

GLOBAL FUND OBSERVER (GFO) NEWSLETTER, a service of Aidspace.

Issue 30 – Friday 16 July 2004. (For formatted web, Word and PDF versions of this and other issues, see [www.aidspace.org/gfo/archives/newsletter](http://www.aidspace.org/gfo/archives/newsletter) )

++++++  
**CONTENTS**  
++++++

[1. NEWS: International AIDS Conference Roundup](#)

The International AIDS Conference ended today. Thanks in large part to criticisms of President Bush's \$15 billion PEPFAR initiative, the Global Fund was widely and somewhat simplistically portrayed by many as the funding source that could do no wrong. The Fund received unexpectedly strong endorsements from former President Nelson Mandela and UN Secretary General Kofi Annan.

[2. NEWS: Financial Developments](#)

The Gates Foundation announced a new pledge of \$50 million for the Fund. No other new pledges were announced during the conference. Kofi Annan has agreed, if asked, to co-chair the Global Fund's Replenishment Conference next year, and to attend the Fund's November board meeting.

[3. NEWS: Press Coverage of the Fund](#)

At least 400 articles in the English language press mentioned the Global Fund during the Bangkok conference, including a variety of editorials and opinion pieces.

[4. NEWS: Fund Releases Progress Report](#)

As part of its increasing emphasis on transparency, the Fund has released a study of the effectiveness of the 25 grants that have been in operation for more than one year.

[5. ANALYSIS: Detailed data regarding Round 1, 2, 3 and 4 grants](#)

Comprehensive data and source material regarding all Round 1, 2, 3 and 4 grants is now available at the Aidspace web site.

++++++  
**1. NEWS: International AIDS Conference Roundup**  
++++++

The International AIDS Conference, which takes place every two years, ended today. Based this year in Bangkok, the conference was attended by 19,000 people. The Global Fund featured prominently. Thanks in large part to criticisms of President Bush's \$15 billion PEPFAR initiative, the Fund was widely and somewhat simplistically portrayed by many as the knight on a shining white horse that could do no wrong.

The conference began with the release of some disturbing new data from UNAIDS: a record 5 million people were infected with HIV last year, and the cost of responding to the epidemic, including prevention, care, and treatment, will rise to an estimated \$12 billion a year by 2005. But at the conference itself, whose theme was "Access for All," session after session took up the question of how, in practical terms, to expand treatment access to the millions in need of antiretrovirals and prevention access to the hundreds of millions most at risk for HIV. And the three most significant global AIDS initiatives – the World Bank, the President's Emergency Program for AIDS Relief (PEPFAR), and the Global Fund – were at the center of debates over how best to "scale up" the response.

The World Bank was criticized in some sessions for the role debt to the Bank plays in leaving national health programs under-funded; most prominently, UNAIDS executive director Peter Piot, in his speech during the closing ceremony, declared that “Africa’s crippling debt must be relieved – the \$15 billion annually that disappears down the money pit. That is four times more than is spent on health and education – the building blocks of the AIDS response.” But throughout the conference the approach of the other two main players, PEPFAR and the Fund, were discussed and debated much more widely by protesters, panelists, government officials, and global leaders in the fight against AIDS.

Criticism was constant of PEPFAR on three main fronts: for setting its own agenda, rather than responding to country priorities; for putting ideological constraints on prevention dollars (particularly by earmarking funds for abstinence and by prohibiting funds that are used for harm reduction programs for injection drug users or that could be construed as empowering sex workers); and for its refusal to pay for generic medicines that have not received approval from the US Food and Drug Administration (none have), leaving its grantees able to purchase only patented drugs, often at many times the cost of generics. The United States’ own Government Accounting Office (GAO) released a report on PEPFAR during the conference that confirmed these concerns. In GAO interviews with 28 USAID officials involved in implementing the initiative, all 28 identified coordination challenges and 25 identified PEPFAR program constraints – especially limitations on the purchase of ARVs – as primary obstacles to successfully implementing the program.

The criticisms of PEPFAR exploded onto the global stage on Wednesday afternoon, when PEPFAR’s leader Randall Tobias, who had canceled at least two scheduled appearances earlier in the week and canceled a press conference after his speech, finally addressed the conference in a special lecture. As soon as he stepped up to the microphone, he was disrupted by activists condemning PEPFAR’s policy on generic drugs, an event covered widely in the press.

