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

March 2013

The Global Fund to Fight AIDS, Tuberculosis and Malaria (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. To date, donors have pledged almost $31 billion to the Fund, which has approved more than $26 billion in grants to over 150 countries.[1,2] The Global Fund raises resources from public and private donors and in turn finances programs developed and implemented by recipient countries using a "country-defined" or "demand-driven" model (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).

Sometimes called the "multilateral component" of PEPFAR,[3] the Global Fund serves as an important part of the U.S. government's global health response, expanding its reach to more countries and leveraging additional donor resources. The U.S. has played an integral role in the Global Fund since its inception. The U.S. provided the Global Fund with its founding contribution and has consistently been the Global Fund's single largest donor (see Figure 1).[1,2,4] The U.S. was also involved in initial negotiations to design the Global Fund and maintains a permanent seat on the Board, giving it a key role in governance and oversight.

Figure 1: Total Global Fund Pledges* and Contributions as of March 2013 (US$billions)[1,2]

	Total Pledges	% of Total Pledges	Total Paid	% of Total Paid
Total	**$30.5**	**100.0%**	**$25.6**	**100.0%**
United States	$9.5	31.0%	$7.3	28.5%
France	$3.8	12.5%	$3.3	12.9%
United Kingdom	$2.2	7.3%	$1.9	7.3%
Japan	$2.1	6.8%	$1.7	6.8%
Germany	$2.0	6.7%	$1.8	6.9%
European Union	$1.6	5.3%	$1.5	5.8%
Gates Foundation	$1.4	4.6%	$1.3	4.9%
All Other Countries	$7.6	24.8%	$6.4	25.2%
Non-Govt Donors	$0.3	1.0%	$0.4	1.6%

** Includes pledges made for the period 2001-2013 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. "Total Paid" by Non-Governmental Donors exceeds "Total Pledges" due to proceeds from the (PRODUCT)RED campaign.*

President Obama has called new attention to the role of international cooperation and multilateral institutions, including the Global Fund, as necessary for meeting and sustaining the response to the world's challenges. In May 2009, the President announced a new, government-wide "Global Health Initiative" (GHI), and in September 2010, signed a Presidential Policy Directive outlining the overarching objectives for all U.S. agencies and programs involved in development – both the GHI and the Presidential Policy Directive include strengthening multilateral organizations as a guiding principle or objective.[5,6] Additionally, in October 2010, the Obama Administration announced a three-year (FY11–FY13), $4 billion pledge to the Global Fund – the first time the U.S. has made a multi-year pledge to the Global Fund.[7]

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, the Global Fund's ability to prevent and address corruption, and the Global Fund's sustainability given a shortfall in the availability of resources to meet country demand.[8,9]

Organizational Structure[10,11]

The Global Fund was established as an independent foundation under Swiss law and operates as a multilateral financing entity. Funding is currently provided to recipient countries using a performance-based funding 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. In addition, the Global Fund launched a new funding model in 2013 that, among other things, creates a more flexible timeline for eligible countries to apply and allows for a focus on high disease burden and low resource settings.[12,13] 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 and 8 non-voting members as follows:
  - *Developing countries:* 7 members, 1 from each WHO region and an additional member from Africa;
  - *Donors:* 8 members, including the U.S. which has a permanent Board seat, and has served as Board Chair in the past. The U.S. is currently vice-chair of the Finance and Operational Performance Committee, and sits on the Strategy, Investment and Impact Committee.
  - *Civil Society/Private Sector:* 5 members.
  - *Non-voting:* 8 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, the World Bank, and a Swiss citizen as required by Swiss law.
- **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.
- **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.

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Results

As of March 2013, the Global Fund had approved more than $26 billion in funding and disbursed almost $19 billion to over 150 countries, including countries that also receive U.S. bilateral support for HIV, tuberculosis, and/or malaria, but also many others that do not (see Figure 2).[1,2] 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 (59%), followed by the East Asia/Pacific region (13%).[1,2] Most approved funding has supported HIV programs, followed by malaria and TB; funding is also provided to health system strengthening (HSS) programs with the goal of maximizing efforts to address HIV, TB, and malaria (see Figure 2). The Global Fund, which was the second largest donor to health programs in 2010 (the U.S. was the largest),[14] estimates that, between 2002 and June 2012, its grants have helped avert the deaths of 8.7 million people who would have otherwise died due to complications from AIDS, tuberculosis, or malaria.[15,16]

Figure 2: Global Fund Portfolio Status[1,2]

	HIV	TB	Malaria	HSS
Approved Grant Funding (billions)	$13.5	$3.9	$8.3	$0.2
% of Approved Grants	51.9%	14.8%	31.8%	0.7%
# Countries Receiving Grants*	106	103	77	6
# Countries Reached Beyond U.S. Bilateral Support**	59	76	55	NA

Note: Joint HIV/TB grants, which accounted for $0.2 billion (0.8%) in approved grant funding, are not included.

