# GLOBAL FUND OBSERVER (GFO) NEWSLETTER A service of Aidspan.

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Note: This issue is web-accessible at

www.aidspan.org/gfo/archives/newsletter/issue2.htm

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1. NEWS: The October Board Meeting – Key Developments

Highlights of decisions at a meeting that was productive but ran out of time in the middle of a key item.

2. NEWS: Feachem On The Record

Clear and forthright quotes on a number of important Fund-related issues.

3. NEWS: KwaZulu Natal – the Saga Continues

KwaZulu Natal was caught in the middle when South Africa and the Fund argued about the KZN grant.

4. NEWS: Tanzania and Uganda – Unanticipated Headaches

The Global Fund encountered worrying challenges when the Tanzanian and Ugandan Ministries of Finance got involved. Will such problems arise with other countries?

5. FROM THE GFO EDITOR

The GFO Newsletter already has over 2,000 subscribers in over 110 countries.

6. ANALYSIS: The Global Fund's financial needs

How much money does the Fund need? How much ought to be contributed, and how much has been pledged thus far, by each potential donor?

7. COMMENTARY: Resource Mobilization - Crunch Time

The Global Fund is in a precarious financial plight. The Board's Resource Mobilization Committee is primarily composed of people who would rather be somewhere else. How can the Fund meet its mission if it pays so little attention to fundraising?

8. COMMENTARY: What is a valid CCM?

The Fund must publish clear guidelines on minimum standards and best practice regarding CCM composition and procedures.

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Quotes from Forum posts: "I have the impression that, in general, the amounts requested [from the Fund] are exaggerated." "I believe the GFATM should focus more on accountability and less on accounting."

The Global Fund's third Board meeting, held in Geneva on 10-11October 2002, was, according to Executive Director Richard Feachem, "a huge improvement on the first two Board meetings," but it still left many participants frustrated when time ran out before the agenda was completed.

The Secretariat's 53-page report on the meeting, and the NGO-North Board member's 3-page summary report, are both available at the Aidspan web site and via email. (For instructions, see below.)

Some highlights of the meeting are as follows:

- Board committees: The Board established four committees: "Monitoring, Evaluation, Finance and Audit"; "Portfolio Management and Procurement" (dealing with proposals, grant management, and procurement); "Resource Mobilization", and "Governance and Partnerships".
- Transparency: It was resolved that "the Board will operate under a principle of maximum transparency and openness," and that subject to some modest restrictions, mostly related to issues where decisions have not yet been made, "the Board will make public all documents and records."
   One key decision is that the Fund will publish, at its web site, the full text of each approved proposal (or at least that part that is available electronically).
- NGO involvement in Country Coordination Mechanisms (CCMs): NGO Board members expressed concerns about several matters, including late involvement of civil society in the proposal development phase; exclusion of NGOs from the WHO regional consultation process regarding the Fund; lack of transparency by CCMs; uneven status among NGOs and other CCM members; lack of guidelines or mechanisms for non-CCM proposals; lack of clear definition of what constitutes a "well functioning" CCM; and lack of clarity on the role of CCM members during the implementation phase. The Board agreed that there are still "considerable difficulties for NGOs to participate effectively in CCMs." Accordingly, the Board asked the Secretariat to indicate more clearly the ways in which CCMs should "foster strengthened civil society involvement," both while proposals are being developed, and while the grants they lead to are being implemented.
- Drug procurement: The Board agreed on three principles that must be followed when grants from
  the Global Fund are used to purchase drugs: The procured drugs must be purchased at the lowest
  available cost; they must be of assured quality; and the purchases must be in conformity with
  national and international legal agreements. The Fund will require public disclosure of prices paid
  for drugs, because this "will facilitate a process leading to lower prices." (Note: These principles
  mean that under certain circumstances it will certainly be possible to purchase generic drugs using
  Global Fund grants. See also "On drug procurement" in the article "Feachem On The Record,"
  below.)
- Proposals: The Board decided that the Technical Review Panel (TRP) should review proposals based purely on their merits, without consideration of whether there might or might not be adequate funds to pay for them. It added that the TRP should score all proposals and present them to the Board classified according to four categories: Category 1 Recommended for funding with no or minor modifications; Category 2 Recommended for funding provided clarifications are met within a limited timeframe (e.g. 6 weeks); Category 3 Not recommended for funding in its present form but strongly encouraged to resubmit; and Category 4 Not recommended for funding.
- Local Fund Agents: There was some animated discussion regarding the selection and role of "Local Fund Agents" (LFAs). The role of LFAs is to audit grant-related activities within recipient countries – to be the Fund's eyes and ears on the ground. The Fund has thus far chosen four organizations to

