



Independent observer
of the Global Fund

UNDERSTANDING THE ENVIRONMENT: GLOBAL AIDS RESPONSES

It is said that on his death bed, in 1895, Louis Pasteur conceded to his rival Claude Bernard, 'Bernard was right: the pathogen is nothing, the terrain is everything'. If we extend the concept of 'terrain' to global health and, crucially, finance, it is apparent that many of the gains we made in public health and particularly the infectious diseases of HIV, TB and malaria, are under threat as never before.

The negative cumulative impact of global events on public health continues apace

In my article in issue 419, [Rethinking the Global AIDS Response](#), I reflected on how global events are not only interrelated but have a multiplier effect. I ended by saying I would look at what these events might mean for the key players in the field: the governments, as well as the Global Fund, the US President's Emergency Fund for AIDS Relief (PEPFAR) and the Joint United Nations Programme on HIV/AIDS (UNAIDS). Areas identified were the death of the Queen; climate change; inflation; shrinking and realigned budgets; global hunger; and new pandemic diseases epitomized by COVID 19. This article was intended to look at what these issues would mean for the key players in the field, especially governments, the Global Fund, PEPFAR and UNAIDS.

That was too optimistic! Unsurprisingly not much has changed in a month, indeed, if anything the outlook is worse and more complex. The International Monetary Fund (IMF) released a World Economic Outlook Report in October 2022, ['Countering the Cost-of-Living Crisis'](#). This stated: "Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the

weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.” Readers should note that the respectable 6% growth in 2021 was off economies that had shrunk in the previous year as a result of the pandemic. For example, in 2020 the Zambia GDP growth rate was 2.79%, in Rwanda it fell to -5.8%. A similar picture is found around the world. This means it will take time to get back to the absolute size of 2019.

The implication of this is that governments have less money to spend domestically, unless they borrow, and as we know many are already deeply in debt. Zambia was the first country to default during the COVID-19 pandemic: its debt had reached 133% of GDP by the end of 2021. There has been extensive restructuring, but a concern is that a third of the debt is owed to Chinese creditors who have a reputation of being neither transparent nor forgiving.

Inflation means that the value of money is being eroded. This is an international problem. The [IMF notes](#) “global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024’. The [annual inflation rate in Malawi](#) was 25.9% in September of 2022, the highest rate since January 2014. Food rose by 33.7%, non-food products by 18.3%. In the UK the September Consumer Price Index rose by 10.1 percent while the cost of food rose by even more.

The Global Fund is entering a new funding cycle with a disappointing replenishment result which means, essentially, it will have the same amount of funding as it did three years ago. Because of inflation, that money will buy a lot less. Never mind sustaining the current response, the reality is that programs may have to scale back. And, even if the Global Fund is able to reach the hoped-for \$18 billion outlined in the Investment Case, due to inflation this sum will also be insufficient to meet predicted needs.

Obviously, each country can introduce policies to address these issues, but exogenous factors limit the scope for effective action. Monetary policy can restore price stability, and fiscal policy alleviate cost-of-living pressures. However, global economic activity is experiencing a broad-based and sharper-than-expected slowdown, and inflation is its highest for decades. The drivers of this are the hang over from COVID and global instability (especially the Russian invasion of Ukraine) and a lack of confidence. The implication is that a dollar of development assistance is worth less when it leaves a country or agency and buys less when it gets to its destination.

Global hunger is on the increase. World Food Day was 16th October. It is sobering to realize that, after declining for a decade, hunger is on the rise: [828 million people, nearly 10% percent of people globally, are hungry](#). The first Millennium Development Goal, to be reached by 2015, was “to eradicate extreme poverty and hunger.” In South Africa, the most food-secure country in Africa, one in every 10 people goes hungry every day. This is not due to scarcity but access: high prices, unemployment, poverty and waste. In Canada, parliament has [“accused grocery chains of taking advantage of inflation to raise prices more than needed](#) – a phenomenon dubbed by some as “greedflation”. The South African Constitution says “everyone has the right to have access to sufficient food and water” and “the state must take reasonable legislative and other measures ... to achieve the progressive realization of each of these rights”. We watched with horror as large swathes of Pakistan were inundated by exceptional floods and homes and harvests destroyed. It does not take much imagination to link these to climate change!

A global leadership crisis

So, what then are the options in this bleak world?

When formulating and researching this article I took the opportunity to consult a number of colleagues. There was a surprising unity in the comments. Their view was that we are facing a global leadership crisis: inward-looking, xenophobic, populist, and moving rightwards. This was epitomized by the election results from Sweden which were very shocking to many observers. It is not just there though that this is

happening. Italy has just elected a far-right government, the first since Mussolini. The global shift to the right is evidenced by Putin acting like Hitler and China threatening to annex Taiwan; and that shift is observed in Europe and the USA. This has created greater uncertainty everywhere, which is affecting investment and will result in less employment.

And I cannot even bring myself to write about the political events in the UK over the last four months. The (right wing) government reneged on the [commitment of 0.7% of GDP to aid and may well drop it from 0.5% to 0.3%](#) (off an economy that contracted by 11% in 2020 and is only just in positive territory at the moment). It is rumored that the cost of settling Ukrainian refugees might be included in reported development assistance!

How can we act now to affect this situation?

There are things we can do though. We should be more demanding of our leaders and senior civil servants. Indeed, accountability is critical, and this should include the press and other 'influencers'. A radical idea would be to punish people who push misinformation. But in reality we know this will not happen. Look at what Trump did in the USA. Look at the lies spread by the Brexiteers in the UK. The Global Fund Observer standard is to ensure that what we write is verifiable and evidence-based. This is not always true of the popular press and we underestimate the harms it does.

Evolution or revolution?

Everyone is aware of the limits of social policy. A radical response would be to set up a global basic income grant. There has been work done on this and I would pay tribute to the Belgian activist and academic [Gorik Ooms](#).

If evolution does not work, then it may be time for revolution. To get the funds it needs, maybe the Global Fund itself will have to be less risk averse and more outspoken, pushing even more for what it knows is right. Health is a right; the Global Fund was and is a beacon of how to deliver. We can't clone it but we certainly should copy it.

[Read More](#)
