

# The Global Fund to Fight AIDS, TB, and Malaria Challenges and Opportunities

A Report of the Committee on Resource  
Mobilization and Coordination

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**Project Director**  
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## **Preface and Acknowledgments**

The CSIS Task Force on Strengthening U.S. Leadership on HIV/AIDS is cochaired by Senators Bill Frist (R-Tenn.) and John Kerry (D-Mass.) and is funded by the Bill and Melinda Gates Foundation and the Catherine Marron Foundation. Undertaken in collaboration with the Centers for Disease Control and Prevention and the U.S. Agency for International Development, the task force will outline strategic choices that lie ahead for the United States in fighting the global AIDS pandemic. The task force seeks to build bipartisan consensus on critical U.S. policy initiatives and to emphasize to senior U.S. policymakers, opinion leaders, and the corporate sector the centrality of U.S. leadership in strengthening state capacities in Africa and India to enhance prevention, care, and treatment of HIV/AIDS. J. Stephen Morrison, director of the CSIS Africa Program, manages the overall project.

The CSIS Task Force comprises an eminent persons panel and a broader working group. The eminent persons panel is drawn from Congress, the administration, public health groups, the corporate sector, activists, and others. The panel will help shape the direction and scope of the task force and disseminate findings to a broader U.S. audience. Expert working-level committees focus on strengthening global financing and coordination mechanisms; counteracting the destabilizing consequences of AIDS; extending training and elementary infrastructure to enhance prevention, treatment, and care; discerning and shaping public opinion on global HIV/AIDS; and defining the resource and capacity requirements for effective U.S. leadership in fighting the pandemic.

This paper was written by Todd Summers of Progressive Health Partners, chair of the task force's Committee on Resource Mobilization and Coordination. It incorporates substantive input from several members of the task force, in particular, J. Stephen Morrison, James O'Brien of the Albright Group, Mark Schneider, senior vice president of the International Crisis Group, and Jennifer Cooke, deputy director of the CSIS Africa Program.

# The Global Fund to Fight AIDS, TB, and Malaria: Challenges and Opportunities

*Todd Summers*

## **Introduction**

Together, AIDS, tuberculosis (TB), and malaria are responsible for 6 million deaths worldwide annually. In the wake of their devastation lie unparalleled suffering, economic hardship, and social instability. These are largely diseases of poverty, afflicting those unable to afford protections and treatments available to the more affluent. Already an acute crisis, the devastation wrought by these three killers is worsening. In less than two decades, AIDS has achieved the sad distinction of becoming the world's most lethal infectious disease.

Responding to this global threat and building on steadily increasing awareness and advocacy, UN secretary general Kofi Annan called for the creation of a global fund to combat HIV/AIDS in heavily affected poor nations. His vision of an international public-private partnership providing grants for prevention, treatment, and care resulted in the development of the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

That was in April 2001. Since then, the Global Fund has attracted more than U.S.\$2 billion, has disbursed a first tranche of funding totaling U.S.\$378 million over two years, and plans to fast track an additional round of U.S.\$238 million, if certain conditions are met. In April 2002, the fund appointed Dr. Richard Feachem, founding director of the Institute for Global Health and professor of international health at the University of California, as its first executive director. Significant challenges remain, and far more resources will be needed. But the very speed of the fund's formation and the spirit of cooperation among leading

donors are grounds for optimism. Said one health minister, “We still have everything to do, but at least there is now hope.”<sup>1</sup>

## About the CSIS Task Force

The CSIS Task Force on Strengthening U.S. Leadership on HIV/AIDS is intended to inform U.S. efforts to address HIV/AIDS and other global health challenges. The task force is cochaired by Senators Frist and Kerry and is funded by the Bill and Melinda Gates Foundation and the Catherine Marron Foundation.

The task force has established committees to address specific policy areas, and this paper is a product of the committee on resource mobilization and coordination, chaired by Todd Summers of Progressive Health Partners. In response to a request by Global Fund chair Chrispus Kiyonga, during a CSIS-supported trip to Washington and New York City in November 2001, the committee offered recommendations for consideration by the Global Fund’s Transitional Working Group on crafting a resource mobilization strategy.

Since then the committee has issued two additional briefing papers, emphasizing steps that will sustain and strengthen growing bipartisan support for the Global Fund within the Bush administration, the Congress, the independent foreign policy community, and an American voting public that is increasingly engaged and informed on the global HIV/AIDS pandemic. The following paper is a compilation of the committee’s recommendations to date and outlines areas where additional attention and analysis are needed.

