



Independent observer
of the Global Fund

How Much Money Does the Fund Need? How Much Does it Have?

[Aidspan, the organization that publishes GFO, has conducted a detailed analysis on “How Much Money Does the Global Fund Need? How Much Does it Have?”. The paper, based on data published by the Global Fund through 21 March 2003, is available at www.aidspan.org/gfo/docs/gfo55.pdf. GFO here presents a summary of that paper.]

The role of the Global Fund is to receive, evaluate, and respond to proposals generated by countries that wish to forcefully tackle AIDS, TB and malaria. The fact that the Fund operates in responsive mode makes it hard to project how much money it will need.

However, now that two rounds of proposals have been received, the Fund has some solid data to work with. An evaluation of these data by Aidspan suggests that as a minimum, the Fund will need to spend \$42 billion over the years 2002 to 2008, as follows:

Table 2: Minimum Projected Global Fund Costs, by Year (Note: Table 1 is not included in this summary version)

Year	Projected Costs
2002	\$ 629 m.
2003	\$ 2,521 m.
2004	\$ 3,842 m.
2005	\$ 8,200 m.
2006	\$ 8,980 m.
2007	\$ 8,984 m.

2008 TOTAL	\$ 8,988 m. \$42,144 m.

The pledges received thus far to meet the above costs, according to Fund data, are as follows:

Table 3: Pledges to the Global Fund, by Year that Donation Will be Made

Year	Total Pledges
2002	\$ 944 m.
2003	\$ 835 m.
2004	\$ 477 m.
2005	\$ 334 m.
2006	\$ 209 m.
2007	\$ 201 m.
2008	\$ 200 m.
Unspecified	\$ 173 m.
TOTAL	\$3,372 m.

The above tables show that the money that donors have promised to give to the Fund by the end of this year is \$1,371 m. LESS than the money that the Fund needs to receive by then. This serious situation is rendered worse by the fact that a number of the pledges for 2002 still have not been paid. According to the Fund's web site, unpaid pledges from last year are as follows:

Table 4: Unpaid 2002 Pledges to the Global Fund

Country/Corporation	Unpaid 2002 pledge
Belgium	\$ 0.2 m.
European Commission	\$64.6 m.
Luxembourg	\$ 1.1 m.
United States	\$25.0 m
Winterthur (corp.)	\$ 0.4 m.
TOTAL	\$91.3 m.

In the short term, the money required by the Fund must obviously be raised through persuading donors to make ad hoc – and very large – voluntary contributions. But as the Fund matures, countries will need to agree on a formula that determines dues which, if not required, are at least strongly encouraged.

In April 2002, a group of three authors (one of whom is now Editor of GFO) proposed an “Equitable Contributions Framework.” (See www.aidspace.org/gfo/docs/gfo15.htm.) The Framework is based on the following concepts:

- 80% or 90% of donations to the Fund should be made by the countries whose citizens live the most comfortable and unthreatened lives. It is suggested that these be the 47 countries that have a ‘high’ Human Development Index, or HDI. (The Un’s HDI measures the overall quality of life based on standard of living, life expectancy, and literacy plus school-enrolment.)
- The remaining 10% or 20% of donations to the Fund should be made by foundations, corporations, and individuals.
- Donations by the donor countries should bear some relation to their level of economic activity and wealth. There are various possible formulae, some of them (such as that used for UN dues) being based on lengthy negotiations. But the simplest approach is for contributions to be proportionate to GDP (gross domestic product).

The following table summarises how, according to the Equitable Contributions Framework, the responsibility for paying the \$6,363 m. needed by the Fund over the years 2003 plus 2004 should be divided between various donors, and also what their actual pledges have been thus far for those two years.

Table 5: Summary of Pledges and Equitable Contributions to the Fund

			Pledged thus far for	
			2003+	
			2004	
			(including surplus from 2002 pledges)	
	Minimum percent of Global Fund's budget that should be paid by each donor, equal to its share of world GDP	Thus, Equitable Contribution: The minimum amount that should be paid to the Fund during 2003+2004		Thus, percent of Equitable Contribution that has been pledged thus far
The G7 "high Human Development Index" countries:				
Canada:	28%	\$4,224 m.	\$5,267 m.	40%
France	4%	\$ 265 m.	\$ 126 m.	47%
Germany	6%	\$ 381 m.	\$ 39 m.	10%
Italy	3%	\$ 222 m.	\$ 133 m.	60%
Japan	14%	\$ 863 m.	\$ 147 m.	17%
UK	4%	\$ 286 m.	\$ 113 m.	40%
USA	33%	\$2,069 m.	\$ 650 m.	31%
European Commission:	n/a	n/a	\$ 43 m.	n/a
The 40 non-G7 "high Human Development Index" countries:				
All other countries, plus foundations, corporations and individuals	14%	\$ 921 m.	\$ 228 m.	25%
TOTAL	100%	\$6,268 m.	\$10,246 m.	76%

Global Fund's
minimum
requirements
for 2003+2004
(see Table 2)

\$6,363 m.

As can be seen, the US share of the global economy is 33%. As a result, its Equitable Contribution for 2003+2004 is \$2,069 m., of which it has currently pledged \$650 m. (when one includes \$100 m. from its 2002 pledge that was not used that year so was rolled into the 2003 disbursement). The US has so far only pledged 31% of its Equitable Contribution, though legislation is being proposed to increase this figure. Of the G7 nations, Canada, France, Italy and the UK have pledged higher portions of their Equitable Contributions than the US; Germany and Japan have pledged much lower portions. Not shown in the table are Netherlands and Sweden, which are the two countries that have already pledged in excess of their Equitable Contributions.

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