

# RESOURCE NEEDS

Funding the Global Fight against HIV/AIDS,  
Tuberculosis and Malaria



RESOURCE NEEDS FOR THE GLOBAL FUND  
2008-2010



Investing in our future

**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria



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# EXECUTIVE SUMMARY

**1. THE GLOBAL FUND BOARD IS CONSIDERING TWO ANNUAL FUNDING TARGET LEVELS FOR 2008-2010: US\$ 4 BILLION TO US\$ 6 BILLION AND US\$ 8 BILLION TO US\$ 10 BILLION.** Within this context, this paper elaborates on the projected resource needs based on both the demand as expressed through the Global Fund business model, and the share of global needs which could be expected to be attributed to the Global Fund using updated figures prepared in cooperation with technical partners.

**2. THE PROJECTIONS INDICATE THAT NEEDS - BASED ON DEMAND DURING 2008-2010 - WOULD BE IN THE RANGE OF US\$ 3 BILLION TO US\$ 8 BILLION PER YEAR, WITH A CENTRAL ESTIMATE OF US\$ 4 BILLION IN 2008, US\$ 5 BILLION IN 2009 AND US\$ 6 BILLION IN 2010, BRINGING THE TOTAL FIGURE FOR THE PERIOD TO US\$ 15 BILLION.** This calculation takes into account the continuation of grants already under management as well as new activities.

**3. ADDITIONAL PROJECTIONS PRESENTED IN THIS PAPER SHOW THAT THE DEMAND FOR GLOBAL FUND FUNDING OVER TIME HAS THE POTENTIAL TO APPROACH INCREMENTALLY THE HIGHER NUMBERS INDICATED BY GLOBAL NEEDS ESTIMATES.** These needs estimates suggest that the financial requirements for the Global Fund would be at the level of US\$ 6.7 billion in 2008, rising further to US\$ 7.7 billion in 2010.

**4. SEVERAL FACTORS CAN BE IDENTIFIED AS BEING NECESSARY PREREQUISITES TO INCREASED DEMAND FROM COUNTRIES.** These include (among others) the greater predictability of rounds, in-country capacity building through increased quality and quantity of technical support and broader partnerships for implementation.

**5. INCREASED PREDICTABILITY AND EVIDENCE OF SUSTAINABILITY OF FUNDS FOR THE REPLENISHMENT PERIOD 2008 – 2010 WILL ALSO HAVE AN EFFECT ON DEMAND FROM COUNTRIES.** Donors to the Global Fund have an opportunity to set the tone for the next three years and to give concrete indications of the financing that could be available to those implementing grants in-country by making multi-year funding commitments.



# INTRODUCTION

**THIS DOCUMENT PROVIDES AN UPDATE ON THE GLOBAL FUND'S RESOURCE NEEDS** for the period of the Second Replenishment, 2008-2010. It was developed in the context of the ongoing discussions within the Global Fund Board, led by its Policy and Strategy Committee, on the most appropriate size of the resource needs for the Global Fund. The following two annual funding target levels for the period 2008-2010 are under consideration by the Global Fund Board: US\$ 4 billion to US\$ 6 billion and US\$ 8 billion to US\$ 10 billion. Within this context, this paper will elaborate on the projected resource needs based on both the demand as expressed through the Global Fund business model and the share of global needs which could be expected to be attributed to the Global Fund using updated figures prepared by technical partners. The document finally describes the implications of an expected increase in demand expressed by countries in the next few years as translated into high-quality proposals in future Global Fund rounds.

# OVERVIEW OF RESOURCE NEEDS

1. **THE GLOBAL FUND'S MODEL IS DEMAND DRIVEN**, with funds allocated on the basis of strict performance criteria. Its efficacy and impact are reliant on countries for effective planning and implementing of programs and on technical partners for assistance and capacity-building to those countries. The experience so far indicates that this model works: disbursements and performance are high and there are early signs of impact related to the three diseases in a number of countries receiving funding from the Global Fund. Extensive information to support this contention is provided in *Partners in Impact: Results Report*<sup>1</sup>, and this effort in evaluating impact will be further enhanced by the ongoing Five-Year Evaluation of the Global Fund.