## What Has Been Achieved?

In the relatively short time since Secretary Annan’s call to action, the Global Fund has made remarkable progress in establishing itself as a vehicle for wealthy nations, corporations, foundations, and philanthropists to mitigate the impact of three deadly diseases.

### ◆ *The Global Fund is lean and additive.*

The Global Fund represents an innovative and unprecedented international cooperative endeavor—a streamlined global resource disbursement mechanism that involves both governments and nongovernmental organizations (NGOs). The Global Fund’s board and staff secretariat are small, and its funding process is relatively simple and undirected. As an independent legal entity, the fund should be able to retain flexibility and autonomy and, with an efficient board structure and mechanism, react promptly to changes in the trajectory of these diseases or the means to fight them.

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<sup>1</sup> “Global fund on AIDS, tuberculosis, and malaria holds first board meeting,” press release from the Global Fund dated February 2, 2002.

◆ ***The Global Fund promotes multisectoral planning.***

The Global Fund's commitment to using broad national partnerships as primary funding mechanisms has already inspired urgent planning at the country level in many acutely affected countries. While the quality of applications produced and the breadth of participation in the planning processes varied widely in the Global Fund's first funding round, it was nevertheless a strong start. Refinements in the guidance provided and increases in technical assistance will help strengthen forthcoming applications.

◆ ***Although brand new, the fund has significant resources.***

At its initial meeting in January 2002, the board of the Global Fund announced that it would disburse up to U.S.\$700 million this year in several tranches. In April the fund awarded a total of U.S.\$378 million over two years to 40 programs in 31 countries and agreed to fast track a second round of grants—provided certain conditions are met—of U.S.\$238 million for 18 proposals in 12 countries and 3 multicountry proposals. Although the total projected disbursement—U.S.\$616 over a two-year period—is still far short of projected resource needs, it represents a significant net gain in the pool of resources going to Africa to fight AIDS, TB, and malaria.

◆ ***The Global Fund is poised to mobilize additional new resources.***

Within the United States, which is the largest supporter of global AIDS efforts, the advent of the Global Fund has helped mobilize additional U.S. resources to combat HIV/AIDS, TB, and malaria. Less than one month after Annan's call for action, President George W. Bush's administration announced that the United States would back the fund by providing \$200 million in seed money and that it would work with the G-8 and private foundations, corporations, faith-based groups, and other organizations to generate additional support. The U.S. government contribution has grown to a total of U.S.\$500 million, although Congress has not yet approved all of that funding. Additional legislation is pending in Congress to offer even greater commitments to the Global Fund and to other bilateral and multilateral efforts related to these three diseases.

◆ ***The U.S. team has positively influenced the fund's design.***

An interagency team of high-level officials from the U.S. Agency for International Development, State Department, and Health and Human Services (HHS) devoted considerable attention to the construction of the fund. Aided by formal and informal consultations with NGOs, advocates, and experts, the U.S. team articulated a clear set of priorities for the Global Fund that have been largely incorporated into its structure. For example, the U.S. team pushed hard for a meaningful role for NGOs; they now have two seats on the board and a key role in developing applications (and can apply directly to the fund in certain cases). The U.S. team has also helped establish a tone of

collegiality that has helped the fund overcome many obstacles and broadened overall confidence.

- ◆ ***Despite formidable pressures, the Transitional Working Group put the Global Fund together quickly.***

During its tenure, the transitional working group (TWG)—comprising more than 40 representatives from developing and donor countries, NGOs, the private sector, and advocacy groups—faced a variety of pressures engendered by high expectations, philosophical disagreements, and differences of opinion on strategy and focus. Nevertheless, the TWG got through the preliminary planning process with a strong consensus among key stakeholders on the fund’s name, mandate, structure, and operational timeline. Although many thorny issues have yet to be decided, the consultative process used by the TWG generated considerable goodwill and put in place a framework for tackling the tough questions remaining. The new board is clearly aware of potential operational pitfalls and has begun, for example, private-sector consultations to avoid the long-term management issues that have plagued other multinational organizations.

## Challenges and Opportunities Ahead

The Global Fund must now build on its initial success and establish its credibility as an effective, efficient, and additive mechanism for mobilizing and disbursing funds. This will require succeeding on an ambitious, but realistic, set of objectives for the coming year.

- ◆ ***The Global Fund must clarify and communicate its mandate, identity, and definition of success.***

A clarified, succinct definition of the fund’s mandate and core goals is urgently needed. Further, there needs to be frank discussion of what achievements can be realistically expected in the fund’s first two years and what monies can be realistically channeled through a brand new entity to newly established country coordination mechanisms. At present, expectations of the resource levels that the fund will be able to process in its first phase are unrealistic, and aggregate demand for resources far exceeds the fund’s current donations. If the fund does not establish for itself the “terms” of success, they will be established by others—which will likely lead to disillusionment.