play this role: UNOPS (UN Office for Project Services), Crown Agents (a company partly owned by the UK government), and PriceWaterhouseCoopers and KPMG (two global auditing and consulting firms). The Secretariat proposed that the Fund's administrative budget for 2003 be \$40 million, with half of this assigned to paying the LFAs. The Board did not agree, and provisionally reduced the total budget to \$30 million. The Board also questioned whether it was always necessary to have Western-owned companies play the LFA role. The Secretariat agreed that it "would explore and evaluate possibilities to contract with local organizations for the LFA role, while cautioning that the cost of coordinating numerous LFAs may outweigh the economic benefits of contracting those local LFAs."

• Financial needs: The Secretariat calculated that, based on its projections of how many proposals will be received in future rounds that are worthy of approval, the Fund will need to receive \$3 billion in 2003 and \$4.9 billion in 2004. (These figures were not articulated clearly during the meeting, but have been stated unambiguously by the Fund since the meeting.) Of this total requirement of \$7.9 billion over the next two years, only \$1 billion has been pledged thus far. The meeting ran out of time, so further discussion of the Fund's financial predicament was deferred to the next Board meeting, 29-31 January 2003.

Further details are provided in the 53-page "Report of the October 2002 Global Fund Board Meeting" and the 3-page "Brief Summary of Decisions Taken at the October 2002 Meeting of the Global Fund." (See Documents 40 and 39, respectively, at <a href="www.aidspan.org/globalfund">www.aidspan.org/globalfund</a>. Or send an email to <a href="documents@aidspan.org">documents@aidspan.org</a>, with "Send gfo40.pdf and gfo39.pdf" in the Subject line.)

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Richard Feachem, Executive Director of the Global Fund, provided some useful insights during a media conference call on 19 November 2002 organized by RESULTS and Health GAP (Global Access Project). Some quotes are as follows:

## On the AIDS pandemic:

- "The global HIV/AIDS pandemic is by far the largest catastrophe to befall human kind in recorded human history. It's already a good deal worse than the Black Death in the middle of the 14<sup>th</sup> century, and current projections estimate that the epidemic isn't going to peak until about 2050, 2060."
- "India is on an African trajectory but just running about 15 years behind Africa. The scale of the
  Indian epidemic is just going to be staggering and at the moment there is nothing in place to
  attenuate or modify that Asian epidemic. HIV is surely going to kill far more Indians that any war
  with Pakistan could possibly kill."

#### On grant decisions and grant disbursements:

- "The Global Fund has ... to be quick to disburse to high-quality programs where results are being delivered, and equally quick to turn off the tap if there is misappropriation of money or results are not being achieved."
- "Between now and [the end of 2002], grant agreements will be signed with the great majority of the successful Round One countries, and the disbursements will start."
- "It's a little bit of an irony for people to talk about the danger of the Global Fund 'cutting across existing [bilateral and multilateral] efforts.' Existing efforts are feeble and pathetic and they're not

making a difference globally to the HIV pandemic. So I think cutting across existing efforts is not our primary concern."

