



Independent observer
of the Global Fund

Which Countries Should Give How Much to the Global Fund?

Donor countries will meet in Oslo, Norway, next week for the first of two “Replenishment” meetings to discuss how much they might give to the Global Fund for the three years 2008-2010. (The second meeting will take place in September, in Berlin.)

Over the years, several formulae have been advanced for calculating what might constitute each country’s “fair share” of the Global Fund’s financial needs. The first widely-discussed such formula was the Equitable Contributions Framework, advanced in 2002 within the NGO sector and then further developed by Aidspan, publisher of GFO. The basis of that formula was that countries should contribute in proportion to the size of their respective economies.

In preparation for next week’s Oslo meeting, the Global Fund has prepared a Technical Note in which it outlines five possible formulae, or “contribution scenarios”, for obtaining the money that the Fund needs for 2008-2010. (See “Technical Note 1 – Contribution Scenarios in Selected Replenishments”, at www.theglobalfund.org/en/about/replenishment/oslo.) The scenarios are:

Scenario 1 (the “Pro-Rata” scenario): Each country contributes a share of the need that is equal to its share of all contributions given to the Fund during 2003-2006.

Scenarios 2, 3 and 4 are based on each country’s share of contributions made to other international funds, and are not pursued further here.

Scenario 5 (the “Adjusted GNI” scenario): Each country contributes a share of the need that is equal to its share of global Gross National Income (GNI), adjusted by GNI per capita. (The adjustment is made so that if two countries have the same GNI, but one has a much larger population and hence a lower GNI per capita, the country with the smaller population contributes more, because it has a greater ability to give.) The Adjusted GNI scenario is very similar to the Equitable Contributions Framework.

In an introduction to the Technical Note, the Global Fund says that the scenarios were prepared at the request of donors. However, it also says that the development of the scenarios was a “purely mechanical exercise”, done for “illustrative purposes”, and not done in an “attempt to assign shares to donors”.

To supplement these scenarios developed by the Fund, GFO has developed two “bad scenarios” to illustrate the possible thinking of some donors:

Scenario 0 (the “No Increase” scenario): Each country contributes the same dollar amount per year that it has averaged in recent years, even though the need has increased significantly.

Scenario 6 (the “Minimum of ‘1’ and ‘5’” scenario): Each country contributes the lesser of what it should contribute according to Scenarios 1 and 5. (Some countries will have to contribute more under Scenario 1; others will have to contribute more under Scenario 5. So there is a real possibility that many will choose whichever is the less painful.)

The Technical Note contains a series of tables outlining what the contribution of each donor country would be under each of Scenarios 1 through 5. The tables include contributions from private foundations, the private sector and innovative financing schemes.

To complicate matters somewhat, there is no agreement yet on what the total amount is that has to be given to the Fund each year. As discussed in the previous article, the 2008 need could be as little as \$3.4 b., and the 2010 need could be as much at \$7.7 b. – or more. In what follows, we show different ways of dividing up the mid-range “Scenario B” need of \$5.0 b. per year, or \$15 b. over the three years.

As shown in the following table, if all countries follow Scenario 0, the Global Fund will only receive \$5.1 billion of the \$15 billion three-year need. And if all countries follow Scenario 6, in which each one chooses the less painful of Scenarios 1 and 5, the Fund will only receive \$11.7 billion, \$3.3 billion less than is necessary.

Table 2: Amounts that Countries Might Contribute to the Fund According to Four Scenarios

| Donor | Average Annual Contribution 2003-6, \$m. | Total contribution for the three years 2008-2010, \$m., based on the mid-range “Scenario B” need in Table 1 | | | |
|---------------------|--|---|----------------------|--------------------------|------------------------------------|
| | | Scenario 0: No Increase | Scenario 1: Pro-Rata | Scenario 5: Adjusted GNI | Scenario 6: Minimum of ‘1’ and ‘5’ |
| Australia | 14.6 | 44 | 133 | 196 | 133 |
| Belgium | 8.5 | 26 | 77 | 124 | 77 |
| Canada | 101.6 | 305 | 922 | 319 | 319 |
| China | 2.0 | 6 | 18 | 37 | 18 |
| Denmark | 19.2 | 58 | 174 | 113 | 113 |
| European Commission | 125.4 | 376 | 1,137 | 1,137 | 1,137 |
| Finland | 3.6 | 11 | 33 | 68 | 33 |
| France | 178.5 | 536 | 1,619 | 705 | 705 |
| Germany | 68.6 | 206 | 622 | 917 | 622 |

| | | | | | |
|---------------------------------------|---------|--------|--------|--------|--------|
| India | 2.0 | 6 | 18 | 5 | 5 |
| Ireland | 15.2 | 46 | 138 | 62 | 62 |
| Italy | 129.7 | 389 | 1,177 | 481 | 481 |
| Japan | 99.1 | 297 | 899 | 1,807 | 899 |
| Luxembourg | 2.4 | 7 | 22 | 18 | 18 |
| Netherlands | 57.7 | 173 | 523 | 204 | 204 |
| Nigeria | 10.0 | 30 | 91 | 0 | 0 |
| Norway | 25.6 | 77 | 232 | 152 | 152 |
| Portugal | 1.1 | 3 | 10 | 26 | 10 |
| Russia | 7.3 | 22 | 66 | 26 | 26 |
| Saudi Arabia | 2.5 | 8 | 23 | 32 | 23 |
| South Africa | 2.0 | 618 | 10 | 10 | |
| Spain | 32.2 | 97 | 292 | 259 | 259 |
| Gen.Catalunya/ Spain | 1.6 | 5 | 15 | 15 | 15 |
| Sweden | 47.8 | 143 | 433 | 141 | 141 |
| Switzerland | 3.9 | 12 | 35 | 209 | 35 |
| United Kingdom | 94.1 | 282 | 853 | 791 | 791 |
| United States | 435.0 | 1,305 | 3,946 | 5,273 | 3,946 |
| Other countries | 4.8 | 14 44 | 442 | 44 | |
| Sub-total: Countries | 1,496.0 | 4,488 | 13,570 | 13,570 | 10,278 |
| Private Foundations | 66.7 | 200 | 605 | 605 | 605 |
| Private Sector | 3.7 | 11 | 450 | 450 | 450 |
| Innovative Financing | n/a | 375 | 375 | 375 | 375 |
| Total | 1,566.3 | 5,074 | 15,000 | 15,000 | 11,708 |
| Total need (according to Scenario B): | n/a | 15,000 | 15,000 | 15,000 | 15,000 |
| Shortfall: | n/a | 9,926 | 0 | 0 | 3,292 |

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