The Global Fund should stake out an identity built on what it can deliver in its first year. It can do this by making assistance more effective—by helping countries and businesses improve their plans and responses, by identifying and disseminating best practices, by bringing together donors to support effective programs, and where necessary, by contributing the funds it controls to effective programs.

Managing expectations will be daunting. To date, most of the discussion of the fund has focused on what the fund is not: that it is not a United Nations agency, not a World Bank subsidiary, not “business as usual.”

Far less understood is what the fund is actually intended to be: a new global instrument—a lean, relatively autonomous, public-private partnership—that can expeditiously bring to scale worthy interventions in countries acutely affected by HIV/AIDS, TB, and malaria. Transparency is crucial, and the fund needs to strike an appropriate balance between the need to operate efficiently and the need for openness. Webcasting selected proceedings and the judicious use of executive sessions could be useful in this regard.

## Mobilizing Resources

### ◆ *The Global Fund must work to overcome pessimism.*

A critical challenge for the fund is attracting new resources from the governmental, philanthropic, and corporate sectors. Cost estimates related to a global campaign to fight AIDS, TB, and malaria are scarce; it has been suggested that U.S.\$7–10 billion will be needed annually just to address care and prevention needs related to HIV/AIDS. To date, the fund has received commitments of just over U.S.\$2 billion.

This disparity between current commitments and projected needs has resulted in increasing pessimism about the fund and its ability to fulfill its lofty purpose. In response, supporters of the fund have countered that it is not yet fully established and therefore that the current level of funding commitments indicates broad global support. It has also been noted that absorptive capacity is limited and that funding increases must therefore be incremental so as to not overwhelm national capacities. While these responses are intended to counter pessimism, they may also be inadvertently communicating that the U.S.\$2 billion is adequate—a message that is certainly unintended and inaccurate, but which could deflate efforts to garner additional commitments.

Finding the correct balance between optimism and concern is particularly difficult in the absence of clearly articulated fundraising goals for the fund and a viable resource mobilization strategy to achieve those goals. Although there may be general agreement on the range of need worldwide (U.S.\$7–10 billion annually), this rough estimate includes all sources (bilateral, multilateral, and internal contributions from all sectors); no discreet goals for the fund have been established. In the absence of these goals, the U.S.\$2 billion is often compared to the \$7–10 billion estimate of need—when in fact the ideal contribution for the fund itself may be substantially less.

Reconciling the gap between overall needs and current commitments, and balancing optimism with realism, would be aided by the following:

- ◆ The Global Fund should develop and communicate fundraising goals that are both optimistic and achievable, and that demonstrate that the fund is but one part of the global effort to fight AIDS, TB, and malaria. This should be accompanied by a resource mobilization strategy to achieve those goals that addresses how

much is needed over time, who will implement the strategy, and how it will be monitored for success.

- ◆ In tandem with the resource mobilization strategy, the fund should develop an improved communications strategy to craft and disseminate information on the fund that balances optimism with realism.
- ◆ The Global Fund should seek out assistance from a major business school to help fully develop the resource mobilization strategy. In the United States, for example, the Yale School of Management and the Harvard Business School offer a wealth of experience in this area and might be amenable to assisting the fund as an “in kind” contribution. The Global Fund should also consider seeking support from a major foundation to cover the expenses related to such an effort (travel, communications, materials development, etc.), which would be attractive to some foundations and would reduce the use of limited fund resources for operational costs.

◆ ***Increased corporate and philanthropic support is needed.***

Originally conceived as a “partnership,” with governmental contributions leveraging additional contributions from companies and foundations, the Global Fund has so far failed to generate significant interest from either the corporate or philanthropic sectors. To date, of the nearly U.S.\$1.6 billion committed, less than 5 percent has come from corporations, foundations, nonprofit organizations, and individuals combined (see Appendix 2).

Several senior representatives of U.S.-based corporations and foundations have expressed reluctance to utilize the fund as a mechanism for their efforts on AIDS, TB, or malaria for several reasons:

- ◆ They see the Global Fund as a UN project, an organization that, for them, carries a reputation for waste and bureaucracy;
- ◆ They prefer to make their contributions directly, assuring consistency with their own goals and objectives;
- ◆ Direct funding can provide both corporations and foundations with direct, tangible examples of their impact that are useful for shareholders, directors, and trustees.