- "[When the Round One grant awards] were announced in April, ... the Global Fund did not have any disbursement mechanisms in place to actually make those monies available. So the effort over the last few months has been to design and pilot in four countries those disbursement mechanisms; and between now and the end of [2002] disbursements will roll out to the great majority of Round One countries. ... When Round Two approvals are made by our Board in January, the disbursements should take place very soon thereafter, because we've got over this period of working out how to make this money available."
- "We don't fund countries in the sense of funding governments. We fund what we call the Principal Recipient, which is the organization in the country which made the proposal and will be conducting the work. Principal Recipients in some cases are parts of governments. (For instance, I was just in Tanzania finalizing the arrangements for [a] malaria control program in Tanzania, which is to be conducted through the national malaria control program.) In other cases, the Principal Recipients are NGOs or groups of NGOs. In Haiti for example, where we'll be starting disbursements very soon, the implementation is through 20 NGOs and not through government at all."

## On the Fund's fundraising needs:

- "In addition to the monies that are already pledged, the Global Fund needs an additional \$7 billion [to be received] in our bank account by the end of 2004. We are calling loudly with our partners and collaborators for those funds to be made available. Without that, the third round, which will occur in the middle of [2003], [will] be put in serious jeopardy."
- "An appropriate share [of the additional \$7 billion needed during 2003-2004] from the United States is somewhere in the range of \$2.5 to \$3 billion."
- "The monies that we have in hand essentially make it possible for us to complete our commitments on Round One and our likely commitments on Round Two. But some time in the middle of [2003], our Board is going to be making funding decisions on Round Three. If no new money was received between now and then, there would be a real crunch when it came to decision-making on Round Three. ... These calculations show that we need very substantial additional funds in the first and second quarter of [2003] for the Global Fund to fulfill the mandate that the G-8 and Kofi Annan created it to fulfill."
- "In [2002] alone in the United States, health expenditures—public and private—will be \$1.5 trillion. That's what the US public will spend on their own health in a single year. The taxpayers' contribution to that will be about \$700 billion. Now, put our request for \$2.5 to \$3 billion over two years from the US government in that context and again you can see that the amounts of money that we're calling for are not large in the face of a global disaster of the kind we've never seen before."
- "We face a little bit of a "catch-22" with our major donors. The major donors have already pledged \$2.2 billion, of which around \$700 million is already cash in the bank. We need a lot more. We need an additional \$7 billion over the next two years. One of the donor responses is, "demonstrate results and then we'll consider giving you more money." Well, of course, that's the kind of chicken-and-egg, catch-22, to which our response is, if by "demonstrating results" you mean reductions in HIV-incidence, prevalence and mortality rates, then that'll take us a couple of years. We can't do that quickly enough. But if by results you mean the establishment of credible systems and innovative proposals and getting the money to those who need it in a way that is quick but also accountable, then I think ... we can demonstrate those kinds of results right now."

## On the third Board meeting:

 "The third Board meeting that we've just had was a huge improvement on the first two Board meetings. I think there's a remarkable willingness of the very different parties that sit around the table, including a delegation representing people living with HIV, to find common positions and to move forward in supporting the work of the Global Fund."

## On drug procurement:

"At its recent Board meeting, the Global Fund agreed what I think are very pioneering and groundbreaking policies concerning drug procurement with funds made available by the Global Fund. Essentially, the Board agreed on three principles. One is lowest cost, second is assured quality, and third is conformity with national and international legal agreements. Now if you apply those three principles to low-income countries buying antiretrovirals, it actually gives them great room to maneuver and allows them to approach this on the international marketplace potentially both from the IP holders and the major drug companies in the north who are offering deeper and deeper discounts for their products, but also in many cases those principals will be consistent with purchasing generics from some of the major producers of generics in the middle-income countries."

"Interestingly, some of the major pharmaceutical companies have responded to the existence of Global Fund by offering both deeper and broader discounts. For example, Glaxo-Smith-Kline recently announced not only deeper discounts, but the extension of those discounts for all recipients of Global Fund finance, which is quite remarkable because previously those discounts were available only to the seriously poor nations or the low-income countries. But by extending to recipients of Global Fund finance, they extend those discounts to a wide variety of middle-income countries as well."

