

20 useful things to know about the Global Fund's funding crisis

The Global Fund to Fight AIDS, Tuberculosis and Malaria was founded in 2001 as a public-private partnership to direct money to address the three diseases in poor countries. Wealthy countries, the private sector, and foundations provide the funding. To date, the Fund has committed to \$15 billion worth of grants in 140 countries, and has saved an estimated 2.5 million lives.

The Fund's model for financing AIDS, TB, and malaria programs is different than anything that previously existed. Instead of rich countries dictating how aid money can be spent, countries applying to the Fund for grants develop proposals based on local needs. An independent Technical Review Panel screens the proposals, and recommends that the Board fund those proposals that are evidence-based and not guided by politics or ideology.

In 2007, the Board of the Fund, including the US Government representative, voted to triple the size of the Fund, by 2010, from a \$2-3 billion/year fund to a \$6-8 billion/year fund. Donors, including wealthy governments, reaffirmed their commitment to financing quality proposals.

In the 8th round of funding, which closed in the fall of 2008, poor countries submitted bigger, better and bolder grants to the Fund. As a result, the Technical Review Panel recommended a total funding level of \$3 billion, approximately three times the size of Round 7. Poor countries met the challenge by wealthy countries and other donors to triple the size of the Fund. As a result of increased demand, no money remains for new rounds of funding.

The increase in the size and quality of proposals was exactly in line with what the Board had voted for in 2007. But, the tripling of demand from poor countries was timed with a global financial crisis. It's important to note that the Global Fund's funding gap was not caused by the global financial crisis.

The global need to be able to fund the anticipated funding rounds in 2009 and 2010 is \$8 billion, and only \$3 billion has been pledged by donors to date. This leaves a gap of \$5 billion that needs to be filled.

The Global Fund's Board has already responded to the gap in funding by delaying Round 9 by six months. Additional decisions were made, if more money is not contributed to the Fund, to cut existing and future grants by 25%. And the best performing programs, which anticipated being able to receive Global Fund money to scale up regional programs to national programs, will be capped in expansion, limiting the ability of these programs to continue their proven, life-saving work on a country-wide basis. Additionally, entire rounds of funding risk being cancelled if more money is not contributed.

Some countries did not apply for Round 8 because they were not quite ready, and instead decided to wait for Round 9. Unfortunately, Round 9 has been delayed by six months, which means that effective, evidence-based programs that could be saving lives are pushed further into the future.

The Global Fund was intended to be a \$10 billion per year fund when it was first launched in 2001. Initial small donations from rich countries stunted the growth of the Fund, but contributions have steadily increased over time. At this time, the Fund is the largest financier of the three diseases (AIDS, TB, and Malaria). The Global Fund does more than just AIDS programs – it distributes more than half of the money available worldwide to address malaria and TB. If donors fall back on their commitment to fund the Fund, it risks returning to a reduced size with limited ability to save millions of lives.

Poor people, especially those in developing countries, did not create the global economic crisis. And we know that the poorest in the world experience financial downturns the hardest, both through lost sources of income and less resources from rich countries dedicated to addressing global challenges. The United States and other wealthy nations need to maintain their commitment to fighting AIDS, TB and malaria, including funding for the Global Fund. People who did not cause the crisis should not be punished because of mistakes that investors on Wall Street made.

Unlike the failed banks that have come to Congress for a bailout, the Global Fund is not reaching out for money because of bad business practices. On the contrary, the Global Fund succeeded beyond expectation, and should be rewarded for the good work it's doing. At a minimum, the Fund should not be punished for its success by rich countries backing away from commitments to fund the Fund.

As respected economist Jeffrey Sachs pointed out, the total amount of money that Merrill Lynch paid, with US taxpayer dollars, in bonuses to CEOs is equal to the amount of money the US needs to contribute to the Global Fund to help overcome the gap in funding.

The total amount of money that went to bail out banks from all the rich countries in the world is 1,000 times more than the amount needed to fill the gap in funding for the Global Fund. And the Global Fund has been successful, whereas banks failed and caused this crisis.

Historically, for every dollar the US has donated to the Global Fund, other rich countries have donated two dollars. So when the US gives more, other countries give more. On top of this, other countries make multi-year pledges to the Fund. The US only makes contributions once a year. So other rich countries are waiting to see if the US will contribute more before agreeing to increase their contributions.

The US's fair share of the amount of money needed to fill the funding gap is one-third. This is based on the size of each country's economy. The US's economy makes up one-third of the global economy, so therefore the US should contribute one-third of the funds needed to fill the gap. US law also states that the US should give one-third of need.

If the gap in funding for the Global Fund is not filled, then the burden of continuing programs to address HIV could fall onto US Global AIDS Programs. For example, people who are receiving HIV treatment cannot be taken off, or resistance to medication will develop and people will need to take more expensive treatments or will not have any more options for treatment and will die quicker.

WHAT IS NEEDED?

- The total need to fully fund Round 8, and make sure Rounds 9 and 10 are big enough to cover the demand from countries, is **\$8 billion**.
- Of the \$8 billion in need, other rich countries have pledged \$3 billion. That leaves a **\$5 billion funding gap**.
- The US fair-share of the need is **\$2.7 billion**, which is needed in 2010.
- Additionally, the US is only contributing \$900 million in 2009 to the Global Fund. This is \$1 billion short of the US's fair share. As such, the US has a responsibility to fulfill its fair share by contributing **an additional \$1 billion in 2009** through the emergency war supplemental coming up this spring.

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