The Global Fund, on the other hand, received broad support at Bangkok. While panelists and participants in several sessions spoke about in-country implementation problems, such as non-inclusive CCMs and significant delays in disbursement from Principal Recipients to implementing organizations, participants overwhelmingly expressed support for the Fund’s nondirective approach to funding, which supports countries’ national plans, the involvement of civil society, and sets no restrictions on drug purchasing or prevention interventions. Activists with Fund The Fund, a loose network of AIDS NGOs from donor nations, distributed some 5,000 leaflets to conference participants reading “Round 5 Now. Stop Killing the Global Fund. Fund the Fund” that were held up in plenary sessions, while street activists from the US-based Health GAP, the South Africa-based Treatment Action Campaign, the Thai AIDS Treatment Action Group, and others held street demonstrations with the same demand. At the first major march, on Sunday, opening ceremony speaker Paisan Suwannawong of the Thai Drug Users’ Network announced that the Global Fund didn’t have the money to fund Round 5, and urged countries to donate the needed funds immediately. Simon Wright, a campaign manager with ActionAid International and a steering committee member of Fund The Fund, told GFO, “I think the Fund has had a fantastic conference, which wasn’t exactly predictable in advance. Aside from the activist actions, there’s been a really clear consensus expressed in all sessions I’ve been to that now that funds have started to come, people want to see them come through the Global Fund.”

Princess Mabel van Oranje of the Netherlands, an economist, presented the results of a study by the Open Society Institute at the opening plenary, which found that the Global Fund was better positioned than other funding mechanisms to scale up the AIDS response, harmonize national efforts, and support a comprehensive approach to AIDS that integrates development concerns and addresses the needs of marginalized communities. She said she had set out to ask “how donors could get the best bang for their buck,” and concluded that, “based on the early evaluations...I would put my money in the Global Fund.”

Messages throughout the conference from prominent figures such as UN Special Envoy for AIDS in Africa Stephen Lewis, French President Jacques Chirac, UN Secretary General Kofi Annan, and former President of South Africa Nelson Mandela echoed this growing confidence in the Fund:

- Lewis, in an interview during the conference, said, “We’d strongly recommend that PEPFAR increase their contribution to the Global Fund to at least \$1 billion and that the world rely

primarily on multilateral efforts such as the Fund and the World Bank to confront AIDS, who base their programs on principles of national ownership.”

- Chirac, in remarks delivered by a minister on his behalf at the Tuesday morning plenary, said, “We should ensure the sustainability of the Global Fund’s financing and raise its resources to \$3 billion per year by sharing this effort among Europe, the United States, and all other donors.”
- Jim Kim, director of AIDS at WHO, called the Global Fund “magnificent” during a Tuesday morning plenary speech in which he urged participants to make 3x5 a reality.
- After mentioning the Global Fund only in passing in his speech at the Conference’s opening plenary, UN Secretary General Kofi Annan issued an unexpectedly strong statement of support for the Global Fund in a Tuesday interview with the BBC. He expressed disappointment that so little of the \$15 billion promised by President George W. Bush to tackle HIV/AIDS is going to the Global Fund. “The Global Fund is ready to go,” he said. “If individual governments begin to set up their own initiatives, they start from scratch, it takes longer, the money that they hold will not be spent for a long time.” He went on to encourage the US to contribute \$1 billion a year to the Fund, asking Europe to put in another billion. With additional resources raised elsewhere, “the Fund could have assured and sustained support through the next five years or so,” Annan said.
- Bolivian AIDS activist Gracia Violeta Ross, a woman living with HIV who spoke during the closing ceremonies, issued a spontaneous call to “Fund the Fund,” adding, “The Global Fund is the only window of hope for countries like mine.” Violeta Ross helped to lead the fight to get PWA representation on Bolivia’s CCM, which now includes four PWA members.

The US delegation began the conference by mounting a vigorous defense of PEPFAR. USAID sponsored a Sunday satellite session featuring research in support of PEPFAR’s preferred “A B C” (abstain, be faithful, use condoms) approach, and PEPFAR chief medical officer Mark Dybul claimed at various sessions that PEPFAR was disbursing funds much more rapidly than the Fund, because of USAID’s 20-year history of HIV-related aid. He said that within PEPFAR’s first four weeks, \$850 million had been programmed, and that a total of \$2.4 billion would be programmed by the end of September. He also said that within four weeks of PEPFAR’s launch, people with HIV in rural Kenya were already receiving PEPFAR-funded ARVs.