"The [Fund's drug procurement] policy is that the recipients of our funds purchase at the ... lowest price with assured quality in conformity with national law and international treaties and obligations. In some cases, this will mean purchasing generics. In other cases, it will mean purchasing highly discounted products coming from the northern researched-based pharmaceutical companies. In some cases it will mean national or local purchasing. In other cases, it will mean purchasing through bulk-purchasing arrangements, either regional or global."

[The full transcript is available at <a href="www.aidspan.org/gfo/docs/gfo38.pdf">www.aidspan.org/gfo/docs/gfo38.pdf</a>.]

No resolution has yet been reached regarding the Global Fund's disputed grant to KwaZulu Natal (KZN), one of South Africa's nine provinces. The grant, for \$72 million over 5 years, was approved in Round One, eight months ago.

The KZN proposal emerged from a joint project by the Nelson Mandela Medical School of the University of Natal, the KZN Department of Health, the Durban Chamber of Commerce, the National Association of People Living with AIDS, the Harvard AIDS Institute, and others. Dr. Richard Marlink, head of the Harvard AIDS Institute, told GFO that he had heard that members of the Fund's Technical Review Panel "thought the KZN submission was among the best of the submissions they had seen" in the Round One proposals. The proposal provides for various forms of HIV/AIDS prevention, care and treatment, including the expansion of antiretroviral therapy for health-care workers and three other population groups. (The Harvard AIDS Institute would be involved in the project but would not receive any of the grant money.)

The dispute over the grant involves three parties – two that have been disagreeing (the Global Fund, and the South African government) and one that has been keeping low waiting for the disagreement to be resolved (KZN).

The Fund has a policy that in most circumstances, proposals to the Fund must be submitted by national CCMs, or by sub-national CCMs approved by the national CCM. When the call for proposals was issued for Round One, South Africa's Finance Minister, Trevor Manuel, said that South Africa did not need the Fund's money – "It will assist in some developing countries, but it's not an issue in South Africa." Accordingly, no South African CCM was created. KZN therefore developed its own proposal, which it submitted direct to the Fund.

After KZN had submitted its proposal to the Fund, and just a few days before the closing date for applications, the South African government shifted its position, declaring that the South African National AIDS Council (SANAC) would serve as the national CCM (though it was later pointed out that the terms of office of the SANAC members had all expired). The national CCM then submitted a separate \$93 million proposal of its own.

The South African government then put considerable pressure on KZN to withdraw its proposal, which it did – but too late to prevent the Global Fund from approving both the KZN proposal and the South African proposal. South Africa's Health Minister, Manto Tshabalala-Msimang, then insisted that the KZN grant should be distributed "equitably" among all nine provinces, but the Fund declined. (The Fund's position was that either the grant should be used for the purposes described in the original proposal, or the grant should be cancelled, leaving South Africa free to submit a modified proposal in a later round.) Dr. Tshabalala-Msimang then complained that the project would devote an inordinate percentage of its expenditure to vehicles. (Project representatives responded that only 0.4% of the allocation was for vehicles, to reach patients in inaccessible rural areas.)

Four months ago, Dr. Tshabalala-Msimang met with the Fund's Richard Feachem to discuss the impasse. In a statement issued afterwards, both parties "agreed to keep the public and all relevant stakeholders informed regarding progress on the issues, and to work tirelessly to find quick and lasting solutions to these challenges, but not to conduct these discussions via the media." Nothing more has been heard publicly, though project representatives remain hopeful.

The Global Fund encountered unexpected difficulties in recent dealings with Tanzania and Uganda. These may just involve bureaucratic teething problems, or they may provide early warnings of problems that will also arise with other countries.