2. **THIS PAPER PROVIDES PROJECTIONS OF THE CURRENT FINANCIAL NEEDS** as expressed through the Global Fund model, taking into account the continuation of grants already under management as well as new activities (Section 3.1 below). These projections indicate that needs based on demand during 2008-2010 would be in the range of US\$ 3 billion to US\$ 8 billion per year, with a central estimate of US\$ 4 billion in 2008, US\$ 5 billion in 2009 and US\$ 6 billion in 2010, bringing the total figure for the period to US\$ 15 billion.

3. **ALTERNATIVELY, AND BASED ON GLOBAL NEEDS PROJECTIONS**, the estimated financial requirements for the Global Fund would be at the level of US\$ 6.7 billion in 2008, rising further to US\$ 7.7 billion in 2010. Current demand for Global Fund financing, as expressed through funding applications, would only reach these levels at a more incremental pace if the most ambitious demand scenario was considered. Certainly, projections presented in this paper show that the demand for Global Fund funding over time has the potential to approach incrementally the higher numbers indicated by global estimates.

4. **IF ONE CONSIDERS THE CENTRAL PROJECTION**, the gap between the two sets of estimates narrows from about 40 percent in 2008 to about 20 percent in 2010 (See Figure 1).

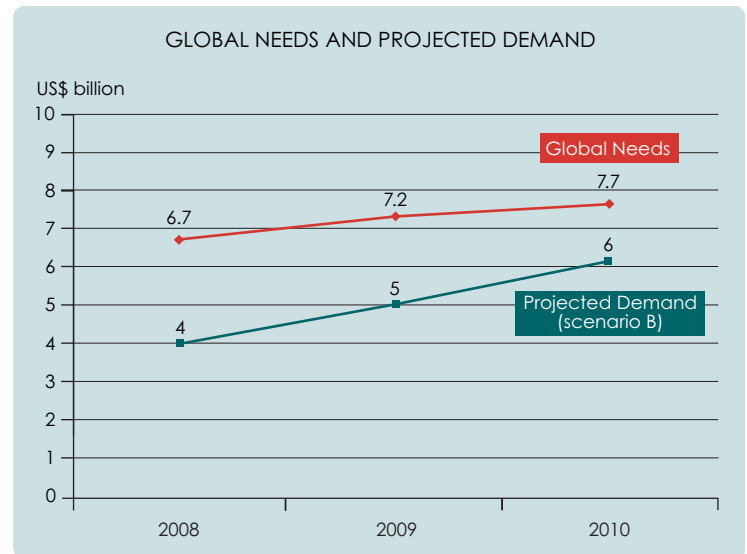


Figure 1. Global Needs and Projected Demand (Illustrative).

5. **ONE REASON FOR THE NARROWING OF THE GAP** is the cumulative impact of new Global Fund programs being added to current programs. Other reasons for this increased demand, which are discussed in Section 4, are the catalytic effect of investments already made by international and domestic funding, continuing improvement in planning and implementation at the country level and the strengthening of alliances with technical partners and other local actors. If efforts in all these areas are successful, the gap could be narrowed even more quickly, accelerated by the confidence of countries that sustained and predictable financing is available.

<sup>1</sup> Published February 2007, and available on the Global Fund website.

# PROJECTIONS OF RESOURCE NEEDS FROM 2008-2010

## PROJECTED DEMAND

1. **THE GLOBAL FUND PROJECTIONS FOR DEMAND** have been calculated to 2015 to show how the scenarios evolve over a longer time period. For the purposes of the Second Replenishment only the period 2008 to 2010 is directly relevant.

