

CSIS HIV/AIDS Task Force

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The Global Fund to Fight AIDS, TB, and Malaria Successes and Challenges

This paper is a product of the Center for Strategic and International Studies' Task Force on HIV/AIDS. Its authors include Todd Summers of Progressive Health Partners, chair of the Task Forces Committee on Resource Mobilization and Coordination, and Jennifer Cooke and Stephen Morrison, deputy director and director of the CSIS Africa Program. Incorporating substantive input from several members of the Task Force, it discusses the Global Fund's accomplishments to date, suggests actions to address remaining tasks, and provides background on the history and structure of the fund.

Together, AIDS, tuberculosis (TB), and malaria are responsible for six million deaths worldwide and are causing unparalleled suffering, economic hardship, and social instability. For the most part, these are 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 address HIV/AIDS, TB, and malaria in heavily affected, poorer nations. His vision was of an international public-private partnership that would provide grants for prevention, treatment, and care.

That was in April 2001. Since then, the Global Fund to Fight AIDS, TB, and Malaria has been established, more than U.S.\$1.9 billion raised, and a first tranche of funding has been announced. Although far more resources will be needed, and significant challenges remain, 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."ⁱ

WHAT HAS BEEN ACHIEVED?

In the few months since Annan's call to action, the Global Fund has made remarkable progress. It offers an unprecedented vehicle for wealthy nations, corporations, foundations, and philanthropists to mitigate the impact of three deadly diseases.

- **The Global Fund Is Lean and Additive**
The fund represents an innovative and unprecedented international cooperative endeavor—a streamlined global resource disbursement mechanism that involves governments and nongovernmental organizations (NGOs) alike but is based on a business model. Created as an independent legal entity, the fund should be able to retain flexibility and autonomy and, with an efficient board structure and mechanism, should be able to react promptly to changes in the trajectory of these diseases or the means to fight them.
- **The Global Fund Promotes Multisectoral Planning**
The 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.

- **Although Brand New, the Fund Has Significant Resources**

At its initial meeting in January 2002, the board of the fund announced that it would disburse up to \$700 million this year in several tranches. Although this amount 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 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 fund has helped mobilize additional U.S. resources to combat HIV/AIDS. 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, though Congress has not yet approved all of that funding.

- **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) has invested considerable attention to the construction of the fund. Aided by formal and information consultations with NGOs, advocates, and experts, the U.S. team articulated a clear set of priorities for the 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 may be able to 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 in the fund.

- **Despite Formidable Pressures, the Transitional Working Group Put the Global Fund Together Quickly**

During its tenure, the transitional working group—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 are yet to be decided, the consultative process used by the TWG generated considerable goodwill and has put in place a framework for tackling the tough questions remaining. The Board is clearly aware of potential operational pitfalls, and has begun, for example, private sector consultations to address long-term management issues that have plagued other multinational organizations.

CHALLENGES AND OPPORTUNITIES AHEAD

First and foremost, the fund needs to build on its success to date and quickly establish its credibility as an effective and efficient mechanism for mobilizing and disbursing funds. This will require an ambitious, but realistic, set of objectives for the coming year.

Efficient Resource Disbursement

The 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. Currently there is a board chair but no executive director. Delay in selecting someone to play the role of CEO could undermine the whole effort. Further, the fund will need to begin strategizing for a long-term, sustainable management plan, perhaps in partnership with a corporation, foundation, or management school. This work is critical, but should not take precedence over raising and disbursing new funds. This planning should inform the selection of staff who are 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 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 seek (with strong support from the

U.S. team) to focus on getting money to those at the front lines of the epidemic with a minimum of delay and demand.

- **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. 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 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 to pay for applications itself. 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 country-wide strategies.

- **The 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 supports 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.

Proven interventions are not lacking, funds are, and that is and should remain the primary focus of the Global Fund.

- **The Fund Should Serve As a Tool for Increasing Coordination and Transparency of Commodity Purchases and Donations**

The 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 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.

Resource Mobilization

A major component of credibility in its first year will be the fund's ability to maintain an upward trajectory in funding levels.

- **A Concrete Resource Mobilization Strategy Is Needed**

It will need quickly to devise and implement a resource mobilization strategy and communicate fundraising goals that are both optimistic and realistic. Toward this end, the fund should seek out assistance from the private sector or a major business school that may be amenable to providing assistance of this type as "in kind" contributions. Costs for such sup-

port should be borne not by the Global Fund but should be sought from foundations or corporations.

