The U.S. & The Global Fund to Fight AIDS, Tuberculosis and Malaria

Key Facts

- The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), founded in 2002, is an independent, multilateral, financing entity designed to raise significant resources and accelerate efforts to end the AIDS, tuberculosis, and malaria epidemics.

- The U.S. government (U.S.) provided the Global Fund with its founding contribution and is its largest single donor; between FY 2001 and FY 2018 Congressional appropriations to the Global Fund totaled $16.6 billion. The U.S. also plays a key role in the organization’s governance and oversight.

- As of April 2018, the Global Fund had approved more than $40 billion in funding and disbursed approximately $38 billion to over 120 countries;¹ these investments have helped to save more than 22 million lives.

- The future of U.S. support for the Global Fund is at a critical juncture amidst budget uncertainty in the U.S., and as the Global Fund soon enters its next replenishment phase.

What is the Global Fund?

Overview

The Global Fund is an independent, multilateral, financing entity designed to raise significant new resources to combat HIV/AIDS, tuberculosis (TB), and malaria in low- and middle-income countries. First proposed in 2001, the Global Fund began operations in January 2002 and receives funding from both public and private donors to finance programs developed and implemented by recipient countries. The Global Fund uses a “country-defined” and “results-based financing” model that focuses on country ownership and is supported by investments from both donors and implementing countries (by contrast, bilateral support is provided from donors directly to recipient country governments, non-governmental organizations, and other entities and often reflects donor-defined priorities). To date, over $44 billion has been pledged by all donors (governments, the private sector, and private foundations) to the Global Fund. Using these resources, the Global Fund has approved more than $40 billion in grants to over 120 countries.²

The U.S. has played an integral role in the Global Fund since its inception. During the administration of President George W. Bush, the U.S. provided the Global Fund with its founding contribution and was involved in the initial negotiations on the multilateral organization’s design. During President Barack
Obama’s administration, the U.S. pledged $12.3 billion to the Global Fund over three replenishment periods. While President Donald Trump’s administration has proposed reducing U.S. contributions to the Global Fund, it has also stated that these funding levels would fulfill the U.S. pledge made during the Obama administration to provide two dollars for every dollar pledged by other donors, and that the Global Fund is an “essential partner” and “a smart investment.”

In addition to being the Global Fund’s single largest donor (see Table 1), the U.S. maintains a permanent seat on the Global Fund Board, giving it a key role in governance and oversight. The Global Fund has been called the “multilateral component” of the U.S. President’s Emergency Plan for AIDS Relief (PEPFAR), serving as an important part of the U.S. government’s global health response, expanding its reach to more countries, and leveraging additional donor resources.

Still, there have been ongoing questions about the appropriate balance of U.S. funding between the Global Fund and U.S. bilateral programs, the role of multilateralism in U.S. global health policy, and the Global Fund’s sustainability given a shortfall in the availability of resources to meet country demand.

| Table 1: Total Global Fund Pledges* and Contributions as of December 2017 (US$billions) |
|-----------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Total Pledges | % of Total Pledges | Total Paid | % of Total Paid |
| Total            | $44.6          | 100.0%       | $42.7          | 100.0%          |
| United States    | $14.7          | 32.9%        | $13.5          | 31.7%           |
| France           | $5.4           | 12.2%        | $5.2           | 12.3%           |
| United Kingdom   | $4.0           | 8.9%         | $3.7           | 8.6%            |
| Germany          | $3.1           | 7.0%         | $3.1           | 7.2%            |
| Japan            | $2.8           | 6.4%         | $2.8           | 6.7%            |
| European Commission | $2.3      | 5.1%         | $2.3           | 5.3%            |
| Canada           | $2.1           | 4.7%         | $2.1           | 4.9%            |
| All Other Countries | $7.9       | 17.7%        | $7.4           | 17.3%           |
| Non-Governmental Donors | $2.3     | 5.1%         | $2.6           | 6.0%            |

*Includes pledges made for the period 2001-2017 as well as those made with year of commitment yet to be confirmed. Pledge amounts are calculated in U.S. dollars and are, therefore, subject to exchange rate fluctuations. Amounts were converted to U.S. dollars using the Federal Reserve Foreign Exchange Rates tables. Percent totals may not sum due to rounding. “Total Paid” by Non-Governmental Donors exceeds “Total Pledges” due to proceeds from the (PRODUCT)RED campaign.