### THE GLOBAL FUND GRANT CYCLE

2. **GRANTS ARE INITIALLY APPROVED FOR TWO YEARS** ("Phase 1"). Well-performing grants are eligible for renewal for a further (typically) three years ("Phase 2"). The analysis below is therefore driven by the projected value of new grants approved in each year, which in subsequent years generate the need to renew these grants. The quantum of renewal needs is estimated in light of two years' experience with grant renewals. In addition, 2006 saw the introduction of the "Rolling Continuation Channel", which allows the renewal of high-performing grants for up to two consecutive three-year phases on completion of Phase 2. It should be noted that countries with low performance ratings in Phase 2, who would not be eligible for the Rolling Continuation Channel, may still apply for a new grant through the normal rounds system at the end of the current grant's lifetime.

### NEW PROGRAMS RESULT IN SUBSEQUENT RENEWAL NEEDS

3. **TAKING INTO ACCOUNT GRANT RENEWAL RATES**, the quantum of renewal needs can be estimated as a product of the initial grant approval. Thus, for any given amount of new programs approved in any one year, it is possible to project the consequent renewal needs in future years. The scenarios described below therefore project the total resource needs in each year that would result from various levels of new program approvals. Grant renewals – either as Phase 2, through the Rolling Continuation Channel or via new rounds – represent an increasingly large proportion of total resource needs as years progress. Financial commitments are made only with respect to each phase and all renewals are subject to Board approval and availability of funding. Funding of renewals – both under Phase 2 and through the Rolling Continuation Channel – receives priority over funding of new proposals applying through the rounds system.

### SIZE SCENARIOS

4. **GUIDED BY PREVIOUS DISCUSSIONS** within the context of the Board strategy development process and the First Replenishment, three alternative scenarios for future demand are presented here for consideration:

**Scenario A:** New program approvals remain at the current level of US\$ 0.9 billion per year, resulting in resource needs of US\$ 4 billion in 2010, to remain subsequently at that level.

**Scenario B:** New program approvals grow to US \$2.5 billion per year by 2010, resulting in resource needs of US\$ 6 billion in 2010, and US\$ 8 billion to US\$ 10 billion in 2013 to 2015.

**Scenario C:** New program approvals grow to US\$ 4 billion per year by 2010, resulting in resource needs of US\$ 8 billion in 2010, and US\$ 10 billion in 2012.

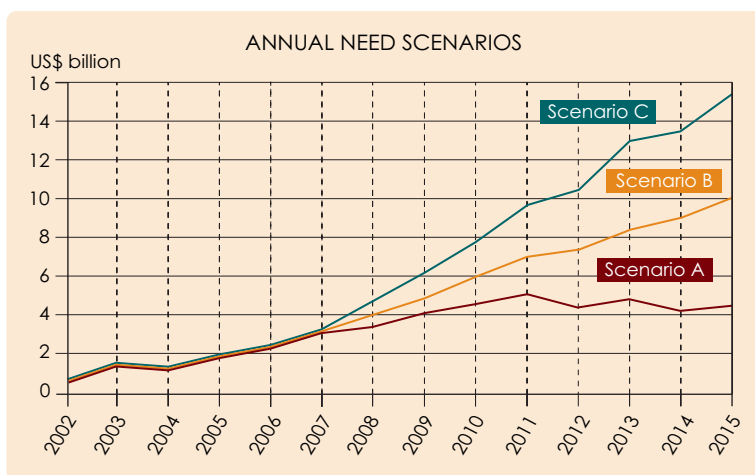


Figure 2: Overview of the Demand Scenarios.

5. **EACH SCENARIO MAKES NO PROVISION FOR FURTHER GROWTH IN NEW PROGRAM APPROVALS BEYOND 2010**, maintaining the annual amount at the 2010 level thereafter. The evolution of annual needs through 2015 under each scenario is illustrated in the tables that follow and summarized in the chart above.

