



Independent observer
of the Global Fund

Financial Developments

- The Bill and Melinda Gates Foundation yesterday announced a new pledge of \$50 million for the Fund. This marks the third consecutive year in which Gates has given \$50 million to the Fund. Although private foundations have a Global Fund board seat, no other foundation has ever given to the Fund, except for pro bono services and some very minor donations of a few thousand dollars.
- The UK announced a 60 percent increase in its AIDS expenditure over the next three years, to a total of \$750 million, but it will not announce until July 20 how much of this increase will go to the Fund.
- The \$50 million from Gates was the only new pledge to the Fund announced during the Conference. However, some attendees misinterpreted statements made during the Conference as meaning that new pledges have been made to the Fund by Japan, Thailand, the European Commission, and the Nelson Mandela Foundation, which is not the case.
- One reason for such misunderstandings is that donors often seek “double credit” for their pledges to the Fund. They announce their pledge; and then, around the time that they actually hand over the money, they make another announcement, often implying that this is new money. The most recent example of this was an announcement yesterday by the European Commission saying that it “has today adopted a decision to pay an additional €42 million to the Global Fund.” This was money promised long ago, although one would never know it from reading the announcement.
- It is still not clear whether the Fund will be able to receive the full \$547 million that the United States has conditionally agreed to give the Fund in 2004. US legislation says that the US will give one third of the total amount received by the Fund between the start of this year and 31 July, up to a maximum of \$547 m. (The US has one third of the world’s GDP.) Accordingly, the Fund has been working hard to persuade donors to pay all their 2004 pledges by July 31. The new Gates pledge is expected to be received in time; but some other pledges may not be, including €42 million long promised by the European Commission.
- Kofi Annan has agreed, if asked, to co-chair the Global Fund’s Replenishment Conference next

year. This will actually entail two conferences, taking place before and after next year's G8 summit. At the first event, donors will learn how the Fund has been performing; at the second, they will look each other in the eye and state how much they will give to the Fund during 2006 and 2007. In between, some heavy lobbying will be carried out by the co-chairs of the Replenishment Conference. Kofi Annan's offer to co-chair the event is a strong sign of his support for the Fund. He made the offer when he met in Bangkok with a group of NGO representatives who asked him, point blank, whether he would be willing to take on the role. According to a statement issued by the NGOs after their meeting, Annan also "suggested the Global Fund Board should consider the creation of an 'exceptional window' to fast track Global Fund monies to NGOs." Separately, Annan has agreed to attend the Fund's November board meeting.

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