace. All rights reserved.