Tobias also characterized the United States as the Fund’s patron saint. In a press conference on Sunday, when asked how he thought the United States should respond to the Fund’s funding crisis for Round 5, he responded, “When you think of countries involved in helping the Global Fund, the United States is first on the list. The United States made the first donation to the Global Fund, we’re by far the largest donor to the Fund; the Global Fund is an important part of the President’s emergency plan; and the United States has contributed 35 percent of the Fund’s total contributions.” Dybul, in another session, complimented the Fund on its transparency, and announced that PEPFAR planned to model its website on the Global Fund’s.

But when conference participants continued to criticize PEPFAR and the level of US support for the Global Fund, Tobias lashed out. In an interview with the San Francisco *Chronicle* after his speech, Tobias said that “the United States is urging the Global Fund to slow down.” He said the Global Fund, which has raised \$3.5 billion, already had “a large pipeline” of approved grants. “If we put more money into the Global Fund right now ... that money is going into an account at the World Bank,” he said. “I believe they have adequate resources on hand.” He added, “I think the president’s budget request for \$200 million [for the Fund] for next year is just fine.”

In an interview with GFO at the close of the International AIDS Conference, Global Fund executive director Richard Feachem responded to these attacks. With regard to Tobias’ claim that the Fund was sitting on a large pot of money, Feachem said, “I look forward to the opportunity to sit down with Ambassador Tobias and clarify for him the financial policies of the Global Fund. These are contained in our Comprehensive Funding Policy, approved by our board with full participation of the United States.” That policy says that the entire amount that a grant will cost must be in the bank before the grant agreement is signed. “All monies currently in our bank account are fully committed and

programmed to the board-approved grants in Rounds 1 through 4," Feachem continued. "The Global Fund clearly requires additional finance in order to launch Round 5 at the earliest possible opportunity."

In response to Tobias' support for President Bush's 2005 budget request for only \$200 million for the Global Fund, Feachem responded: "In 2004, the US contribution to the Global Fund is \$547 million. This is much appreciated by all Global Fund stakeholders and represents a full one-third of Global Fund income in 2004. In 2005, the Global Fund requires \$3.5 billion in order to support the renewal of programs from Rounds 1 and 2, and the launch of Rounds 5 and 6. I am hopeful that, in view of the good results being obtained in many countries through Global Fund investments, the United States will decide to maintain its one-third share of our income needs."

Feachem went on to pay tribute to the strong European commitment to the Global Fund. As of May 21, European pledges for 2004, totaling \$820 million, outflanked US pledges of \$547 million. (This means that US pledges constitute 36 percent of Fund income in 2004, and Europe's combined pledges constitute 54 percent.) By the same date, Europe's pledges for 2005 totaled \$576 million, greater than the US pledge of \$200 million; Europe's 2005 pledges constitute 69 percent of the 2005 total so far, and the US pledge constitutes 24 percent.

Feachem added, "One of the strongest messages to emerge at the Partnership Forum was the urgent need to launch Round 5 immediately following the board meeting in Arusha in November. While recognizing the need for financial prudence, I fully support this call. Without it, the rapid scaling up of prevention and treatment activity for HIV/AIDS, in addition to the urgent needs for tuberculosis and malaria, will be jeopardized. The upward momentum of financial support from the Global Fund must be maintained." At a press conference on Sunday, Feachem had spoken in even starker terms. "If the Global Fund cannot continue to grow, the result is catastrophic, and we will not win," Feachem said. "We will not turn around the HIV/AIDS pandemic, we will not stop TB, we will not roll back malaria. It's absolutely black and white."

GFO also asked Feachem to comment on the concerns raised by conference participants about the frustratingly slow in-country disbursement from PRs to implementers in some Global Fund recipient countries. He replied that the Global Fund's recent analysis of progress on grants from Rounds 1 and 2 [see Fund Releases Progress Report, below] shows a mixed picture. "On the one hand," Feachem said, "fully 80 percent of the 25 grants that have passed their first birthday are making good progress, and we are all very pleased about this. On the other hand, some grants have been slow to get started. The secretariat is focusing extra efforts on these slow-moving grants, firstly to ensure that problems on our side are quickly rectified, and secondly to mobilize technical assistance from WHO, UNAIDS, and other partners to address bottlenecks in-country."

Feachem characterized both the Partnership Forum and the International AIDS Conference as "extremely important" opportunities for the Fund to receive feedback on progress and problems. "We have been listening carefully," he said. "Both the strong support and the constructive criticism which we heard are extremely welcome."