Funding Model & Organizational Structure

The Global Fund was established as an independent foundation under Swiss law and operates as a multilateral financing entity. Funding is pooled from multiple sources, including from donor governments, the private sector, and private foundations. Countries submit proposals to the Global Fund and if approved, funding is provided using a performance-based system where a grant is regularly monitored and evaluated to determine if it should be extended or discontinued based on the effectiveness of the program. The Global Fund launched a new funding model in 2013 that, among other things, created a
more flexible timeline for eligible countries to apply and allowed for a focus on high disease burden and low resource settings. In order to incentivize recipient countries to increase their domestic investments and increase country ownership, the Global Fund also requires a minimum of 15% co-financing for each approved grant.

The Global Fund's organizational structure includes a broad set of stakeholders, and the U.S. government is involved in many of its core structures:

- **Board.** The Board guides policy and strategic decisions and approves all funding. There are 20 voting members (10 implementers and 10 donors) and 8 non-voting members as follows:
  - **Implementers:**
    - *Developing countries:* seven members, one from each of the six WHO regions and an additional member from Africa;
    - *Civil Society:* one from a developing country non-governmental organization (NGO), one from a developed country NGO, and one representative from an NGO who is a person living with HIV/AIDS or from a community living with TB or malaria.
  - **Donors:**
    - *Government:* eight members, including the U.S. which has a permanent Board seat and is serving as vice-chair of the Board. The U.S. is also serving as vice-chair of the Strategy Committee and sits on the Audit and Finance and Ethics and Governance Committees.
    - *Private Sector:* one member
    - *Private Foundation:* one member
  - **Non-voting:** eight members, including the Global Fund Executive Director, the Board Chair and Vice-Chair, one representative from Global Fund partner organizations, one representative each from WHO, UNAIDS, and the World Bank, and one representative from public donors that is not part of a voting donor constituency, but has pledged at least $10 million in the current replenishment cycle (2017-2019) to the Global Fund.

- **Secretariat.** Based in Geneva, the Secretariat manages day-to-day operations. Because the Global Fund finances but does not implement programs, it does not maintain any in-country staff.

- **Technical Review Panel (TRP).** An independent body of global health and development experts (which has included U.S. government experts) appointed by the Board to evaluate the merits of all proposals and make funding recommendations to the Board.

- **Technical Evaluation Reference Group (TERG).** An independent body of global health and development experts appointed by the Board to provide oversight on the Fund’s evaluation efforts, including evaluation of the Global Fund business model, investments, and impact.

- **Office of the Inspector General.** An independent body of the Global Fund that reports directly to the Board through its Audit and Finance Committee, the Office of the Inspector General provides
the Board with audits and investigations of the Fund’s activities, in an effort to promote good practices, reduce funding risks, and report on potential abuse.

- **Country Coordinating Mechanisms (CCMs).** The country-level entity comprised of public and private sector representatives, such as governments, businesses, and non-governmental organizations (NGOs), that submits proposals to the Global Fund and oversees funded grants within a country. U.S. representatives sit on CCMs in almost all PEPFAR focus countries and often help with proposal development. The U.S. has also entered into MOUs in several countries to bring together PEPFAR with Ministries of Health and the Global Fund to clarify collaboration and partnership activities, particularly in the area of antiretroviral drug procurement.

- **Principal Recipients (PR).** The legal entity chosen by the CCM to receive Global Fund disbursements, implement programs or contract with sub-recipients, and provide regular reports and progress updates to the Secretariat.

- **Local Funding Agents (LFA).** Since it does not have an in-country presence, the Global Fund contracts with a local entity (usually an accounting firm) to monitor program implementation, ensure financial accountability, and provide funding recommendations to the Secretariat.

**Results**

As of April 2018, the Global Fund had approved more than $40 billion in funding and disbursed approximately $38 billion to over 120 countries, including countries that also receive U.S. bilateral support for HIV, tuberculosis, and/or malaria, but also many others that do not (see Table 2).\(^{15}\) Funding supports a wide range of care, treatment, and prevention activities and health systems development and strengthening. The Sub-Saharan African region has received the largest share of approved funding (65%), followed by the Asia and the Pacific region (19%).\(^{16}\) Most approved funding has supported HIV programs, followed by malaria and TB (see Table 2). The Global Fund, which was the second largest donor to global health programs in 2016 (the U.S. was the largest),\(^{17}\) estimates that, since 2002, its grants have helped save the lives of over 22 million people who would have otherwise died due to complications from AIDS, tuberculosis, or malaria.\(^{18}\)

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<tr>
<th>Table 2: Global Fund Portfolio Status</th>
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<tr>
<td><strong>HIV</strong></td>
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<tr>
<td>Approved Grant Funding (billions)</td>
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<tr>
<td>% of Approved Grants</td>
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<tr>
<td># Countries Receiving Grants*</td>
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**NOTES:** Joint HIV/TB grants, which accounted for $1.8 billion (4.5%) in approved grant funding, are not included.\(^{16}\)

