



Independent observer
of the Global Fund

Feachem On The Record

Richard Feachem, Executive Director of the Global Fund, provided some useful insights during a media conference call on 19 November 2002 organized by RESULTS and Health GAP (Global Access Project). Some quotes are as follows:

On the AIDS pandemic:

- “The global HIV/AIDS pandemic is by far the largest catastrophe to befall human kind in recorded human history. it’s already a good deal worse than the Black Death in the middle of the 14th century, and current projections estimate that the epidemic isn’t going to peak until about 2050, 2060.”
- “India is on an African trajectory but just running about 15 years behind Africa. The scale of the Indian epidemic is just going to be staggering and at the moment there is nothing in place to attenuate or modify that Asian epidemic. HIV is surely going to kill far more Indians than any war with Pakistan could possibly kill.”

On grant decisions and grant disbursements:

- “The Global Fund has ... to be quick to disburse to high-quality programs where results are being delivered, and equally quick to turn off the tap if there is misappropriation of money or results are not being achieved.”
- “Between now and [the end of 2002], grant agreements will be signed with the great majority of the successful Round One countries, and the disbursements will start.”
- “it’s a little bit of an irony for people to talk about the danger of the Global Fund ‘cutting across

existing [bilateral and multilateral] efforts.' Existing efforts are feeble and pathetic and they're not making a difference globally to the HIV pandemic. So I think cutting across existing efforts is not our primary concern."

- "[When the Round One grant awards] were announced in April, ... the Global Fund did not have any disbursement mechanisms in place to actually make those monies available. So the effort over the last few months has been to design and pilot in four countries those disbursement mechanisms; and between now and the end of [2002] disbursements will roll out to the great majority of Round One countries. ... When Round Two approvals are made by our Board in January, the disbursements should take place very soon thereafter, because we've got over this period of working out how to make this money available."
- "We don't fund countries in the sense of funding governments. We fund what we call the Principal Recipient, which is the organization in the country which made the proposal and will be conducting the work. Principal Recipients in some cases are parts of governments. (For instance, I was just in Tanzania finalizing the arrangements for [a] malaria control program in Tanzania, which is to be conducted through the national malaria control program.) In other cases, the Principal Recipients are NGOs or groups of NGOs. In Haiti for example, where we'll be starting disbursements very soon, the implementation is through 20 NGOs and not through government at all."

On the Fund's fundraising needs:

- "In addition to the monies that are already pledged, the Global Fund needs an additional \$7 billion [to be received] in our bank account by the end of 2004. We are calling loudly with our partners and collaborators for those funds to be made available. Without that, the third round, which will occur in the middle of [2003], [will] be put in serious jeopardy."
- "An appropriate share [of the additional \$7 billion needed during 2003-2004] from the United States is somewhere in the range of \$2.5 to \$3 billion."
- "The monies that we have in hand essentially make it possible for us to complete our commitments on Round One and our likely commitments on Round Two. But some time in the middle of [2003], our Board is going to be making funding decisions on Round Three. If no new money was received between now and then, there would be a real crunch when it came to decision-making on Round Three. ... These calculations show that we need very substantial additional funds in the first and second quarter of [2003] for the Global Fund to fulfill the mandate that the G-8 and Kofi Annan created it to fulfill."
- "In [2002] alone in the United States, health expenditures – public and private – will be \$1.5 trillion. That's what the US public will spend on their own health in a single year. The taxpayers' contribution to that will be about \$700 billion. Now, put our request for \$2.5 to \$3 billion over two years from the US government in that context and again you can see that the amounts of money that we're calling for are not large in the face of a global disaster of the kind we've never seen before."
- "We face a little bit of a "catch-22" with our major donors. The major donors have already pledged \$2.2 billion, of which around \$700 million is already cash in the bank. We need a lot more. We need an additional \$7 billion over the next two years. One of the donor responses is, "demonstrate results and then we'll consider giving you more money." Well, of course, that's the kind of chicken-and-egg, catch-22, to which our response is, if by "demonstrating results" you mean reductions in HIV-incidence, prevalence and mortality rates, then that'll take us a couple of years. We can't do that quickly enough. But if by results you mean the establishment of credible systems and innovative proposals and getting the money to those who need it in a way that is quick but also accountable,

then I think ... we can demonstrate those kinds of results right now.”

On the third Board meeting:

- “The third Board meeting that we’ve just had was a huge improvement on the first two Board meetings. I think there’s a remarkable willingness of the very different parties that sit around the table, including a delegation representing people living with HIV, to find common positions and to move forward in supporting the work of the Global Fund.”

On drug procurement:

- “At its recent Board meeting, the Global Fund agreed what I think are very pioneering and groundbreaking policies concerning drug procurement with funds made available by the Global Fund. Essentially, the Board agreed on three principles. One is lowest cost, second is assured quality, and third is conformity with national and international legal agreements. Now if you apply those three principles to low-income countries buying antiretrovirals, it actually gives them great room to maneuver and allows them to approach this on the international marketplace potentially both from the IP holders and the major drug companies in the north who are offering deeper and deeper discounts for their products, but also in many cases those principals will be consistent with purchasing generics from some of the major producers of generics in the middle-income countries.”

“Interestingly, some of the major pharmaceutical companies have responded to the existence of Global Fund by offering both deeper and broader discounts. For example, Glaxo-Smith-Kline recently announced not only deeper discounts, but the extension of those discounts for all recipients of Global Fund finance, which is quite remarkable because previously those discounts were available only to the seriously poor nations or the low-income countries. But by extending to recipients of Global Fund finance, they extend those discounts to a wide variety of middle-income countries as well.”

“The [Fund’s drug procurement] policy is that the recipients of our funds purchase at the ... lowest price with assured quality in conformity with national law and international treaties and obligations. In some cases, this will mean purchasing generics. In other cases, it will mean purchasing highly discounted products coming from the northern researched-based pharmaceutical companies. In some cases it will mean national or local purchasing. In other cases, it will mean purchasing through bulk-purchasing arrangements, either regional or global.”

[The full transcript is available at www.aidspace.org/gfo/docs/gfo38.pdf.]

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