



Independent observer
of the Global Fund

THE GLOBAL FUND REPORTS PLEDGES OF US\$12.9 BILLION AT THE END OF THE REPLENISHMENT CONFERENCE

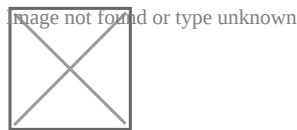


Photo: Left to right, Marie-Claude Bibeau, Canada's Minister of International Development and La Francophonie; Sheikh Hasina, Prime Minister of the People's Republic of Bangladesh; Justin Trudeau, Prime Minister of Canada; Macky Sall, President of the Republic of Senegal; and Michaëlle Jean, Secretary General, International Organisation of La Francophonie, at the Global Fund's Fifth Replenishment Conference.

The Global Fund says that it is within a hair's breadth of reaching its US\$13 billion fundraising goal for 2017-2019. At the conclusion of the Fifth Replenishment conference in Montreal, Canada on 16-17 September, the Fund announced that pledges totaling US\$12.9 billion were made before and during the conference. It reiterated this amount in a [news release](#) on 17 September.

Although the replenishment conference is over, pledges can still be made. One country – Spain – announced at the conference that it would be making a pledge at a later date. So, for all intents and purposes, the US\$13 billion replenishment goal appears to have been met. This is almost \$1 billion more than what was raised at the time of the last replenishment conference in 2013.

The replenishment conference came on the heels of an announcement by the Global Fund that, since its inception in 2002, 20 million lives have been saved by programs that the Fund has supported. On the eve of this conference, Global Fund Executive Director Mark Dybul stated: "If we could achieve what we did in

the last fifteen years, then we can definitely end the epidemics in the next fifteen.”

Peter van Rooijen, of the Global Fund Advocates Network, said: “We congratulate Prime Minister [Justin] Trudeau and the Canadian government for their leadership and active diplomacy to work with other governments for today’s accomplishment. At the beginning of this process, the Global Fund made the case for a US\$13 billion investment to allow it to stay ‘on the right side of the tipping point’ and continue to make significant in-roads against the three diseases. Today we got close to reaching that goal, but this can only be the beginning of an ongoing replenishment effort which requires strong advocacy in the coming years.”

Editor’s note: Some pledges were announced in U.S. dollars, while others were made in the currencies of the pledging countries. The Global Fund is using a moving average methodology for converting into U.S. dollars the pledges made in local currencies. The Fund has not yet released the details of this methodology. Consequently, in this article, we have shown all pledges in the currencies in which they were made, without attempting to convert local currencies to U.S. dollars. The US\$12.9 million total was provided by the Fund.

(Aidspace was present at the Replenishment Conference. In this article, we report on the individual pledges that we heard announced at [or prior to] the meeting. There were likely other pledges made that were not announced. The Global Fund will publish a complete list of pledges shortly.)

The Replenishment Conference was hosted by Mr Trudeau, who opened pledges in May with a CAD\$785 million announcement. Separately, Canada committed CAD\$19 million to support the operations of wambo.org, the Fund’s new e-marketplace for health products. The total Canadian commitment, CAD\$804 million, is a 24% increase over Canada’s 2013 pledge. “When Canada agreed to host this conference in May, it became the chief fundraiser for the Global Fund,” said Marie-Claude Bibeau, Canada’s Minister of International Development. The increased pledge and the idea to offer to host the Replenishment Conference are part of a major push by Canada’s new Liberal government, under Trudeau’s leadership, to repair and advance its role in the global development agenda after nine years in which the government of Stephen Harper was seen as tepid towards development and aid imperatives.

Strength of U.S. dollar

The current strength of the U.S. dollar cast a shadow over this replenishment. The replenishment target is expressed in U.S. dollars. When countries modestly increased or flat-lined pledges in their local currencies, the value of the pledges in U.S. dollars was significantly reduced. For example, in September 2013, at the time of the last replenishment, the Canadian dollar was virtually at par with the U.S. dollar. At the opening of this year’s replenishment, CAD\$1 was worth only US\$0.76, a 22% decline compared to 2013. Thus, in U.S. dollar terms, the 24% increase in Canada’s pledge is almost erased by Canada’s devalued currency. If the U.S. dollar had not strengthened so significantly against almost all other currencies, the Fifth Replenishment might have been even more successful.

