



Independent observer
of the Global Fund

Replenishment Meeting Falls Short of Expectations

Governmental donors yesterday pledged \$3.7 billion to the Global Fund. This commitment, which fell short of expectations, will be sufficient to pay for grant renewals during 2006+7, and also for the anticipated 2005 shortfall, but will not cover the cost of any new Rounds.

The Global Fund has in the past conducted its fundraising by encouraging donors to give what they can, when they can. Then, in an attempt to bring more predictability to the process, the Fund decided to hold a three-part "Replenishment" meeting every two or three years. The first Replenishment ended yesterday in London.

The Fund had called upon donors to pledge \$3.4 billion to cover grant renewals during 2006+7, \$0.4 b. to cover the anticipated 2005 shortfall, and \$3.7 b. to cover the cost of launching Rounds 6, 7 and 8 during 2006+7, for a total of \$7.5 b. Until recently, the Fund had expected to raise well over \$4 billion at this week's meeting, but at \$3.7 billion, it fell somewhat short of that. "We come out of this replenishment with a whole lot less money than we would have liked to see," said one donor.

Fund officials put a brave face on the outcome, saying that this is "a solid base on which to build," and pointing out that the donors decided to hold an additional meeting next June, by which time it is hoped that sufficient new pledges will be obtained to permit the launching of further Rounds of grants.

In the Fund's first two years, 2002-3, pledges to the Fund totaled \$1.8 b. Then in the next two years, pledges increased to \$2.9 b. So with pledges for the third two years currently standing at \$3.7 b., and certain to climb further, the Fund is still on a steady growth path. However, now that many grants are coming to the end of their first two years and need to be renewed, the Fund's growth is not proving fast enough to permit new grants to be launched at the rate they were earlier.

“Contributions to the Global Fund should not be based on voluntary pledges,” said Dr Mohga Kamal Smith of Oxfam. “Funding should be predictable and based on countries’ fair shares.”

The largest pledge made for 2006+7 was by France, at \$658 million. Next came the US, at \$600 m., followed by Japan, at \$500 m. However, the US pledge is almost certain to be increased by Congress later this month.

The \$3,100 million in pledges for 2006+7 by non-US donors puts the US in a somewhat difficult position. The US has said for some time that it will provide “no more than a third” of the Fund’s income; but many US officials, including a number of Republican lawmakers, regard the one third as a goal, not just a cap. Yet if the US is to continue to provide one third of the Fund’s income, it will have to increase its total pledge for 2006+7 from \$600 m. to \$1,550 m.

During yesterday’s meeting, one particular discussion item ended up taking far more time – over an hour – than any other. This was the question of whether, in the communiqué, the single sentence that mentioned the UNAIDS/WHO estimate on how much money needs to be spent globally on tackling the three diseases should appear in the main text or should be relegated to a footnote. As we go to press, the communiqué has still not been finalized; nor has the list of how much was pledged by each country. [For GFO’s own provisional compilation, see the final article, below.]

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