*Represents countries that received approved grant funding; Kosovo and Zanzibar are not counted and are considered part of Serbia and Tanzania, respectively.\(^{18}\)

** Other refers to what was previously classified as Health Systems Strengthening.
U.S. Engagement with the Global Fund

In addition to U.S. governance and oversight of the Global Fund, U.S. financial support has been significant and a key component of U.S. involvement (see Figure 1). The U.S. first contributed to the Global Fund in FY 2001 through annual appropriations bills. All U.S. support for the Global Fund was then incorporated into PEPFAR when it was created in 2003. At that time, Congress authorized up to $1 billion for the Global Fund for FY 2004 and “such sums as may be necessary for FY 2005-2008.” In the 2008 reauthorization of PEPFAR, Congress authorized up to $2 billion in FY 2009, and “such sums as may be necessary for FY 2010-2013.” In 2013, Congress again reauthorized PEPFAR, and while it included provisions on U.S. support for the Global Fund (see below), it did not include specific funding amounts.

Congress earmarks support for the Global Fund each year as part of PEPFAR appropriations, and funding is typically provided through the State Department, although funding has also been provided through USAID and NIH. Between FY 2001 and FY 2018, Congressional appropriations to the Global Fund have totaled $16.6 billion, including $1.35 billion in FY 2018. The Trump administration requested $925 million for FY 2019.

Congress has historically matched or provided more to the Global Fund each year than the President has requested, but it has also placed restrictions on U.S. contributions and raised concerns about monitoring and evaluation:

- Requiring that total U.S. contributions do not exceed 33% of total contributions from all donors, a provision that was part of the original PEPFAR authorization and maintained in the reauthorization. Designed to leverage U.S. contributions to increase support from other donors and to limit the U.S. from becoming the predominant donor to the Global Fund, it was invoked only once, in FY 2004 when appropriated funds were held back until the following fiscal year when the 33% cap would not be exceeded.
- Setting aside 5% of U.S. contributions to cover the cost of technical assistance to Global Fund grantees, a provision first included in foreign operations appropriations bill language in 2005 and in subsequent years.

NOTES: Includes Global Fund contributions provided through the State Department, USAID, and NIH. Includes base and supplemental funding. FY13 includes the effects of sequestration. FY18 is based on funding provided in the “Consolidated Appropriations Act, 2018” (P.L. 115-141) and is a preliminary estimate.

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- Authorizing the Secretary of State to withhold a percentage of the U.S. contribution until the Global Fund could demonstrate improved oversight and accountability in grant disbursement.
- Requiring, as part of the FY 2012 through FY2016 appropriations bills, that the Administration consult with Congress prior to making multi-year funding pledges.

Key Issues
While the Global Fund has contributed to significant global scale-up of resources, service delivery, and coverage to combat HIV, TB, and malaria, and been described as “complementing PEPFAR objectives,” the extent of U.S. involvement in the Global Fund is an ongoing discussion especially as the Administration, Congress, and the Global Fund make decisions in a resource-constrained setting. These issues include:

- The future of U.S. financial commitments to the Global Fund, including the next U.S. pledge to the Global Fund for its Sixth Replenishment period, FY20-FY22;
- The appropriate balance between U.S. support for multilateral efforts, such as the Global Fund, which allows for the leveraging of other donor and implementing country resources, greater reach, and enhanced coordination, and bilateral programs, which allows for increased control and oversight;
- The ability of the U.S. and the Global Fund to coordinate and complement efforts to address the impacts of HIV, TB, and malaria when the availability of resources has become constrained.
**ENDNOTES**

1 Does not include countries that may have received funding through regional programs.

2 Does not include countries that may have received funding through regional programs. The Global Fund: http://www.theglobalfund.org/; as of April 2018. Kaiser Family Foundation Analysis.


13 The Global Fund funding model includes a co-financing requirement that at least 15% of each approved grant is withheld until the country has committed to additional investments over and above previous levels of spending. Global Fund, Website: Funding Model: Co-financing, available at: https://www.theglobalfund.org/en/funding-model/funding-process-steps/co-financing/.


17 Kaiser Family Foundation Analysis of OECD DAC CRS database, April 2018.


19 Kaiser Family Foundation Analysis.


24 U.S. Congress, Public Law No: 113-56; December 2, 2013.

25 Kaiser Family Foundation Analysis.


28 Kaiser Family Foundation, *Donor Funding for Health in Low- & Middle-Income Countries, 2002-2013*; November 2015.