Among other large donors, Italy had the largest increase (in local currency terms), pledging € 140 million, 40% more than it pledged for 2014-2016. The European Commission increased its pledge by 28% to € 475 million. Japan, in a repeat of its previous pledge, committed US\$800 million. Japan’s substantial and continuing pledge was particularly notable given the doldrums its economy is currently experiencing. The Japanese yen has dropped significantly against the U.S. dollar, so in terms of yen, the pledge from Japan constitutes a substantial increase.

Amongst the top group of donors, Germany pledged € 800 million, a 33% increase over its 2013 pledge, while France’s pledge of € 1.08 billion was identical to what it pledged in 2013. The Euro is performing about 20% worse now against the U.S. dollar than it was in September 2013.

The United States – the largest donor – pledged “up to \$4.3 billion.” In 2013, the U.S. pledged “up to \$5.0 billion.” The U.S. pledge was announced on 31 August by National Security Advisor Susan E. Rice, who described the matching nature of the pledge. “We are committing to match one dollar for every two dollars in pledges made by other donors through September 30th, 2017. We are calling on all partners to contribute generously in order to leverage our matching pledge to reach the Global Fund’s replenishment goal.”

For 2014-2016, the U.S. ended up committing \$4.1 billion, one-third of total pledges, which were about \$12.3 billion (after counting pledges that came in after the replenishment conference).

The U.S. pledge of “up to \$4.3 billion” for 2017-2019 represents one-third of all pledges as of the end of the replenishment conference last week. Some advocacy groups complained that the U.S. should have stepped up its contribution. Health GAP said, “This U.S. pledge amounts to a reduction in the ceiling for U.S. contributions from the previous round’s \$5 billion cap. This pledge also amounts to a marginal 7.5% increase from the last round’s \$4 billion total contribution.”

U.K.’s pledge

Among other donors, all eyes were on Priti Patel, the United Kingdom’s new Secretary of State for International Development, and vocal “Brexit” champion, in anticipation of the announcement of her country’s pledge to the Global Fund. The disengagement from the international community represented by Britain’s vote to separate from the European Union has sent a chill through the other channels of British global cooperation, including the Department for International Development. During the closing session of the conference, Secretary Patel announced a pledge of £1.1 billion. In addition, she announced a special matching fund of up to £200 million. For this fund, which is targeted to malaria programs only, the U.K. will pledge £2 for every £1 committed by the private sector. Thus the total British contribution could be as high as £1.3 billion by 2019. Secretary Patel said that this pledge was a demonstration of “an outward-looking” and internationally engaged Britain.

It is difficult to make comparisons with the U.K. 2013 pledge because that pledge was “up to £1.0 billion” and was subject to a ceiling of 10% of total pledges. For 2014-2016, the U.K. ended up contributing £800 million.

An interesting aspect of the U.K. pledge is that 10% of the \$1.1 billion portion of the pledge is conditional on the Global Fund meeting the terms of a “[performance agreement](#).” The agreement spells out in general terms what the Global Fund will do to improve its performance. One example is, “The Global Fund will continue to use its market power to drive down prices [of health commodities].” Another example is, “The Global Fund has a new agreed policy of directing at least 85% of its resources to Low and Lower Middle Income Countries. It must be strictly followed.”

Aaron Oxley, Executive Director of RESULTS UK, described the performance agreement this way: “The UK is asking the Fund to maintain and accelerate their ongoing processes of continual improvement.” Oxley added that “all studies of the Fund show it to be one of the best organisations in the world... The conditions in this performance agreement need careful scrutiny.”

