



Independent observer
of the Global Fund

THE GLOBAL FUND: WHICH COUNTRIES OWE HOW MUCH?

Background – from Arlette

In this 400th special birthday issue, we are charting the chronology of the early days of Aidspan and the Global Fund Observer, including republishing some of the older articles that we feel illustrate the early work of Aidspan. One very interesting paper from the archives is that written by three activists who met through the Break the Silence (BTS) listserv and started exchanging ideas on how to analyse which countries 'should' give how much to the Global Fund.

On 21 April 2002, Tim France, Gorik Ooms and Bernard Rivers wrote an article entitled 'The Global Fund: Which Countries Owe How Much?' and distributed it to 20,000 AIDS professionals, government officials, journalists and activists around the world. This paper described their formula, the 'Equitable Contributions Framework', and was the first attempt to quantify how much each country could afford to contribute towards the work of the Global Fund, proportionate to that country's Gross Domestic Product (GDP). In that paper, Bernard was described as 'head of Aidspan, a new non-governmental organization providing fundraising assistance to developing-country AIDS projects, based in New York, USA'. This was the first public mention of Aidspan.

The paper, shortened slightly for reasons of space, is reprinted here with kind permission from Bernard Rivers and is fascinating reading, given how the Global Fund has grown since those early days of its existence.

The Global Fund: Which countries owe how much

by Tim France, Gorik Ooms and Bernard Rivers

Nearly one year ago, the majority of the world's nations resolved at UNGASS (the United Nations General Assembly Special Session on HIV/AIDS), a major UN conference on AIDS, to increase annual expenditure on the AIDS epidemic to \$7-10 billion by 2005, with much of this money to be raised and disbursed by a new global fund. When the fund was eventually set up, its mandate was extended, and it was named the Global Fund to Fight AIDS, Tuberculosis and Malaria.

AIDS, an unprecedented and accelerating emergency, is already having a devastating impact in Africa, with similar impacts unfolding on other continents. Every day, 8,000 die, and 13,000 more become infected. Experts agree that reasonable expenditures on prevention and treatment of AIDS, tuberculosis and malaria can be of dramatic benefit not only to human health, but also to economic development.

Thus far, efforts have been made to raise the money needed by the Global Fund through ad hoc voluntary donations. These efforts have failed. Governments have pledged a mere \$1.8 billion. Contributions from the private sector have been even more disappointing, with not a single meaningful pledge since the Bill & Melinda Gates Foundation offered \$100 million ten months ago.

It's time for a new approach. The Global Fund needs to grow rapidly to the point where it raises \$10 billion a year. Contributions to the Global Fund should be equitably shared among the countries whose citizens live the most comfortable and unthreatened lives. This means that the wealthiest countries, such as the United States (US), should contribute considerably more than they currently do. But it also means that contributions should come from the likes of Australia, Singapore, and the United Arab Emirates – relatively wealthy countries that have not yet contributed a penny.

Part of the problem is that to date, nobody has proposed which countries should give how much. The following table, therefore, offers an "Equitable Contributions Framework" that can be used as a starting point for working out an appropriate contribution level for each country, and for measuring how well each country is doing against that level.

The Framework suggests that \$1 billion a year should come from the private sector, as a minimum to justify the label 'public/private partnership' and the two seats it has out of the 18 voting seats on the Global Fund board. The remaining \$9 billion a year should come, in proportion to Gross Domestic Product (GDP), from the 48 countries that have a 'high' Human Development Index, or HDI. (The UN's HDI measures the overall quality of life based on the standard of living, life expectancy, and literacy plus school-enrolment.)

The proposed contribution comes to 0.035% of GDP for each country. Not one country has yet given at this level. Assuming, in the absence of better data, that every contribution made thus far is entirely for use this year (2002), the Netherlands (contributing at 97% of its proposed level), Sweden (73%), and Italy (57%) have done reasonably well. Seventeen countries have given between 1% and 50% of the proposed level, with Japan and the US at a very disappointing 12% and 13%, respectively. And 28 'high development' countries have given nothing at all. Further details are provided at www.hdnet.org and www.aidspace.org.

It is to the credit of countries like Uganda and Nigeria that, poor as they are on a per capita basis, they have made multi-million-dollar contributions to the Fund. And it is to the shame of many of the 48 relatively wealthy countries that they have contributed little or nothing, without even stating why.

The Global Fund represents a bold new approach. The Fund's leaders say that it will be more fast-moving, participatory, transparent, and accountable than traditional channels. The Fund needs a chance to prove itself. It would be a shame if it were to fail simply because it did not receive the funding it needs

to get properly established and to respond to the most urgent and obvious needs.