US\$ billion	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2008-2010	2011	2012	2013	2014	2015
Through 2006	0.6	1.3	1.2	1.7	2.1										
<b>SCENARIO A</b>	New programs remain at US\$ 0.9 billion per year from 2008					3bn	3bn	4bn	4bn	12bn	5bn	4bn	5bn	4bn	4bn
	Total need is US\$ 4 billion in 2010 (and remains at that level)														
<b>SCENARIO B</b>	New programs grow to US\$ 2.5 billion per year by 2010					3bn	4bn	5bn	6bn	15bn	7bn	7bn	9bn	9bn	10bn
	Total need is US\$ 6 billion in 2010 (and reaches US\$ 8 billion - US\$ 10 billion in 2013-2015)														
<b>SCENARIO C</b>	New programs grow to US\$ 4 billion per year by 2010					3bn	4bn	6bn	8bn	18bn	9bn	10bn	13bn	13bn	15bn
	Total need is US\$ 8 billion in 2010 (and reaches US\$ 10 billion in 2012)														

Figure 3: Overview of the scenarios – the underlying numbers

## MAIN ASSUMPTIONS

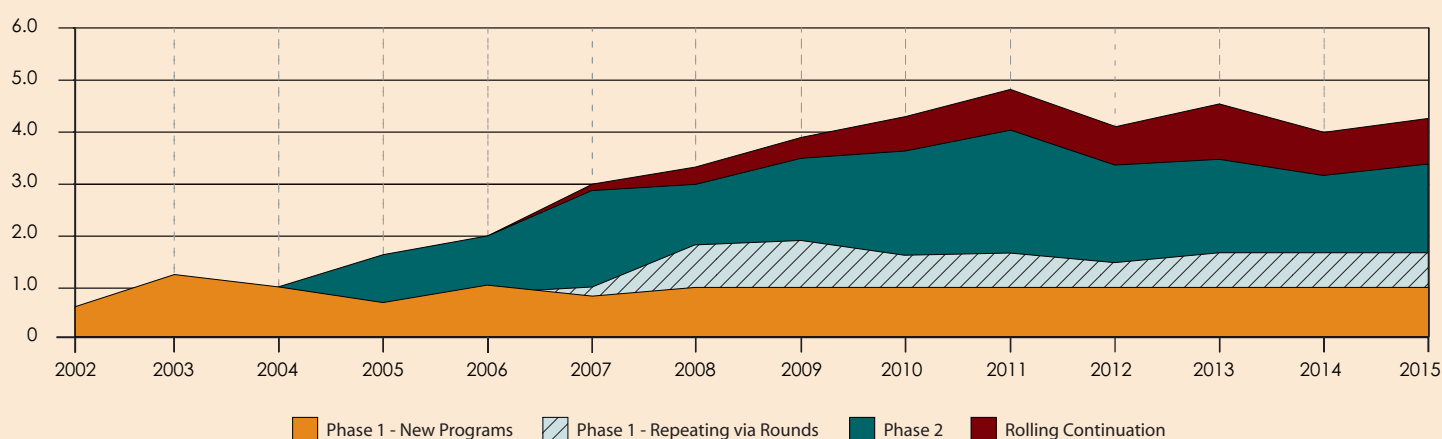
### THE FOLLOWING ASSUMPTIONS ARE COMMON TO ALL THREE SCENARIOS:

- At the end of Phase 1, 87 percent of grants are renewed for Phase 2.
- At the end of Phase 2, 25 percent of grants are eligible for renewal via the Rolling Continuation Channel, 5 percent are discontinued and 70 percent seek renewal via the rounds system.
- Of those grants in the Rolling Continuation Channel, 95 percent are successfully continued. Of these, 95 percent are subsequently continued for a second three-year phase.
- Of those grants seeking renewal in a new round, 90 percent are successful. Of these, 87 percent are further renewed for a second three-year phase.
- Grants cease to be funded on completion of the two phases of Rolling Continuation or, for those renewed in a new round, a second cycle of Phases 1 and 2. (Such grants would by then typically have received funding for a total of eleven or ten years, respectively).