Former President Nelson Mandela, making what might be his last speech outside South Africa, closed the conference with a rousing call for support for the Fund. "We call upon donors to substantially increase their funding for the fight against AIDS. This applies not only to governments, but also to the private sector and private foundations. It also applies to every global citizen – no amount of money is too small to make a difference. We highlight the importance of the Global Fund to Fight AIDS, TB and Malaria and the good work that it is funding in 127 countries around the world. We need to build the public-private partnership that is the vision of the Global Fund. **WE CHALLENGE EVERYONE TO HELP FUND THE FUND NOW.**" [Capitals contained in the official transcript provided by Mandela's staff.] "The day after tomorrow, the 18<sup>th</sup> of July, will be the day I turn 86. There could be no better birthday gift than knowing that there is renewed commitment from leaders in every sector of society to take real and urgent action against AIDS. We know what needs to be done – all that is missing is the will to do it. Allow me to enjoy my retirement by showing that you can rise to the challenge."

+++++

**2. NEWS: 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.

+++++

**3. NEWS: Press Coverage of the Fund**

+++++

- At least 400 articles in the English language press mentioned the Global Fund during the International AIDS Conference in Bangkok, including a variety of editorials and opinion pieces. Some focused on the Global Fund's progress (and, sometimes, lack of progress) in getting cash to implementing organizations. And several editorials and opinion pieces called for increased commitments to the Fund.
- On Sunday, the London Guardian quoted Richard Feachem saying that the fight against AIDS, TB, and malaria face "catastrophic" failure if donor countries stall critically needed pledges to

the Global Fund, while New York Newsday complained that “the United States has preferred to snub the Global Fund’s multilateral approach and steer most of its aid to its own list of nations. This deprives the US effort of the collective wisdom from a wealth of sources. And it hurts the credibility of the Global Fund.” A Saturday editorial in Melbourne’s The Age criticized Australia’s inadequate support for the Fund, which amounts to US\$17 million over three years, as “a fraction of what is needed to meet Global Fund targets.” And a Sunday editorial in Bangkok’s The Nation said that a key demand of international AIDS activists arriving in Bangkok was “that the Global Fund...receive adequate funding. The pledge from wealthy donor nations to provide US\$10 billion annually until 2005 has faltered.” On Thursday, the Bangkok Post pointed out that AIDS could do greater damage than terrorism and weapons of mass destruction combined, and called the Fund “a clear example of how funding from wealthy nations can make a difference among those dying of HIV/AIDS.” News outlets around the world also gave prominent coverage to Nelson Mandela’s call in Bangkok on Thursday for donor nations to “fund the fund now.”

- The Toronto Globe and Mail and the London Guardian pointed out on Monday that the Fund has not yet been able to raise enough money to launch a fifth round of grants. UN Secretary-General Kofi Annan, in an interview on Tuesday with the BBC, called for donors to provide the Fund with at least \$3 billion in 2005, including \$1 billion from the US and \$1 billion from Europe, and several editorials picked up the cry, such as one in the Toronto Star on Tuesday, which declared that “Canada, the United States and other donors must heed Annan’s call to fully fund the \$10 billion Global Fund.”
- News outlets around the globe also widely covered US AIDS coordinator Randall Tobias’ dismissive remarks on Wednesday in response to Annan’s \$1 billion request: “It’s not going to happen,” Tobias said.
- Some reporters, writing critically of the Fund, incorrectly characterized its financial situation. An opinion piece by Laurie Garrett in today’s New York Times, for example, claimed that the Fund had committed only about \$900 million for Round 4, but had received \$3.6 billion applications “deemed scientifically sound.” In fact, every Round 4 proposal deemed scientifically sound by the Technical Review Panel was approved for funding, for a two-year total of \$968 million, and the total cash value of proposals the TRP reviewed was \$2.5 billion.

+++++

**4. NEWS: Fund Releases Progress Report**

+++++

As part of its increasing emphasis on transparency, the Fund has released a study of the effectiveness of the 25 grants that have been in operation for more than one year. (An additional 135 grants have been operating for less than a year, and 140 grants have been approved but have not yet commenced operations.)

The study, entitled "A Force for Change: The Global Fund at 30 Months," concluded that of these 25 grants, twelve are on target or over-performing, eight are slightly behind target but likely to catch up in the coming year, and five are "severely behind schedule."

