



Independent observer
of the Global Fund

Weak Donor Support May Result in a Shrinking Global Fund

The Global Fund to Fight AIDS, TB and Malaria has demonstrated great momentum by launching four funding rounds in just over two years. But despite the recommendations of the Partnership Forum in July, where participants expressed strong support for a launch of Round 5 by early 2005, there now appears to be a reduction of support from several donors, many of whom do not support the launching of a new round in the coming months. Recipients need to come together to restate their need of a strong Global Fund. The truth is that those who seek to delay the launch of a fifth round are those who have doubts about channeling significant resources through the Fund and remain unconvinced about its effectiveness as the main financial mechanism to fight the three diseases. It is tragic that the Fund should be unable to launch a new round owing to a shortage of funds at a time when a majority of donors including the US, the United Kingdom and others have announced increased allocations to global AIDS.

At the establishment of the Fund there was widespread agreement that in order to make a reasonable impact on the growing pandemics it was necessary to intensify action and scale up interventions to a level that was several times greater than what has actually been achieved. Although the Fund has contributed to expanding many national programs, the unmet need for prevention, treatment and care programs remains very great indeed. Some of the donors seem to have forgotten or set aside their previous commitment to collective emergency action. Some argue that the increase in funding is sufficient for now and that we are heading for absorption problems, even though most countries continue to face serious deficits in funding their national AIDS, TB and malaria programs. Others point to the delays in implementation of Global Fund-financed programs as evidence that more time rather than money is needed. These donors resist the logic that increased capacity can only be created with increased investments in human resources, infrastructure and systems, all of which need more financial resources.

The debate about whether and when to launch Round 5 has brought into broad daylight the divide

between those who believe the Global Fund should be demand-driven (i.e. that the level of financing and number of rounds should be dictated primarily by the needs of recipient countries) and those who hold the view that the Fund should be supply-led (i.e. that the level of financing and number of rounds should be dictated primarily by how much the donors choose to give). The current lack of commitment to financing a new round in early 2005 suggests not only that the Global Fund will be supply-driven, but that it will be just another ordinary fund. We should all be gravely concerned about the gradual reduction of commitment to the Fund.

The board needs to take advantage of the clear recommendations that came out of the Partnership Forum and seize the opportunity to review the Comprehensive Funding Policy (CFP) and thereby facilitate an early launch of Round 5. The CFP requires that the entire two-to-three-year cost of any signed grant be placed in the bank by the Fund before the grant starts. Drawing upon some of the USD 2 billion currently held in the Fund's Trustee account would go a long way to easing the financial shortfall needed to finance renewals and a new round.

A review of the CFP is in my view urgently needed. It would be in keeping with the planned donor conference and the shift towards a replenishment mode, which will provide more stable and predictable financial flows to the Fund. Two years and more since the establishment of the Fund, much of the original rationale for the adoption of a conservative funding policy no longer applies. As we approach the Replenishment Conference, it would be somewhat illogical if donors did not foresee the need for a review of funding policy. It would suggest that they do not consider their own future pledges as sufficient security to guarantee present expenditure. The current funding policy is out of date and overdue for review.

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