



Independent observer  
of the Global Fund

## Board Decisions Regarding Resource Mobilization

After lengthy discussion, the board failed to agree on any procedures whereby the Fund will accept in-kind donations.

This is a matter that the board has considered for over a year, with the issue regularly being sent back to committee without a board decision being made. Two board committees working together came to this board meeting with a recommendation that the board accept the principle of in-kind donations to the Fund of non-pharmaceutical products and services, but continue to study certain aspects of in-kind donations of pharmaceutical products.

Those who supported in-kind donations (some donor countries, plus private sector and private foundations) recognized that there are many in-kind donation that should not be accepted, and agreed that even if the Fund accepted in-kind donations, it would still be up to grant-recipients whether to accept these donations in lieu of cash components of Global Fund grants. But there was still sufficient opposition from most developing countries, some developed countries, and the NGO delegations to defeat any proposal to accept some forms of in-kind donation.

It appears unlikely that this idea will be raised again for some time. However, as in the past, there is nothing to prevent grant recipients from negotiating in-kind donations on a bilateral basis with specific corporate donors, so long as the products received comply with the Fund's procurement guidelines. (This is different from what the Fund rejected, which was in-kind donations to the Fund itself – donations that would then be passed on to interested grant recipients.)

If a grant recipient negotiates an in-kind donation from a corporate donor that will be used in connection with a Global Fund-financed project, this will of course reduce the cost of implementing the project. In that situation, the grant recipient can either receive correspondingly less money from the Fund, or can seek to

agree with the Fund a “reprogramming” of the project. If the latter happens, the freed-up money can be applied to some other part of the project that is costing more than had been expected, or it can be used to expand the number of activities or the magnitude of some activity.

The board did not discuss, except through the occasional passing comment, the considerable magnitude of the Fund’s future financial needs.

However, the board did agree on some practical details for the previously-approved “replenishment mechanism.” This will be a pair of meetings for donors in the first half of 2005. These meetings will discuss potential donations to be made to the Fund in 2006 and 2007. Thereafter, the meetings will be repeated every two or three years.

1. In-kind donations
2. Future financial needs

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