Several countries reduced their commitments to the Global Fund, and others continued to be absent. China, with the third largest economy in the world, came to the Replenishment Conference “with empty hands.” Having pledged just US\$15 million in 2013, it offered only a promise to invest later, to the chagrin of many in attendance. Denmark (pledge: 300 Danish krone) and Saudi Arabia (pledge: US\$15 million) were down about 40% from their 2013 commitments. Spain contributed in 2010, but has not pledged since. A spokesperson referred to a difficult political situation at home.

Pledges from Africa

Most African nations are recipients of Global Fund grants. However, several made contributions as well during this year’s replenishment drive. While these contributions do not represent a large share of the Fund’s budget, they are

an important demonstration of leadership and commitment to the Fund. On 26 August, Kenya became the first African nation to pledge for 2017-2019. It pledged US\$5 million. “In the spirit of solidarity and shared responsibility, my government is committing these resources,” said Kenyan president Uhuru Kenyatta. In Montreal, Kenyan Cabinet Secretary for Foreign Affairs, Amina Mohamed, proclaimed, “This is the beginning of our journey to sustainable resourcing.” According to the Global Fund’s website, Kenya has received grants from the Fund totaling US\$816 million to date.

South Africa matched Kenya’s US\$5 million pledge, more than triple what South Africa pledged for 2014-2016. Nigeria made the largest pledge from Africa, US\$10 million for 2017, to be renewed each year, for a potential total of US\$30 million for 2017-2019. In its announcement, Nigeria acknowledged that it had been unable to deliver on its US\$30 million pledge from the Fourth Replenishment, which is why it is taking it one year at a time for this round.

Pledges from other African countries included Zimbabwe, which matched its 2013 pledge of US\$1.0 million; Benin, a new donor, which pledged US\$2.0 million; Togo, Cote d’Ivoire, and Senegal, which pledged US\$1 million each; and Namibia, which pledged US\$1.5 million.

The recipient pledges were well received. “We welcome the leadership of low and middle income countries on the frontlines of the fight against these epidemics and this sign of global solidarity to secure a healthy future for Africa,” said Rosemary Mburu, executive director of [WACI Health](#) in Kenya. “Today’s commitment reminds us both what is possible – but also what greater need remains.”

Not everyone was as enthusiastic. Rachel Ong, Communications Focal Point for the Communities Delegation to the Global Fund Board, noted: “It demonstrates their efforts in global solidarity, but it should not take away from their domestic investments in health at the same time.”

Private sector and foundations

One area of celebration was the increased contribution of the private sector. In its news release, the Global Fund said that “pledges from private donors and innovative financing initiatives reached US\$250 million for the coming three years, more than twice as much as in the previous period.” At a time when the strength of the U.S. dollar is severely limiting the real value of many contributions, the uptick in private sector pledging is especially important to the Fund and the people it serves.

The Bill and Melinda Gates Foundation pledged half a billion dollars to the Fund on the first day of the conference, matching its pledge for 2014-2016, and then added another US\$100 million on Day 2. New donors Comic Relief and Catholic Relief Services made pledges of US\$12.8 million and US\$5 million, respectively. (RED) “doubled down and then some” on its 2013 pledge by committing US\$100 million.

Among the pledges from the private sector were two from African-based companies: Ecobank (US\$3 million) and Standard Bank (US\$4 million.)

During the conference, the Fullerton Health Foundation International signed a partnership agreement with the Global Fund in which it pledged S\$25 million (Singapore dollars) in money and in kind over five years. The cash contribution to the Global Fund for 2017-2019 is S\$7.5 million. The balance, in in-kind contributions, will go directly to Southeast Asian countries for innovations, with the activities to be agreed with the countries concerned. Patrik Silborn, Head of the Global Fund’s Private Sector Engagement Department, said that the Fund “is thrilled about the partnership.”

Despite all the focus on pledges and finances over the two days, Dr Dybul reminded delegates that, “The Global Fund doesn’t exist to raise money. We exist to serve people.” And at the end of the closing session, conference host Justin Trudeau, in celebrating the near achievement of the US\$13 billion target, refocused the audience on what matters most: “We have saved eight million lives,” he said, a reference to the projected outcome of a fully funded Global Fund through 2019.