Therefore, the fund should build a parallel structure for gathering support by establishing an identification or “branding” package available to corporations or foundations that provide resources to fight AIDS, TB, or malaria. This branding would create a flexible, affiliated channel for corporations or foundations to provide support in coordination with the Global Fund but not through it (consistent with the fund’s goal of leveraging additional resources). The advantage to these donors would be an assurance that their efforts are better coordinated with other resources and consistent with a comprehensive approach. The advantage to the fund is that it would provide a new avenue for corporate and

philanthropic support, and an opportunity to promote increased transparency of private and philanthropic efforts on AIDS, TB, and malaria. It would also allow the Global Fund to “capture” these contributions as leveraging achievements, which would help address the pessimism mentioned previously.

In order to receive the imprimatur of the fund, these corporate and foundation donors would have to subscribe to a set of principles and standards, to be developed by the fund, that promote transparency, inclusivity, and coordination. The standards could also include requirements for “maintenance of effort” to assure that contributions come from new, not reprogrammed, monies.

Branding could happen at both the global and country levels. Global branding could be used for contributions for transnational and international programs. Country-level branding would be available to corporations and foundations that provide support in coordination with country-level plans (which will likely form the basis for applications to the fund). This would encourage inclusion of corporations and foundations in country-level planning processes. Further encouragement could be provided if applicants to the fund were asked to identify corporations and foundations that participated in the development of the country-level plan and the degree to which they have committed support.

Corporate-sponsored projects that adhere to the principles and standards established by the fund—and can therefore be “branded”—could use a graphic image developed by the fund. This would help communicate the successes of the fund in leveraging support from individual corporations and foundations and help fuel an optimistic and positive perception of the fund, which will be vital to continued political and monetary support.

The Global Fund could establish standards for providing noncash, “in-kind” contributions from corporations and nonprofit organizations. This could range from pharmaceutical and medical-instrument donations to the provision of technical expertise and staffing to public-health personnel. This would help the fund by bringing increased resources to bear, and it would be an advantage to donors in that it would bring consistency, standards, and order to their contributions. It would also allow donors to receive public recognition for their noncash efforts.

The Global Fund would need to identify standards for in-kind contributions to ensure that what is contributed is actually what is needed. Again, this assessment could be done at either the global or country levels, depending on the nature of the contribution.

The Global Fund should assess the need for country-level conduits for corporate contributions. To the extent that corporations wish to make cash contributions, they are likely to want to utilize tax incentives. These tax incentives may require that contributions be made through a domestic, not-for-profit organization (as is the case in the United States). These conduits should be identified through a balanced, inclusive process, and each country might have more than one conduit, in order to maximize the possible avenues for contributions to be made.

This mechanism would also help the Global Fund to benefit from the work of other organizations and individuals that have pledged to assist in promoting the fund. In the United States, for example, former president Clinton has committed to Secretary General Annan to help with the fund; he has also committed to assisting the International AIDS Trust (IAT). To the extent that contributions raised for the IAT can also be included as contributions to the fund (through the branding program), those efforts are fully leveraged.

◆ ***The Global Fund must develop a network of support.***

The considerable support provided for the Global Fund to date has come largely from requests made by UN secretary general Kofi Annan. Obtaining subsequent and additional commitments will require new leaders to be identified, conscripted, and coordinated. While several high-profile individuals have offered to be of assistance, it is unclear how their efforts will be coordinated and supported. Materials must be developed, meetings scheduled, and final commitments secured.

The Global Fund should develop a “Friends of the Fund” group composed of high-profile individuals committed to its success. This could include political leaders, celebrities, religious leaders, academics, and corporate leaders, among others.

The Global Fund should be international but should have country-specific subgroups for major donor nations. The country-specific groups can help mobilize resources from governmental, corporate, and foundation sources, utilizing members of the “friends” and others to lead the solicitation process.

To be successful, the “friends” group (and other elements of the fundraising effort) must be fully supported by professional staff that will schedule and follow up on meetings, provide materials, and coordinate efforts. The resource mobilization strategy must include provision for providing this support.

◆ ***Support from the United States must increase significantly.***

As the world’s wealthiest nation and one of the leaders in support of global health and development efforts, the United States plays a key role in the future of the fund. Its current level of commitment (U.S.\$500 million, not all of which has been appropriated by Congress) is often cited as an example of the lack of serious support for the fund. Responding to this criticism, President Bush and Secretary of State Powell have committed to a nonspecific increase. Both have subsequently repeated that the U.S. government strongly endorses the fund and that U.S. contributions will continue.