## SCENARIO A

US\$ billion	New programs remain at US\$ 0.9 billion per year from 2008 Total need is US\$ 4 billion in 2010 (and remains at that level)							Need in 2008-2010 US\$ 11 billion							Need in 2015 US\$ 4bn
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Phase 1-New programs	0.6	1.3	1.2	0.7	0.9	0.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	
Phase 1-Repeating via Rounds						0.3	0.8	0.9	0.7	0.7	0.5	0.6	0.6	0.6	
Phase 1 (new and repeating grants)	0.6	1.3	1.2	0.7	0.9	1.0	1.7	1.8	1.6	1.6	1.4	1.5	1.5	1.5	
Phase 2				1.0	1.2	1.9	1.3	1.7	2.1	2.4	2.1	2.1	1.9	2.0	
Rolling Continuation						0.1	0.3	0.4	0.6	0.8	0.8	0.9	0.8	0.8	
<b>TOTAL</b>	0.6	1.3	1.2	1.7	2.1	3.0	3.4	3.9	4.3	4.8	4.3	4.5	4.2	4.3	
<b>TOTAL (rounded)</b>	1bn	1bn	1bn	2bn	2bn	3bn	3bn	4bn	4bn	5bn	4bn	5bn	4bn	4bn	

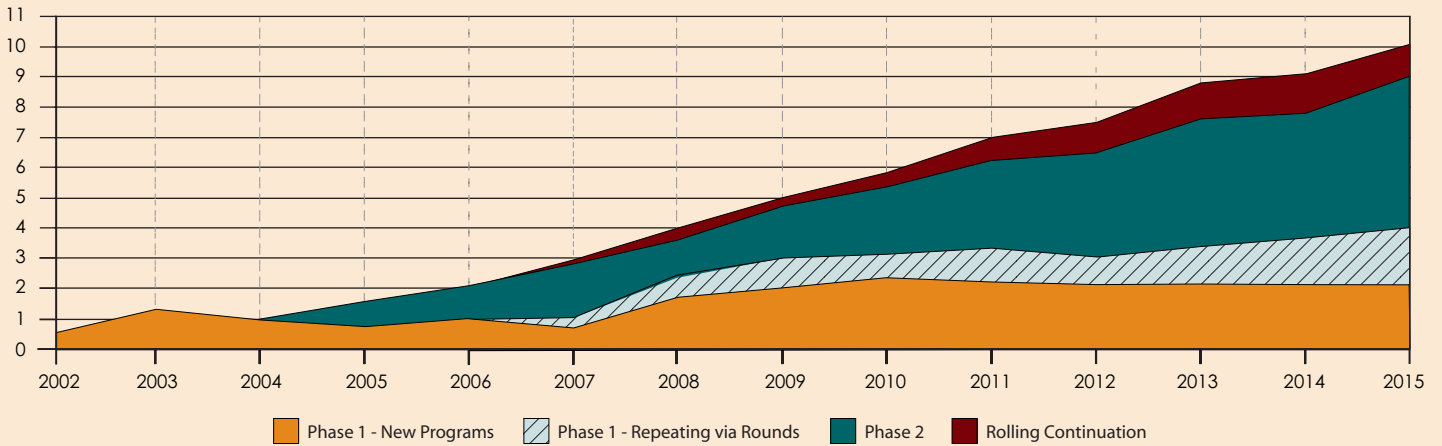
US\$ billion



## SCENARIO B

US\$ billion	New programs grow to US\$ 2.5 billion per year by 2010. Total need is US\$ 6 billion in 2010 (and reaches US\$ 8 billion to US\$ 10 billion in 2013-2015)							Need in 2008-2010 US\$ 15 billion								Need in 2015 US\$ 10bn
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
Phase 1-New programs	0.6	1.3	1.2	0.7	0.9	0.7	1.5	2.0	2.5	2.5	2.5	2.5	2.5	2.5		
Phase 1-Repeating via Rounds							0.3	0.8	0.9	0.7	0.7	0.5	1.0	1.3		