Two days before the Fund was due to sign a grant agreement with Tanzania on 22 November for a \$12 million grant for malaria prevention, the Tanzanian Finance Ministry insisted that it, rather than the nation's malarial control program, would handle the funds. The Fund immediately canceled the signing, not so much because such an approach is unacceptable, but because it is different from what the Tanzanian CCM had proposed and agreed.

"While the Global Fund had reached an agreement with the Principle Recipient and the Chair of the Country Coordinating Mechanism (CCM), it appears that further discussion is required between Tanzania's CCM and the Tanzanian Ministry of Finance on key components of the agreement," a Fund spokesman said.

The Tanzanian Ministry of Finance responded, "We are concerned that the mechanism of aid delivery proposed by the Global Fund Against AIDS, Tuberculosis and Malaria, has the potential of undermining government accountability and [negating] all efforts made so far to improve development partnership and aid effectiveness."

The ministry quickly relented, however, and the agreement was signed on 30 November. "One of the things that distinguishes the Global Fund is that it's not business as usual," Dr. Feachem said. "We pulled back and they sorted things out. We're delighted it's now moving ahead."

No such resolution has yet been reported regarding the situation with Uganda. In Round One, a \$52 million proposal from the Ugandan CCM was provisionally approved by the Fund. Then in October, the Ugandan Ministry of Finance ruled that this grant will not be allowed to lead to an increase in Uganda's health expenditure. The Ministry said, in effect, that if the Fund provides this money, the Ugandan government will spend correspondingly less of its own money on health, leaving the health budget unchanged. The Director of Budget in the Ministry of Finance explained to The Lancet that Uganda wants to predict and regulate the amount of money in circulation, and to avoid unsustainable financial inflows. This didn't sit too well with the Permanent Secretary in the Ministry of Health, who complained to The Lancet, "We thought the Global Fund would come as additional funding to the sector, but now the Ministry of Finance is saying 'no way'."

According to The Lancet, Ugandan Finance Ministry officials have insisted that the best way to increase expenditure on health and other sectors is through sustained economic growth rather than through taking unlimited amounts of money from donors. Finance Minister Gerald Sendaula said, "We should not just be told 'funds are available, take it up'. If we handle our economy that way we will have problems."

Some observers have speculated that this approach by the Ugandan Ministry of Finance is designed to satisfy the IMF. If this is so, and if the IMF endorses the MoF position, it would mean that the Global Fund and the IMF are on a collision course, because one of the most basic tenets of the Global Fund is that its grants must lead to "additional" expenditure, and must not be used to replace pre-existing sources of funding.

The only public comment by the Global Fund was by Dr. Feachem to the San Francisco Chronicle. "We have to take a principled stand on a variety of issues," he said. "The use of our money to save somebody else's [money] -- that's completely not allowed," he said.

[GFO will seek comments from the Ugandan Ministry of Finance, the IMF, and the Fund, and will report these to the GFO Discussion Forum.]

- At the time of writing, the GFO Newsletter has over 2,000 subscribers in over 110 countries, and the GFO Discussion Forum has over 600 subscribers in over 75 countries. Requests have been received to provide the services in French and Spanish; we hope to do so in the future, but at present this is not financially possible.
- Subscribers are invited to submit signed "Commentary" articles, 300-700 words in length, for
  possible inclusion in the GFO Newsletter. This will help ensure that the Newsletter offers a wide
  range of viewpoints. In addition, subscribers are encouraged to respond to Newsletter articles via
  the GFO Discussion Forum. (See below for how to join the Forum.)
- The Aidspan web site contains a definitive compilation of nearly fifty papers and articles that have been written about the Global Fund. See <a href="https://www.aidspan.org/globalfund">www.aidspan.org/globalfund</a>.

The Global Fund's Secretariat has calculated that the Fund will need to receive \$3 billion in 2003 and \$4.9 billion in 2004. (It bases this on its estimates of how many proposals worthy of approval will be received in future rounds.)

Of the two-year \$7.9 billion requirement, the total currently pledged to be given to the Fund during those two years (plus the amount left over from 2002) comes only to about \$1 billion.