Support from within the U.S. Congress, which must ultimately approve any funding, has also been limited, although it is now gaining momentum. Recently, a bipartisan group of senators, led by Senators Kerry and Frist, cochairs of the CSIS Task Force, introduced legislation that would increase the U.S. contribution to U.S.\$1 billion in fiscal year 2003 and \$1.2 billion in fiscal year 2004. Several other congressional leaders have also proposed amendments to pending emergency supplemental budget legislation that would increase U.S. support for

the Global Fund by as much as \$500 million. However, there is some fear that U.S. military action and an economic recession, combined with historical apathy toward foreign assistance of any kind, may prevent this legislation from being approved.

Together, the Congress and the Bush administration have joined many other influential persons in the United States who are supportive of the Global Fund. However, their efforts are not coordinated or supported through a thoughtful campaign. This “goodwill” is powerful, but may not result in substantial increases in U.S. commitments to the fund without a well-crafted and well-implemented strategy.

Lack of significantly increased commitments from the United States may well provide an excuse for other wealthy nations to increase their current contributions. On the other hand, a successful effort to garner a major increase from the United States could build optimism for the fund and help encourage other government, corporation, and foundation contributions.

The Global Fund’s resource mobilization strategy, in recognition of the critical role played by the U.S. government, should prioritize efforts to support an increased commitment to the fund equal to at least U.S.\$1 billion.

The Global Fund must quickly identify and respond to significant political concerns that might impede U.S. governmental support for increased commitment to the fund. This should be accomplished by meetings, at the earliest opportunity, between the leaders of the newly constituted board and key congressional and administration representatives. Issues or information needs identified in these meetings should be answered quickly and completely.

### **Efficiently Disbursing Resources**

The Global Fund needs to demonstrate early on that it can make assistance more effective by improving coordination, both at the country level and internationally; that it can adequately engage relevant stakeholders, private, public, and community-based; and that it in fact provides a simplified, efficient, and speedy disbursement mechanism that minimizes transaction costs and maximizes transparency and accountability.

#### **◆ *Secretariat leadership and staffing are critical.***

Among its first challenges will be to settle issues of staffing. The Global Fund has been established as a lean, focused organization that stands in contrast to larger multilateral bureaucracies. The board has only 18 voting members, having trimmed numbers considerably from the 40-plus members of the Transitional Working Group that established the fund. Current plans call for a small secretariat of 20 to 25 persons, an exceptionally small nucleus to manage a multibillion-dollar global fund targeting three major diseases.

To succeed with such a small staff, it will be critical to define clearly the scope of their responsibilities. The secretariat will need to engage various constituencies with respect to fundraising in support for the fund. It will have

ultimate responsibility for overall grant management, even if some first-level monitoring is delegated to partner institutions at the country level. It will support the board and, at minimum, coordinate support for the technical review panel, even if such support is supplied by others (for example, UNAIDS, the World Health Organization, and the Centers for Disease Control and Prevention). And it will need to manage communications with grantees, applicants, and the broader community. Making clear what the secretariat can and cannot do will help curb unreasonable expectations and identify duties that others must assume.

Once the role of the secretariat is decided, the team must be organized. We recommend that support be sought immediately from major foundations to obtain expert assistance in assembling the secretariat and ensuring that systems and technology are available to maximize the performance of a small staff. In addition, the fund's board and key donors should identify competent senior personnel who can be seconded at low or no cost for an initial two-year period to supplement and support the secretariat's staff (to augment, not substitute for, permanent Global Fund staff).

Further, the fund will need to implement a long-term, sustainable management plan, perhaps in partnership with a corporation, foundation, or management school. Initial support in this area has been provided by the consulting firm McKinsey and Company, supported in part by the World Economic Forum. This work is critical but should not take precedence over raising and disbursing new funds. This planning should inform the selection of staff that is knowledgeable, team oriented, and focused on collaborations with bilateral and multilateral organizations.

◆ *Coordination with others is key.*

Although the Global Fund is an independent entity, it must work collaboratively with a variety of multilateral and bilateral institutions, including UN agencies and secretariats. The Global Fund will need to make clear how it will coordinate monitoring and evaluation demands with these other agencies, and ensure that the burden placed on countries is minimized. Evaluation is important, and without clear guidelines and results it will be increasingly difficult to obtain additional funding. However, evaluation takes time and money, and should not be demanded at the expense of rapid scaling up of direct care, treatment, support, and prevention services.

The Global Fund should initially encourage applications that involve partnership with private-sector programs under way at the country level, or fund programs on a regional level that partner with private-sector programs (such as those of the Bill and Melinda Gates Foundation, Merck and Company, and the Harvard AIDS Institute in Botswana).

