



Independent observer
of the Global Fund

A CRISIS THE BOARD MUST CONFRONT

Unless a miracle takes place, many of the proposals to be approved in October for Round 3 will have to be put on hold as a result of under-funding.

The Secretariat estimated a long time ago that Round 3 will require \$1,600 m. Of this, a mere \$228 m. has been promised. The remaining \$1,372 m. needs to be promised by October and in the bank by about the end of the year. (See, for instance, "Overview: Useful New Description of the Global Fund," below.)

Dr. Feachem, Executive Director, has always said that he assigns the highest priority to resource mobilization, and has suggested that everything is under control. He informed the board's Resource Mobilization Committee in April that "he was confident that the outstanding amount required to fund Round 3 would be met by donor countries."

Unfortunately, there is little evidence to support Dr. Feachem's optimism. Indeed, almost no significant new pledges have been received by the Fund, other than from the US, during the ten months since Dr. Feachem became Executive Director last July. And most pledges that can be hoped for during the rest of this year will be for money to be received at least one year later.

The Fund was able to finance Rounds 1 and 2 because it had startup funding that was primarily generated by Kofi Annan. The current problems arise in part because the Secretariat and Board never developed a resource mobilization strategy designed to get through the difficult transition from that startup phase to the point a couple of years from now where things can be expected to be easier because the Fund has proven that it can deliver results.

The likely failure to adequately fund Round 3 will have serious implications; but it must not lead to the death or marginalization of the Fund. At the board meeting on June 4-6, there must be frank talk about

how to deal with the immediate need, and about how this crisis was allowed to arise; in addition, appropriate measures must be implemented to ensure it does not arise again. (See also “Commentary: Open Issues Regarding Rounds 1 and 3,” below.)

The board would also do well to spend some time considering its own partial responsibility for the current situation. Board discussions and email exchanges have too often dealt with fine-tuned issues like what class of airline travel staff should use, or whether a precise balance has been achieved between North and South in Committee chairmanships, and have not focused sufficiently on big-picture issues.

Part of the problem is that some of the board members are losing interest in the fascinating experiment that the Fund represents. Economies are less strong than they were a couple of years ago; and donors worry that by giving money to the Fund rather than sending it directly to a few carefully-chosen governments, they have less control over the results; and they like that control, for a whole range of reasons.

What the Fund desperately needs is some inspirational leadership. The Secretariat staff are less than ecstatic with their own leadership. And the Board’s Chair and Vice Chair – who have never met – have been engaging in too much long-distance bickering, at least until recently, in ways that have lost both of them some credibility within the board.

The Fund is remarkable in many ways; one of these is that its board is made up of governments from both developed and developing countries, in equal numbers, together with some non-government members. Such an innovative board, and the Secretariat that reports to it, can *only* be effective and can *only* achieve what millions of people need it to achieve, if the Chair, the Vice Chair, and the Executive Director are willing – indeed, determined – to set an example by working collaboratively and creatively, in a way that inspires the board and the Secretariat to do the same thing. Unless this happens soon, the future of the Fund is bleak.

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