** Multi-country grants, terminated or closed grants are not counted; Kosovo and Zanzibar are not counted and are considered part of Serbia and Tanzania, respectively.*

***Global Fund multi-country grants, terminated or closed Global Fund grants, and U.S. regional programs are not counted.*

U.S. Funding & Requirements

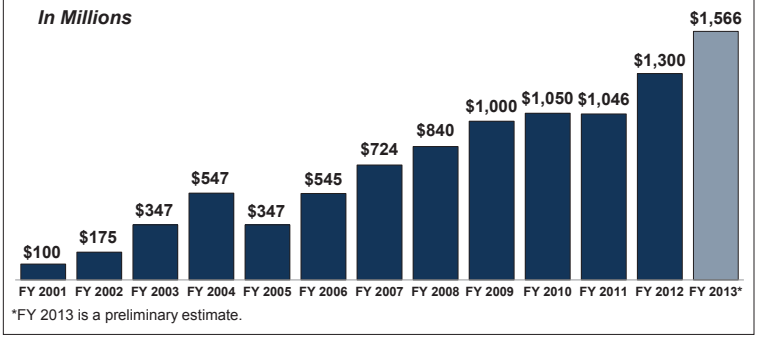
In addition to U.S. governance and oversight of the Global Fund, U.S. financial support has been significant and a key component of U.S. involvement (see Figure 3).[2] The U.S. first contributed to the Global Fund in FY 2001 through annual appropriations bills.[17] All U.S. support for the Global Fund was then incorporated into PEPFAR when it was created in 2003.[18] 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."[15] 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."[3]

Congress earmarks support for the Global Fund each year as part of PEPFAR appropriations, and funding is typically provided through the State Department, USAID, and/or NIH. Between FY 2001 and FY 2012, Congressional appropriations to the Global Fund have totaled $8.0 billion, including $1.3 billion in FY 2012 (Congress approved a request by the Administration to transfer $250 million from the HIV/AIDS bilateral line to the Global Fund, bringing the Global Fund amount up to $1.3 billion from the FY 2012 enacted amount of $1.050 billion).[2] While Congress approved $1.65 billion for the Global Fund in FY 2013, a 5% reduction due to sequestration resulted in funding $90 million below the amount needed to reach the three-year, $4 billion pledge announced by President Obama in October 2010.[7,19,20]

With the exception of FY 2012 and FY 2013, Congress has historically 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:[3,8,14,21]

- 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.
- Authorizing the Secretary of State to withhold 20% of the U.S. contribution until the Global Fund could demonstrate improved oversight and accountability in grant disbursement; first required as part of foreign operations appropriations in 2006 and again in 2008, this provision was reduced to 10% in the 2009 appropriations, was not included in the 2010 and 2011 appropriations, and was reinstated at 10% in the 2012 appropriations.
- Restricting U.S. contributions from supporting any activities involving the Affordable Medicines Facility-Malaria (AMFm), an innovative financing mechanism launched by the Global Fund in April 2009, pending evidence from pilot programs; this restriction was included in the 2008 PEPFAR reauthorization bill.
- Requiring, as part of the FY 2012 appropriations bill, that the Administration consult with Congress prior to making muliti-year funding pledges.

Figure 3: U.S. Funding for the Global Fund, FY 2001–FY 2013*



*FY 2013 is a preliminary estimate.

Looking Ahead

While the Global Fund has contributed to significant global scale-up of resources, service delivery, and coverage to combat HIV, TB, and malaria,[14] and been described as "complementing PEPFAR objectives,"[22] the extent of U.S. involvement in the Global Fund is an ongoing discussion, one that takes on new importance 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 questions about the U.S. "fair share" relative to other donors, particularly in light of demand from recipient countries, and whether the U.S. three-year pledge to the Global Fund will be met;
- The appropriate balance between U.S. support for multilateral efforts, such as the Global Fund, which allow for the leveraging of available resources, greater reach, and enhanced coordination, and bilateral programs, which allow for increased control and oversight;
- The ability of the U.S. and the Global Fund to coordinate and compliment efforts to address the impacts of HIV, TB, and malaria when the availability of resources has become constrained.

[1] The Global Fund: http://www.theglobalfund.org/; as of March 2013.
[2] Kaiser Family Foundation Analysis.
[3] U.S. Congress. Public Law No: 110-293; July 30, 2008.
[4] White House. *President Announces Proposal for Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis;* May 11, 2001.
[5] White House. *Statement by the President on Global Health Initiative;* May 5, 2009.
[6] White House. *Fact Sheet: U.S. Global Development Policy,* September 22, 2010.
[7] U.S. State Department. *Obama Administration's Pledge to Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis.* October 5, 2010.
[8] U.S. Senate Committee on Foreign Relations (Minority Staff Report). *Fraud and Abuse of Global Fund Investments at Risk without Greater Transparency;* April 5, 2011.
[9] The Global Fund. *The Global Fund Adopts New Strategy to Save 10 Million Lives by 2016;* November 23, 2011.
[10] The Global Fund. *The Global Fund to Fight AIDS, Tuberculosis & Malaria: By-laws, As Amended;* November 21, 2011.
[11] Center for Global Development, *Overview of the Global Fund to Fight AIDS, Tuberculosis and Malaria.*
[12] The Global Fund. *Global Fund Launches New Funding Model;* February 28, 2013.
[13] The Global Fund. *New Funding Model Overview;* Accessed March 18, 2013.
[14] Kaiser Family Foundation, *Donor Funding for Health in Low- & Middle-Income Countries, 2002–2013;* January 2013.
[15] The Global Fund. *Strategic Investments for Impact: Global Fund Results Report 2012;* September 2012.
[16] The Global Fund. *Global Fund-Supported Programs Effective in Preventing and Treating Disease;* September 25, 2012.
[17] Congressional Research Service. *The Global Fund to Fight AIDS, Tuberculosis, and Malaria: Issues for Congress and U.S. Contributions from FY2001 to the FY2012 Request;* July 1, 2011.
[18] U.S. Congress. Public Law No: 108-25; May 27, 2003.
[19] U.S. Congress. Public Law No: 112-25; August 2, 2011.
[20] White House Office of Management and Budget (OMB). OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013; March 1, 2013.
[21] U.S. Congress. Public Law No: 112-74; December 23, 2011.
[22] Congressional Research Service. *The Global Fund and PEPFAR in U.S. International AIDS Policy;* November 3, 2005.

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