With so many entities involved at various levels, the bureaucratic demands on those actually doing real work could quickly become overwhelming. The fund should focus (with strong support from the U.S. team) on getting money to those at the frontlines of the epidemic with a minimum of delay and demand. It should also continue to support a funding process that maximizes flexibility so that the

fund can be used to fill gaps identified during the planning process (gaps often created because of other, more prescriptive bilateral and multilateral assistance).

◆ ***Many highly affected countries lack skills to develop applications, manage resources, and avoid corruption.***

Although a few potential recipient countries have (or are very close to having) country-level strategies in place, others lag far behind or do not encompass all three diseases. Despite urgent needs, the capacity of many impacted countries to convene the various sectors, develop a coherent plan addressing the three diseases, and establish mechanisms for the management, monitoring, and evaluation of funds is quite limited. The Global Fund should strategize with the key donors and NGOs on how best to provide technical support to recipient countries in preparing country-wide strategies and applications to the fund—hopefully by leveraging currently available or additional resources rather than tapping the fund itself to pay for applications. It will also need a credible means of dealing with endemic problems of corruption and weak accounting mechanisms in recipient countries as well as ensuring that private health-delivery systems are adequately represented in countrywide strategies.

◆ ***The Global Fund should prioritize proven interventions.***

There are many known and proven public health and medical interventions available to address AIDS, TB, and malaria, and these should receive the highest priority from the Global Fund. These include:

- ◆ prevention and education on HIV/ AIDS;
- ◆ community-based support for the millions of children orphaned by AIDS;
- ◆ voluntary counseling and testing;
- ◆ vector control measures for malaria;
- ◆ recruitment and training of additional medical care providers such as doctors, nurses, and technicians;
- ◆ building adequate disease-surveillance infrastructures;
- ◆ improving the safety of blood supplies; and
- ◆ providing individual health care (including drug therapies) to people living with HIV or sick with malaria and TB.

Although funds are lacking, proven interventions are not, and the latter are and should remain the primary use of Global Fund resources. That said, the Global Fund should not prescribe the mix of resources called for by recipients. Mandating that certain percentages be used for prevention or treatment, for example, reduces the value of the Global Fund as a gap filler and invites politicization of application development and review.

◆ ***The Global Fund should serve as a tool for increasing coordination and transparency of commodity purchases and donations.***

The Global Fund is primarily intended as a financial instrument to focus resources on the three diseases. Although the purchase of commodities, including pharmaceuticals for prophylactic and therapeutic regimens, is an acceptable category of spending, the Global Fund does not see itself as a bulk purchasing mechanism. That may be a mistake. Further dialogue and analysis are needed to determine how best to utilize the fund to the benefit of the people it intends to help, including using the fund's purchasing power to reduce costs and promote further drug development by serving as a reliable buyer of effective products. At the least, the country-level planning process could be a vehicle for identifying the costs at which commodities are being purchased or made available through donations and could therefore improve global transparency in the pricing of essential medical products.

As an immediate priority, the Global Fund could help craft a global arrangement that would provide adequate supplies of treatments and innovative new treatments in a system that could assure planners that drugs would continue to be available, an approach outlined in the report of the Commission on Macroeconomics and Health to the World Health Organization, in a section authored by the fund's executive director, Richard Feachem. In essence, the fund would broker an arrangement in which the pharmaceutical industry commits itself to making medicines available in sufficient numbers, at low but profitable prices as decided in each market.

◆ ***A mechanism should be established to ensure monitoring of fund grants.***

The Global Fund will need early on to bolster its ability to administer and monitor grants. This includes both fiduciary oversight (making sure that the money goes to the uses described in grant applications) and impact assessments (determining if funded grants are effective). Failure to quickly address the needs for fiduciary oversight will create political vulnerabilities for the fund as grant making expands. Given the degree of skepticism surrounding foreign assistance efforts, one high-profile story of mismanagement or fraud could spell disaster.

Several options may be appropriate: for example, a monitoring unit within the fund's core management team; an arrangement whereby the World Bank, as the fund's fiduciary partner, assumes this function; or ad hoc arrangements in individual countries, whereby competent in-country donor entities provide monitoring oversight. Given the need to keep fund staffing requirements low, some combination of the latter two options is preferable. Whatever arrangements are made, they should be acceptable to both donors and grantees and premised on efforts to build capacity within the country coordination mechanisms for self-monitoring to the maximum extent possible. Building capacity is essential, as is incorporating mechanisms that assure transparency and accountability in the use of those funds and in evaluating their effectiveness.