The Global AIDS Alliance and others have proposed an "Equitable Contributions Framework" in which 90% of the amount needed by the Global Fund should be contributed by the 47 countries with a "high" Human Development Index (HDI), with each country's contribution being in proportion to its GDP, and that the remaining 10% should come from the private sector. (See "Filling the Funding Gap to Save Lives: A Proposal for an 'Equitable Contributions Framework' for the Global Fund", Global AIDS Alliance, 9 Oct 2002, <a href="https://www.aidspan.org/gfo/docs/gfo35.pdf">www.aidspan.org/gfo/docs/gfo35.pdf</a>.)

Such an approach leads to the following:

#### USA:

- "Equitable contribution" during 2003-2004 = \$2,749 million
- Total pledged for those two years as of 1 Oct 2002 = \$200 million (This is 7% of the USA's equitable contribution.)

(Note: Dr. Feachem has said that an appropriate share from the United States of the two-year \$7.9 billion requirement "is somewhere in the range of \$2.5 to \$3 billion.")

## European Union countries:

- "Equitable contribution" during 2003-2004 = \$2,183 million
- Total pledged for those two years as of 1 Oct 2002 = \$302 million (This is 14% of the EU's equitable contribution.)

## Private sector:

- "Equitable contribution" during 2003-2004 = \$790 million
- Total pledged for those two years as of 1 Oct 2002 = \$50 million (This is 6% of the private sector's equitable contribution.)

The following table shows the "Equitable Contribution" during 2003-2004, and the total pledged for those two years as of 1 Oct 2002, for all 47 countries with a "high" Human Development Index.

All figures are in MILLIONS of US dollars.

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Argentina Equit. Contr.: $80 Pledged: $0
Australia Equit. Contr.: $111 Pledged: $0
Austria Equit. Contr.: $54 Pledged: $0
Bahamas Equit. Contr.: $2 Pledged: $0
Bahrain Equit. Contr.: $2 Pledged: $0
Barbados Equit. Contr.: $1 Pledged: $0
Belgium Equit. Contr.: $65 Pledged: $6 ( 9% of Eq. Cont.)
Brunei Equit. Contr.: $2 Pledged: $0
Canada Equit. Contr.: $190 Pledged: $25 (13% of Eq. Cont.)
Chile Equit. Contr.: $20 Pledged: $0
Costa Rica Equit. Contr.: $20 Pledged: $0
Croatia Equit. Contr.: $20 Pledged: $0
Croatia Equit. Contr.: $20 Pledged: $0
Croatia Equit. Contr.: $20 Pledged: $0
Cyprus Equit. Contr.: $20 Pledged: $0
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Czech Rep. Equit. Contr.: $14 Pledged: $0
Denmark Equit. Contr.: $45 Pledged: $0
Estonia Equit. Contr.: $2 Pledged: $0
Finland Equit. Contr.: $33 Pledged: $0
France Equit. Contr.: $356 Pledged: $49 (14% of Eq. Cont.)
Germany Equit. Contr.: $521 Pledged: $49 (14% of Eq. Cont.)
Greece Equit. Contr.: $521 Pledged: $34 (7% of Eq. Cont.)
Greece Equit. Contr.: $32 Pledged: $0
Hungary Equit. Contr.: $13 Pledged: $0
Iceland Equit. Contr.: $2 Pledged: $0
Ireland Equit. Contr.: $2 Pledged: $0
Israel Equit. Contr.: $31 Pledged: $0
Italy Equit. Contr.: $31 Pledged: $0
Italy Equit. Contr.: $31 Pledged: $0
Italy Equit. Contr.: $300 Pledged: $100 (33% of Eq. Cont.)
Japan Equit. Contr.: $1,304 Pledged: $0
Kuwait Equit. Contr.: $9 Pledged: $0
Lithuania Equit. Contr.: $9 Pledged: $0
Lithuania Equit. Contr.: $9 Pledged: $0
Lithuania Equit. Contr.: $9 Pledged: $0
New Zealand Equit. Contr.: $1 Pledged: $0
New Zealand Equit. Contr.: $1 Pledged: $44 (43% of Eq. Cont.)
  New Zealand Equit. Contr.: $14 Pledged: $0
  Norway Equit. Contr.: $42 Pledged: $0
 Poland Equit. Contr.: $44 Pledged: $0
Portugal Equit. Contr.: $29 Pledged: $0
Qatar Equit. Contr.: $3 Pledged: $0
Singapore Equit. Contr.: $26 Pledged: $0
Slovakia Equit. Contr.: $6 Pledged: $0
Slovenia Equit. Contr.: $5 Pledged: $0
  South Korea Equit. Contr.: $128 Pledged: $0
 Spain Equit. Contr.: $156 Pledged: $0
Sweden Equit. Contr.: $64 Pledged: $29 (45% of Eq. Cont.)
Switzerland Equit. Contr.: $67 Pledged: $5 (7% of Eq. Cont.)
U.A.Emirates Equit. Contr.: $13 Pledged: $0
UK Equit. Contr.: $395 Pledged: $39 (10% of Eq. Cont.)
                                        Equit. Contr.: $2,749 Pledged: $200 ( 7% of Eq. Cont.)
  USA
                                      Equit. Contr.: $6 Pledged:
  Uruguay
                                                                                                                                                                $0
  Pvt. Sector Equit. Contr.: $790 Pledged: $50 (6% of Eq. Cont.)
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(Note: It is believed that since 1 October 2002 there have been a few new pledges, and that a few countries that had previously made pledges for unspecified years have become more specific. But none of that information has been made public.)

