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Global Fund Joins Pledge Guarantee for Health

The Global Fund is participating in an initiative to leverage private sector funding to speed up delivery of, and expand access to, health products such as contraceptives, bed nets and medicines. The initiative is called the “Pledge Guarantee for Health.”

According to a GBCHealth [news release](#), the heads of the Global Fund, the US Agency for International Development (USAID) and the United Nations Foundation, and Sweden’s Global Health Ambassador, announced a “deepening” of the existing Pledge Guarantee for Health at the annual GBCHealth conference in New York on 15–17 May.

According to a Global Fund [news release](#), USAID and the Swedish International Agency for Development Cooperation are providing a five-year partial guarantee to help speed up the procurement of essential medicines and health supplies by governments and civil society partners. “In collaboration with commercial banking partners, this partial guarantee enables the Pledge Guarantee for Health to access \$100 million in credit that, over 5 years, can mobilize tremendous lending capacity.”

The way that the Pledge Guarantee for Health works is somewhat complicated. Here is a simplified example:

1. A donor has an existing commitment to a recipient for certain health commodities.
2. A bank extends a line of credit to purchase the commodities and sends a letter of credit to the supplier.
3. The supplier ships the commodities to the recipient.
4. The bank pays for the commodities after receiving an invoice from the supplier.
5. The donor sends money to the bank to cover the amount of the purchase.

Although the process is complicated, the end result is that the health products are delivered faster than if the recipient had to wait for funds from the donor before placing its order.

Christopher Game, the Global Fund's Chief Procurement Officer, told GFO that the Pledge Guarantee for Health “will allow us to make longer term commitments and smooth out demand.” Being able to make longer term commitments will significantly reduce prices, he added.

The first use of the PGH will be for the purchase of long-lasting insecticide-treated nets as the Global Fund gears up to meet what is expected to be very high demand in 2014, Mr Game said.

This article was amended on 3 June to add the comments from Christopher Game.

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