Table 1. Equitable Contributions Framework for the Global Fund, based on GDP (21 April 2002)

Country	<u>Suggested “equitable annual contribution” to Global Fund</u> proportionate to GDP
G7 “high Human Development Index” countries:	
United States	3,479
Japan	1,646
Germany *	658
United Kingdom *	498
France *	453
Italy *	376
Canada	243
Total for G7 countries:	7,352
Non-G7 “high Human Development Index” countries:	
Spain *	195
Netherlands *	128
Switzerland	85
Belgium *	81
Sweden *	80
Austria *	67
Denmark *	57
Finland *	42
Greece *	39
Portugal *	37
Ireland *	33
Kuwait	10
Luxembourg *	7
Argentina, Australia, Bahamas, Bahrain, Barbados, Brunei, Chile, Costa Rica, Croatia, Cyprus, Czech Republic, Estonia, Hong Kong, Hungary, Iceland, Israel, Lithuania, Malta, New Zealand, Norway, Poland, Qatar, Singapore, Slovakia, Slovenia, South Korea, United Arab Emirates, Uruguay	1 to 161
Total for non-G7 “high HDI” countries:	1,648
TOTALS:	
Total for all 48 “high HDI” countries:	9,000
Total for all other countries **	0
Total for private sector (foundations and corporations) ***	1,000
Grand total:	10,000

Explanatory example: In 2000, the GDP of all 48 countries totalled \$25,569 billion. The GDP of the US that year was \$9,882 billion, or 38.7% of the total. Thus, if the 48 countries shared equitably the donation of \$9 billion annually to the Global Fund (with the remaining \$1 billion coming from the private sector), the

US's contribution would be the \$3.479 billion that is shown in the table.

Sources: Pledges: www.globalfundatm.org/files/Financial_contributions.html, www.un.org/News/press/docs/2002/20020420_aid.htm, and private sources. HDI: www.undp.org/hdr2001. GDP: www.worldbank.org/data/databytopic/GDP.pdf. Pledges are as of 18 April 2002.

Additional data plus future updates are available at www.hdnet.org and www.aidspan.org.

The final column is based on private sources plus our own estimates because the information is not published. We understand that total pledges are: 2002=\$725m., 2003=\$487m., 2004=\$132m., 2005=\$67m., 2006=\$27m., plus \$484m. for which the year(s) are not specified. We also understand that the pledges for 2002 (before adding shares of the European Union (EU) pledge, when appropriate) include USA=\$250m., UK=\$60m., Netherlands=\$40m., Canada=\$37.5m., and Germany=\$26.5m. For other countries and for the private sector, the 2002 portion is not known, so we have assumed it to be 33.8% of the total pledge, in order to bring the overall 2002 total to the known figure of \$725 m. Further information received will be reflected in future versions of this table.

* The European Commission (EC) has pledged \$106.9 million to the Global Fund. In the table, this sum has been added to the direct pledges to the Global Fund of the 15 EU countries, in proportion to their respective GDPs. Denmark, Greece, Finland, and Portugal, have not made any direct pledges, but, like the others, have been credited here with portions of the EC pledge.

** Non 'high HDI' countries that have donated are Russia (\$20m.), Nigeria (\$10m.), Uganda (\$2m.), Zimbabwe (\$1m.), Andorra (\$100,000), Niger (\$50,000), Liberia (\$25,000), Kenya (\$8,273).

*** Of the \$101.15 m. pledged by the private sector as of 18 April 2002, \$100 m. was from the Bill & Melinda Gates Foundation.

Accompanying note to readers and editors

The above article was distributed on 21 April 2002 to 20,000 AIDS professionals, government officials, journalists, and activists around the world.

The article was written by three people who were working with NGOs on three different continents. They 'met' electronically through their active involvement in the Break-the-Silence (BTS) dedicated e-mail discussion forum, which at that time had over 3,000 members worldwide. BTS served to support civil society participation in international debates on HIV/AIDS and other health-related issues. Since October 2001, BTS discussions had mainly focused on the Global Fund.

Financial contributions to the Fund have decreased significantly in recent months, and are far below the originally intended level. The first funding requests for grants from the Fund, in March 2002, were already for far more money than the Fund can currently provide in any sustained way. These problems have led to considerable frustration among BTS members, and among governments and NGOs that seek Global Fund support.

The article, written in response to that frustration, proposes the establishment of an 'Equitable Contributions Framework' to serve as a guide to appropriate contribution levels to the Fund.

At the time of writing, the authors were running non-governmental organizations (NGOs) in Mozambique, Thailand and the USA that deal with global AIDS.

* Dr. Tim France was Director of Health & Development Networks, an Irish non-profit organization based in Thailand that works to improve communication in HIV/AIDS and other health fields.

** Dr. Gorik Ooms was head of mission of Médecins Sans Frontières (MSF) operations in Mozambique.

*** Bernard Rivers was head of Aidspan, a new non-governmental organization providing fundraising assistance to developing-country AIDS projects, based in New York, USA. His email is bernard.rivers@gmail.com.

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