## Priorities for Future Analysis

The CSIS Task Force's Committee on Resource Mobilization and Coordination will continue to support the development of a resource mobilization strategy for the Global Fund, focusing in particular on galvanizing additional corporate and foundation support. In its next phase, it will also focus attention on coordination issues. These might include:

- ◆ Facilitating the Global Fund's diplomatic efforts, especially by advising on how it can coordinate with multilateral and nongovernmental opinion leaders and policymakers on issues within the fund's mandate;
- ◆ Identifying successful programs and promoting the dissemination of lessons learned across national borders, so that country successes can be used most effectively in countries just now building their coordination mechanisms;
- ◆ Assessing mechanisms for coordinating U.S. government activities on global AIDS, as well as the mechanisms needed to facilitate coordination between U.S. government agencies and the larger multinational nongovernmental organizations working to address global HIV/AIDS;
- ◆ Identifying opportunities to coordinate U.S. global AIDS efforts with those related to human rights and legal protections of those living with HIV/AIDS; and
- ◆ Analyzing a forthcoming independent review of UNAIDS from the perspective of U.S. interests.

## Appendix A: About the Global Fund

### History

In July 2001, Annan appointed Dr. Chrispus Kiyonga, former Ugandan health and finance minister, to chair a transitional working group for the establishment of the Global Fund. In the ensuing months, the transitional working group (TWG) held a series of meetings to hash out the logistical, legal, ethical, and strategic questions associated with the fund’s design and operations. Through formal and informal consultations—including regional consultations in Africa, Asia, Latin America and the Caribbean, the states of the former Soviet Union, and stakeholder consultations with representatives of the NGO community and civil society, the private sector, and academia—the TWG developed specific recommendations to be considered by a new Board of Directors.

In January 2002, only eight months after Annan’s initial call to action, the new board of the Global Fund met for the first time in Geneva, issued a call for proposals, announced an initial round of grants, and committed to releasing up to U.S.\$700 million before year’s end.

In April 2002, the board hired Dr. Richard Feachem to serve as its first executive director, approved a first tranche of funding of U.S.\$378 million, and agreed to fast track a second tranche of U.S.\$238, when certain conditions are met.

### Structure

The purpose of the Global Fund is “to attract, manage and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, and thereby mitigate the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contribute to poverty reduction...”<sup>2</sup> Although established under the leadership of the UN secretary general, the Global Fund is an independent entity (its specific legal status is in transition) that intends to supplement the work of other multinational, bilateral, and national programs.

### Board of Directors

Leadership is provided by a compact, 18-member Board of Directors comprising donors, highly impacted nations, and nongovernmental organizations, and headed by Uganda’s Kiyonga.

- ◆ Donor nations: United States, United Kingdom, European Commission, France, Italy, Sweden, and Japan

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<sup>2</sup> “Title, Purpose, Principles and Scope of the Fund,” working document of the Global Fund, dated October 12, 2001.

- ◆ Impacted nations: China, Brazil, Nigeria, Pakistan, Thailand, Uganda, and Ukraine
- ◆ Nongovernmental organizations: One from developed, one from developing nations
- ◆ Private sector: Foundation (Bill and Melinda Gates Foundation) and corporate (McKinsey and Company)
- ◆ Other: Ex officio representation from the trustee, UNAIDS, World Health Organization, and one representing people living or affected by HIV, TB, or malaria

Board members, selected by their respective constituencies, will serve two-year terms.

### **Technical Review Panel**

Significant pressure was put on the organizers of the fund to develop a mechanism to review funding applications that was objective, science based, and insulated from politics. To that end, the board established a 17-person Technical Review Panel to “be an independent, impartial team of experts appointed by the board to guarantee the integrity and consistency of [an] open and transparent proposal review process. It will review applications submitted for fund support, and make recommendations to the board for final decision.”<sup>3</sup>

### **Secretariat**

A small secretariat will be based in Geneva and will provide for the day-to-day management of the Global Fund, support for the board, and the Technical Review Panel, and liaison with the trustee. Recruitment for staff is underway. In the interim, staffing is provided by personnel seconded from UN organizations and governments and by McKinsey and Company, a private consulting company operating at reduced rates, with partial support from the World Economic Forum.

### **Trustee**

Fiduciary responsibilities have been delegated to the World Bank, which will serve as the Global Fund’s trustee. The World Bank will be responsible for managing, investing, and disbursing monies for the Global Fund. This has raised concerns both from antiglobalization advocates and from critics of the World Bank’s track record on health and antipoverty efforts. Additionally, there is ongoing discussion about the World Bank playing a more active role in assessing the impact of grants and in providing funds directly to nongovernmental providers rather than just through governments.

