



Independent observer
of the Global Fund

Brown and Chirac Propose New Ideas to Finance the Global Fund

Two world leaders, Gordon Brown of the UK and Jacques Chirac of France, have proposed radical new mechanisms that would, if implemented, provide major increases in funding for the fight against AIDS in general and the Global Fund in particular.

The UK Chancellor of the Exchequer, Gordon Brown, has proposed setting up an International Finance Facility (IFF) that would raise huge amounts of money quickly by selling bonds backed by promises of future donations from governments.

If Western governments were to provide absolutely convincing pledges that they would donate, say, \$X per annum over the next N years, that money could go to investors instead of to recipient countries. The investors would in return contribute much more than \$X in the early years, knowing that they would eventually be repaid, with interest, from the stream of future money from the donor governments. That way, the Global Fund and other entities backed by the IFF could start giving out large amounts of money before all of that money has been received from donor governments.

The concept has been discussed for some time, and is already believed to be supported by more than 50 countries, including France, Italy and Sweden. The US is currently not in support, though Mr. Brown says that this need not prevent the IFF from moving ahead, and he is hopeful that the US “can be won over” at the forthcoming meeting of the G8.

“Years from now people will ask about AIDS and Africa – how could the world have known and failed to act?” said Mr. Brown, explaining his idea in a speech in Tanzania in mid-January.

The IFF would not just be used to finance the Global Fund; it would also be used to finance vaccine development and certain other development goals. But the Fund featured prominently in Mr. Brown’s

comments.

“The Global Fund faces a set of decisions over its funding gap,” he said. “Instead of just short term cash, it needs stable predictable funding. Instead of minimal funding, it needs sufficient funding to meet its goals.” He said that the income of the Global Fund has to rise to \$3.4 billion in 2006 and at least double that by 2010. “Only then can it play its role in providing sufficient finance for the massive scaling up of programs to prevent and treat HIV/AIDS that is needed.”

Mr. Brown pledged that during the UK’s Presidency this year of the G8, he would make IFF-based funding for the Global Fund a priority. “The Fund needs this to fulfill the mission for which it was created,” he said.

“AIDS is not unbeatable,” responded Richard Feachem, Executive Director of the Fund. “It is not a natural catastrophe we have to endure. But to get on top of this pandemic, we need to think big and act boldly. We need to invest up front. Unless we reach a high threshold of action and financing, our efforts are wasted. Gordon Brown’s ideas are big and bold – just what we need to win the war against this virus.”

Then last week, French President Jacques Chirac called for an international tax to fund the fight against AIDS. The experimental levy could generate \$10 billion a year, he told the World Economic Forum in Davos.

Chirac said the levy could be imposed, at an extremely low percentage rate, on certain financial transactions without hampering markets; or it could be imposed on fuel used for air and sea transport, or on every airline ticket sold.

[Read More](#)