Phase 1 (new and repeating grants)	0.6	1.3	1.2	0.7	0.9	1.0	2.3	2.9	3.2	3.2	3.0	3.5	3.8	4.1		
Phase 2				1.0	1.2	1.9	1.3	1.7	2.2	3.3	3.6	4.2	4.0	4.7		
Rolling Continuation						0.1	0.3	0.4	0.6	0.8	0.8	1.0	1.1	1.3		
<b>TOTAL</b>	0.6	1.3	1.2	1.7	2.1	3.0	4.0	5.0	6.0	7.2	7.5	8.7	9.0	10.1		
<b>TOTAL (rounded)</b>	1bn	1bn	1bn	2bn	2bn	3bn	4bn	5bn	6bn	7bn	7bn	9bn	9bn	10bn		

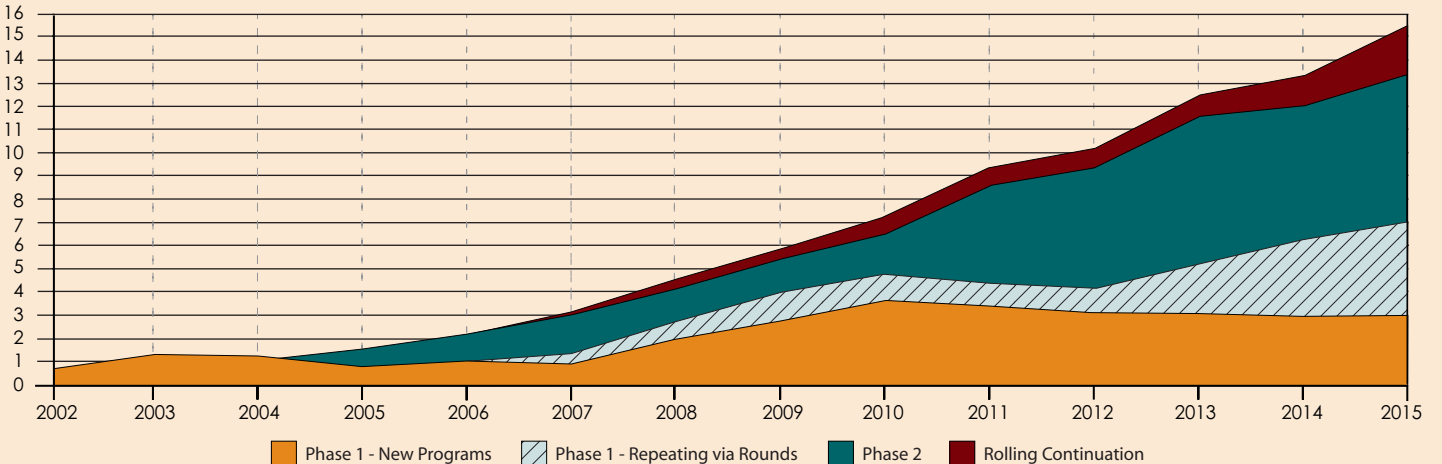
US\$ billion



## SCENARIO C

US\$ billion	New programs grow to US\$ 4 billion per year by 2010. Total need is US\$ 8 billion in 2010 (and reaches US\$ 10 billion in 2012)							Need in 2008-2010 US\$ 18 billion								Need in 2015 US\$ 15bn
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
Phase 1-New programs	0.6	1.3	1.2	0.7	0.9	0.7	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0		
Phase 1-Repeating via Rounds							0.3	0.8	0.9	0.7	0.7	0.5	1.3	2.0		
Phase 1 (new and repeating grants)	0.6	1.3	1.2	0.7	0.9	1.0	2.8	3.9	4.7	4.7	4.5	5.3	6.0	6.6		
Phase 2				1.0	1.2	1.9	1.3	1.7	2.2	4.0	5.0	6.2	6.1	7.1		
Rolling Continuation						0.1	0.3	0.4	0.6	0.8	0.8	1.1	1.4	1.7		
<b>TOTAL</b>	0.6	1.3	1.2	1.7	2.1	3.0	4.5	6.0	7.5	9.4	10.4	12.6	13.5	15.5		
<b>TOTAL (rounded)</b>	1bn	1bn	1bn	2bn	2bn	3bn	4bn	6bn	8bn	9bn	10bn	13bn	13bn	15bn		