- **The United States Must Continue Its Leadership by Committing Significantly More Money**

As the world's wealthiest nation and one of the leaders in support of global health and development, the United States plays a key role in the future of the fund. In recognition of this role, the fund—and the U.S. government—should prioritize efforts to support an increased U.S. commitment to the fund equal to at least U.S.\$1 billion. Members of the newly constituted board should engage early on with key congressional and administration representatives and adequately address concerns or information needs. The fund should strategize with the U.S. government (and others) on how best donor countries can provide (or fund others to provide) technical support to recipient countries in preparing country-wide strategies and applications to the fund, and assist with fundraising among private sector sources.

- **More Private and Philanthropic Support Needed**

Although it is both appropriate and necessary that the initial support of the Global Fund come from the governments of wealthy nations, to succeed as a public/private partnership, the fund will eventually need to generate considerably more interest within the corporate and philanthropic sectors. To date, of the nearly U.S.\$1.7 billion committed, less than 6 percent has come from corporation, foundations, nonprofit organizations, and individuals combined.

It is reasonable to expect that some period of confidence building will be needed, and that governmental funds will be used to establish the fund and build this confidence. Also, recipients are sometimes suspicious of the motives of private sector donors, especially pharmaceuticals, so confidence building is needed on multiple fronts. Nevertheless, the Global Fund must be attentive to the needs and per-

spectives of corporations and philanthropies interested in supporting the work of the fund, but unwilling (at least for now) to put serious money directly into the fund.

One option would be to establish a “branding” package, available to corporations or foundations that provide resources to fight AIDS, TB, or malaria. The branding would allow donors (cash or in-kind) to receive recognition from the fund for contributions that are done in coordination with the fund, either at the country level or at the regional or global levels. This would allow for an alternative mechanism for mobilizing new resources that helps improve the coordination and transparency of corporate and foundation efforts. It also recognizes that many of the corporations and foundations that are or may well be engaged in fighting these three diseases are not likely to make cash contributions to the Global Fund—at least not yet.

To be successful in mobilizing new corporate and philanthropic resources will take considerable effort. With a lean board and staff, outside support may be needed both from high-level opinion leaders who can solicit funds and from staff to support their work. The Global Fund’s board and staff will need to balance the considerable demands of setting up and operating the fund with fundraising efforts. (The CSIS Task Force developed a full memorandum on this topic, which is attached.)

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, and 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.

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...”ⁱⁱ 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 comprised of donors, highly impacted nations, and non-governmental organizations, and headed by Uganda’s Kiyonga:

- **Donor Nations:**
United States, United Kingdom, European Commission, France, Italy, Sweden, and Japan
- **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 (Anglo-American PLC)
- **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.”ⁱⁱⁱ

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 Scientific Review Panel, and liaison with the Trustee. Recruitment for an executive director of the Secretariat and other staff is underway. In the interim, staffing is provided by secondments from UN organizations and governments.

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 anti-globalization advocates and from critics of the World Bank’s track record on health and anti-poverty 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 non-governmental providers rather than just through governments.

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.”ⁱⁱ
- **Ability to Demonstrate Results:**
The fund has prioritized projects that “are most likely to demonstrative measurable success”ⁱⁱ 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.

CONCLUSION

Perhaps the largest challenge to the success of the Global Fund is the abundant cynicism that surrounds it and other international efforts. According to one U.S.-based international health expert, “The greatest obstacle to achievement is the widespread cynicism of the donors that has led to the continuing drop in international support for social sector development in the poor countries combined with the widespread corruption that afflicts so many of the poor countries.”^{iv} Yet the millions of people across the world who are living with HIV, TB, and/or malaria, and the many millions more that lie in the deadly paths of these diseases, cannot afford the luxury of our cynicism. Instead, leadership is needed, both from the affected nations and from the world’s wealthy. The U.S government is in a key position to lead, and should seize that

opportunity with the same pride and fervor that it invests in the war against terrorism.

ABOUT THE CSIS TASK FORCE

The CSIS Task Force on Strengthening U.S. Leadership on HIV/AIDS, cochaired by Senators Bill Frist and John Kerry, focuses on the global AIDS pandemic and the strategic choices that lie ahead for the United States. In its first year, the panel will orient much of its work toward assisting major new congressional action on HIV/AIDS.

It is led by a panel of eminent personalities drawn from Congress, the Bush administration, advocacy and public health groups, the corporate sector, and others. Expert panels will focus on strengthening the Global Fund to Fight AIDS, TB, and Malaria; counteracting the destabilizing consequences of AIDS; extending elementary infrastructure and critical medical knowledge to rural communities; improving the effective delivery of affordable medical products; and defining the resource and capacity requirements for effective U.S. leadership in fighting the pandemic.

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