The Global Fund is in a precarious financial plight. Of the \$7.9 billion that the Fund needs to receive during 2003 plus 2004, only \$1 billion has been pledged.

The Fund has been in formation since mid-2001. Yet it was only after fifteen months, at its October 2002 meeting, that the Board established a Resource Mobilization Committee and three other Board committees. ("Resource Mobilization" is the polite term for "raising money".)

At the October meeting, each Board member was requested to express a preference for membership in up to three of the four Board Committees. Astonishingly, not one of the seven Board members representing a

North country, and not one of the seven Board members representing a South country, used any of his or her three options to join the Resource Mobilization Committee.

As a result, most of the people who were eventually appointed to the committee are reluctant recruits. The committee is chaired (possibly reluctantly) by Dr. Kiyonga of Uganda. But he has many other responsibilities, not least chairing the entire board. And, in another indicator of the skewed priorities of the Board, and possibly of the Secretariat, the Resource Mobilization Committee has still not held its first meeting. (Another such indicator is that resource mobilization was placed last on the agenda of the October meeting, and did not start to be discussed until after the meeting was supposed to be over.)

This is completely unacceptable. Every single day, over 8,000 people die of the three diseases that the Fund was established to tackle. Every single day, weekends and holidays included, the Fund needs – by its own goals – to raise \$11 million. Some of the world's most prominent NGOs employ large teams of people to raise that daily target in an entire year. How can we expect \$11 million to be raised every day under the leadership of a committee made up primarily of people who would rather be somewhere else? How can we expect the Fund to meet its mission, or indeed to survive, if it pays so little attention to fundraising? How many people would invest in a company whose attitude to sales was equivalent to the Global Fund's attitude to fundraising?

The Board meeting from 29-31 January represents "crunch time". Two things must take place at the meeting. First, when the TRP designates a proposal as being worthy of approval, and the Board agrees with that evaluation, the Board must declare that the proposal is either "Approved, for funding as soon as a grant agreement is signed", or "Approved, but on hold pending the availability of adequate funding." Such a proposal must not be rejected in a way that leaves it unclear whether it was the proposal or the funding that was inadequate. Second, the Board must develop, approve and commence implementation of a viable plan to raise \$7.9 billion in under two years.