The Fund does not set targets; it invites applicants, when submitting their proposals, to specify what results they expect to achieve by what dates. The Fund is not likely to approve proposals that have wildly optimistic or insufficiently ambitious targets. The challenge, for applicants, is to set targets that will impress the TRP yet are achievable; they know that if actual performance is way behind target over the first two years, the grant is unlikely to be renewed for the final three years. Furthermore, even within the first two years, progress payments are only made when evidence is received that earlier payments have led to adequate performance. This is a very different approach from many more traditional forms of development assistance, in which payments are sent with only modest consideration of performance thus far.

The study showed that the twelve well-performing grantees received, during their first year, 91 percent of the funding that was originally projected to be sent during that period, whereas the worst-performing grantees only received 21 percent.

Perhaps the worst performing grantee was Tanzania, which will be host of the board's November board meeting. The first disbursement for Tanzania's Round One malaria grant was made eighteen months ago; by now, the fifth disbursement should have been sent, but in fact no further disbursements have been made. The grant is for production of malaria bed nets. The delay has been caused by unduly cumbersome governmental procedures for approving tenders for production of the nets.

In its most interesting finding, the study concluded that grants for which there was a civil society Principal Recipient performed measurably better than those for which there was a governmental PR.

+++++

**5. ANALYSIS: Detailed data regarding Round 1, 2, 3 and 4 grants**

+++++

Comprehensive data and source material regarding all Round 1, 2, 3 and 4 grants was posted by Aidspan (publisher of GFO) at [www.aidspan.org/globalfund/grants](http://www.aidspan.org/globalfund/grants) on July 11.

A master table lists every country that is eligible to receive Global Fund grants. For each such country, a data sheet lists each proposal that was submitted from that country to the Fund in Round 1, 2, 3 or 4. For each such proposal, the board's decision whether or not to approve is shown, along with the requested and approved amounts. For each approved proposal, a link is provided to the Global Fund's page that shows full grant and contact details, together with links to the full proposal and to any signed grant agreements. In addition, for each proposal, a link is provided to the Executive Summary, and for each proposal that was approved, a link is provided to the comments of the Technical Review Panel (TRP).

+++++

END OF NEWSLETTER

+++++

This is an issue of the GLOBAL FUND OBSERVER (GFO) NEWSLETTER.

The GFO NEWSLETTER is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria ([www.theglobalfund.org](http://www.theglobalfund.org)). The GFO Newsletter is emailed to some 5,500 subscribers about twice a month.

Aidspan and the Global Fund have no formal connection, and Aidspan accepts no grants or fees from the Global Fund. The Global Fund bears no responsibility for the content of GFO or of any other Aidspan publication.

GFO has an Editorial Advisory Board comprising ICASO, GNP+ and the Eastern African National Networks of AIDS Service Organisations (the three organizations designated as Communications Focal Points within the Global Fund's NGO board delegations), and the International HIV/AIDS Alliance. GFO is currently provided in English only. It is hoped later to provide it in additional languages.

GFO is a free service of Aidspan ([www.aidspan.org](http://www.aidspan.org)), based in New York, USA. Aidspan is a nonprofit organization that promotes increased support for, and effectiveness of, the Global Fund.

GFO Editor: Bernard Rivers ([rivers@aidspan.org](mailto:rivers@aidspan.org), +1-212-662-6800)

GFO Deputy Editor: Esther Kaplan ([eskaplan@aol.com](mailto:eskaplan@aol.com))

Reproduction of articles in the Newsletter is permitted if the following is stated: "Reproduced from the Global Fund Observer Newsletter ([www.aidspan.org/gfo](http://www.aidspan.org/gfo)), a service of Aidspan."

To stop receiving the GFO NEWSLETTER, send an email to [stop-gfo-newsletter@aidspan.org](mailto:stop-gfo-newsletter@aidspan.org)

Subject line and text can be left blank.

To receive the GFO NEWSLETTER (if you haven't already subscribed), send an email to [receive-gfo-newsletter@aidspan.org](mailto:receive-gfo-newsletter@aidspan.org)  
Subject line and text can be left blank. (You will receive one to two issues per month.)

For GFO background information and previous issues, see  
[www.aidspan.org/gfo](http://www.aidspan.org/gfo)

For a collection of papers on the Global Fund, see  
[www.aidspan.org/globalfund](http://www.aidspan.org/globalfund) and [www.theglobalfund.org/en/about/publications](http://www.theglobalfund.org/en/about/publications)

For information on all approved and rejected proposals submitted to the Global Fund, see  
[www.aidspan.org/globalfund/grants](http://www.aidspan.org/globalfund/grants)

People interested in writing articles for GFO are invited to email the editor, above.

Copyright (c) 2004 Aidspan. All rights reserved.