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<sup>3</sup> “Terms of Reference of the Technical Review Panel,” released by Global Fund on January 31, 2002.

## How the Fund Will Fund

The primary vehicle for the Global Fund will be country-level partnerships, in most instances led by national governments. It is envisioned that participants will include representatives of the broad range of sectors involved in addressing these three diseases, including: national and local governments, researchers, nongovernmental organizations, the private sector, and affected communities.

Factors involved in assessing applications include:

- ◆ Prevalence and incidence of disease: Funding is supposed to go to those countries hardest hit by these diseases, or where the incident (new) infections demonstrate that need for rapid intervention.
- ◆ Political commitment: Recognizing the critical importance of top-level political leadership, the Global Fund's first funding announcement stresses the need to demonstrative political commitment at the "highest level."
- ◆ Ability to demonstrate results: The fund has prioritized projects that "are most likely to demonstrative measurable success" in response to general skepticism that additional funding will produce real, tangible results.
- ◆ Integrated approach: Applicants for the first funding tranche are being asked to present a balanced response, both in terms of the three diseases and in terms of prevention, care, and treatment.

In addition, the first funding tranche is limited to those countries that have county-level plans in place and that are ready to go but for the availability of funds. This reflects considerable pressure on the Global Fund to show early success as a condition to inviting additional contributions.

There are currently no quotas or targets based on geographical region or on modes of response (prevention, care, or treatment) for individual applications, the first funding tranche, or the fund overall.

## Applications from NGOs

Although the specifics are still under discussion, there is broad agreement that nongovernmental organizations should—under certain circumstances—be allowed to submit applications and receive funding outside of or in lieu of country applications. This could include countries where national governments are in such a state of crisis that they are unable to apply, or for projects that address cross-border or regional issues.

Less clear is how the Global Fund will respond in instances where national governments fail to meaningfully engage nongovernmental organizations or affected communities, fail to address highly impacted populations (such as injection drug users or men who have sex with men), or fail to demonstrate an ability to safeguard funds from corruption or gross politicization.

## Appendix B: Contributions to the Global Fund

### Contributions (as of May 2002<sup>4</sup>)

<b>Donor</b>	<b>Amount</b>	<b>% of Total</b>
U.S.	500,000,000	
Japan	200,000,000	
Italy	200,000,000	
U.K.	200,000,000	
France	131,200,000	
Germany	131,200,000	
Netherlands	118,100,000	
European Commission	105,000,000	
Canada	100,000,000	
Spain	50,000,000	
Sweden	58,300,000	
Russia	19,300,000	
Belgium	15,700,000	
Nigeria	10,000,000	
Switzerland	10,000,000	
Ireland	8,700,000	
Luxemburg	2,600,000	
Uganda	2,000,000	
Kuwait	1,000,000	
Austria	1,000,000	
Zimbabwe	1,000,000	
Andorra	100,000	
Niger	50,000	
Liberia	25,000	
Kenya	8,300	
Rwanda	1,000,000	
Liechtenstein	100,000	
Norway	113,507,378	
Zambia	<u>25,000</u>	
<b>Subtotal Governmental Contributions</b>	<b>\$ 1,979,915,678</b>	<b>95.10%</b>
Bill and Melinda Gates Foundation	100,000,000	
Other Non-profit Institutions and Foundations (13)	<u>6,625</u>	
<b>Subtotal Foundations and Non-Profit Contributions</b>	<b>\$ 100,006,625</b>	<b>4.80%</b>

<sup>4</sup> Global Fund Web site, [http://www.globalfundatm.org/files/Financial\\_contributions280502.htm](http://www.globalfundatm.org/files/Financial_contributions280502.htm), accessed June 3, 2002.

Byers Choice Ltd.	10,000	
Stupski Family Foundation	40,000	
International Olympic Committee	100,000	
Winterthur Insurance (Credit Suisse)	1,000,000	
Other Corporations (11)	4,597	
ENI	<u>500,000</u>	
<b>Subtotal Corporate Contributions</b>	<b>\$ 1,654,597</b>	<b>0.08%</b>
Mr. Kofi Annan	100,000	
Ambassador Deinde Fernandez	100,000	
Other Private Individuals	<u>111,247</u>	
<b>Subtotal Private Contributions</b>	<b>\$ 311,247</b>	<b>0.01%</b>
<b>TOTAL CONTRIBUTIONS TO DATE</b>	<b>\$ 2,081,888,147</b>	