Global Fund Observer will be in Geneva to report on the Board meeting. A day or two after the meeting ends, GFO will email to subscribers an issue of the Newsletter that describes and evaluates whatever fundraising plan the Board approves at that meeting.

[Bernard Rivers (rivers@aidspan.org) is Executive Director of Aidspan and Editor of its GFO Newsletter.]

In July 2002, the Global Fund issued a "Call for Proposals" and "Guidelines for Proposals" that specified:

"Country proposals will be accepted from a Country Coordination Mechanism (CCM) that includes broad representation from government agencies, NGOs, community-based organizations, private sector institutions (where these exist) and bilateral and multilateral agencies... The CCM should ensure that all relevant actors are involved in the process; and that all views are taken into account... Each CCM should document its organizational structure to ensure transparency... All members of a CCM are expected to be treated as full partners in the CCM."

Accounts from several sources suggest that although some CCMs have met these requirements, others have certainly not done so. In particular, NGOs have often been excluded from CCMs, or have been ignored even after being made members.

What is supposed to happen when a CCM does not meet these ground rules? In particular, what is supposed to happen if the CCM consists almost entirely of government employees, or if the views of non-government members are ignored? Should the proposal submitted by such a CCM be rejected? And if so, who should do the rejecting: The Global Fund's Secretariat? The Technical Review Panel? The Board?

The Fund must publish clear guidelines on minimum standards and best practice regarding CCM composition and procedures. It must also release the complete composition (with names, affiliations, roles) of every CCM. What might have been an acceptable CCM in the middle of 2002 should not necessarily be an acceptable CCM in the middle of 2003.

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9. EXCERPTS FROM THE DISCUSSION FORUM
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Following are brief excerpts from contributions to the first three Postings of the GFO Discussion Forum. The views expressed do not necessarily reflect those of GFO or Aidspan.

- "Having assisted a few countries in the development of their submission to the GFATM, I have the impression that, in general, the amounts requested are exaggerated, and go often beyond the absorptive capacity of the organizations involved (public sector as well as civil society)."
- "Drug Abuse and unprotected sex are key drivers of HIV/AIDS and other diseases in many regions
  of the world... The Global Fund should be a main recipient of confiscated assets from these criminal
  trades."
- "My impression [is] that the GFATM is going to go through the motions of accounting and accountability, but is not going to introduce the sort of accounting and transparency that is possible when modern technology and old fashioned accounting [are] put together."
- "I believe the GFATM should focus more on accountability and less on accounting... If the GF demands lots of detailed financial reports it will get them. After decades of ODA, production of financial reports is one skill that has been well developed. But is this where we want the limited number of people available to oversee and guide the implementation of GF activities to put their time and effort?"
- "I would like to share information and strategies with other people trying to [raise funds for the Global Fund] in Australia or other countries that could afford to do more."
- "Should [the Fund] advocate regime change, when the result could be improved response to global AIDS? Should the Fund avoid countries with corrupt or unfriendly regimes even if these are the countries with (perhaps as a result) the biggest AIDS problems?"
- "Many who are involved in the GFATM process have a very good inside view and have comments to
  make, but do not want in any way to jeopardize the proposals of the countries involved by being,
  even indirectly, critical of them... For many working in the organizations that have supported the
  GF's creation it is difficult to be openly critical of it. I suspect more people would contribute
  constructive criticism if they could do so anonymously."

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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 (<a href="www.globalfundatm.org">www.globalfundatm.org</a>). The GFO Newsletter is emailed to subscribers about twice a month. It is closely linked to the GFO DISCUSSION FORUM (see below).

GFO has an Editorial Advisory Board initially comprising ICASO, GNP+ and REDLA+ (the three organizations designated as Communications Focal Points within the Global Fund's NGO board delegations); plus Health & Development Networks (founder of the Break-The-Silence listserv, which originally covered the Global Fund); and the International HIV/AIDS Alliance. GFO is currently provided in English only. It is hoped later to provide it in additional languages.

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