



Independent observer
of the Global Fund

Donors Hold Second Replenishment Meeting

Global Fund donor governments meeting in Rome last week for their second replenishment meeting moved closer towards specifying their pledges to the Fund for 2006-7.

As expected at this interim meeting, which comes between the March Stockholm meeting and the September London meeting, the donors said almost nothing concrete about the sums of money they were considering giving. However, a helpful start was made two weeks ago when President Chirac announced that France's pledge for 2007 will be €300 million (US\$376 million), double the amount France gave in 2005. The pledge for 2006 will be for an amount, not yet determined, that is somewhere between the 2005 and 2007 levels.

Reading between the lines of what donors said at the Rome meeting, it seems likely that some donors will match or exceed France's percentage increase, some will make more modest increases, and a few may make almost no increase.

This suggests that the Fund will have great difficulty meeting its estimated total need of \$7.1 billion for 2006 plus 2007. Donors will collectively have to give at least twice as much in 2006-7 as they gave or have promised for 2004-5. The reason that the Fund's needs are climbing so fast is that starting this year, money is needed not just for new grants but also for renewals of grants that have reached the end of their second year.

The final decisions will be made in various capitals during the next few weeks, and then announced at the third and last meeting of this replenishment cycle, to be held in London on September 5-6 under the chairmanship of UN Secretary General Kofi Annan.

The majority of the Rome meeting was taken up with discussing the performance of Global Fund

operations and grants, how this is measured, and how the Fund's activities link to activities by other agencies. The Fund's Secretariat had prepared a set of papers that provided detailed responses to queries asked by donors at the first replenishment meeting, held in Stockholm in March. Participants made almost no complaints about the work of the Secretariat. They did not formally accept the Fund's estimates of future need, but they also did not criticize them. This might in part be because during the meeting, it was announced that a new UNAIDS-sponsored study had concluded that the global need for expenditure on AIDS (not TB or malaria) in low and middle-income countries will total \$32.5 billion in 2006-7, many times the Fund's \$7.1 billion aspiration for those two years.

Although the official subject of the Rome meeting was pledges for 2006-7, there was also some discussion of the shortfall for 2005. As has been the case for some months, current pledges for 2005 are almost \$700 million less than will be needed to cover renewals plus a \$1 billion Round 5. If, as is likely, Round 5 actually costs more than \$1 billion, the shortfall will be that much greater. Again, little was said in the way of specific promises for increasing 2005 pledges, though clearly there are hopes for pleasant surprises at the final meeting in September. The main underlying problem is that budgets for 2005 were set long ago, and most governments have little flexibility in this regard.

[Bernard Rivers, Editor of Global Fund Observer, was granted observer status at the closed meeting on condition that he did not report what was said by specific participants.]

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