US\$ billion



Totals may appear not to add because of rounding

# PROJECTED SHARE OF GLOBAL NEEDS 2008-2010

6. **THIS SECTION ESTIMATES THE RESOURCES NEEDED TO COMBAT THE THREE DISEASES**, looking comprehensively at the Millennium Development Goals (MDGs)<sup>2</sup> and associated sectoral and interim targets set by the international community. By considering the situation from a global needs perspective, it is possible to ascertain the trajectory of funding required to meet these needs within the time frame defined by the MDGs. The potential benefits that this funding pattern could generate in terms of lives saved based on the current performance of the Global Fund are worth considering. Meeting the MDGs by 2015 would result in approximately 5.5 million lives saved annually. With financing reaching scale, programs supported by the Global Fund would account for a significant portion of this estimate.

MALARIA	TUBERCULOSIS	HIV/AIDS
<p>MDGs for malaria aim to halt and begin to reverse the incidence of malaria globally by 2015.</p> <p>Abuja Declaration Against Malaria aims to halve morbidity and mortality in Africa by 2010</p>	<p>MDGs for tuberculosis aim to halve mortality and prevalence and begin to reverse incidence by 2015.</p> <p>The Stop TB partnership goals include:</p> <ul style="list-style-type: none"> <li>reach or exceed by 2015 the still-unattained target of diagnosing at least 70 percent of people with infectious tuberculosis (i.e., under the DOTS strategy) and cure at least 85 percent of those diagnosed by 2005</li> <li>reduce by 2015 the global burden of tuberculosis (disease prevalence and deaths) by 50 percent relative to 1990 levels</li> </ul>	<p>MDG 6 calls for halting and beginning to reverse the spread of HIV/AIDS by 2015.</p> <p>Declaration of Commitment on HIV/AIDS (UNGASS 2001) commits to providing prevention, treatment and care.</p> <p>Universal Access to Treatment by 2010 was endorsed by the G8. Strengthened by the Brazzaville Commitment (8 March 2006)</p>

Figure 4: Millennium Development Goals and internationally-agreed targets for the three diseases.

## METHODOLOGY FOR ESTIMATES

7. **THE GLOBAL RESOURCE NEEDS TO MEET THE MDGs FOR HIV/AIDS, TB AND MALARIA** are approximately US\$ 28 billion to US\$ 31 billion per year in 2008-2010, as shown in Figure 5.

8. **THE ESTIMATES TAKE INTO ACCOUNT DISEASE BURDEN** on the one hand and effectiveness, costs and scope of interventions on the other. The methodology for estimating resource needs was developed in close collaboration with UNAIDS, the Stop TB Partnership, Roll Back Malaria and the World Health Organization's HIV/AIDS, TB and Malaria Cluster. The actual Global Fund shares of total financing were jointly determined and applied to the total resource needs to arrive at the needs of the Global Fund. This methodology for assessing Global Fund resource needs using its share of current international spending was also used in the replenishment document published in March 2005, *Addressing HIV/AIDS, Tuberculosis and Malaria: The Resource Needs of the Global Fund 2005-2007*.

9. **FOR MALARIA**, the methodology employed also assumes synergies across interventions. The benefits from current investment in prevention such as insecticide-treated bed net (ITN) use and other vector control methods, as well as diagnostic testing, will eventually reduce the demand for treatment by 50 percent, thus reducing future costs.

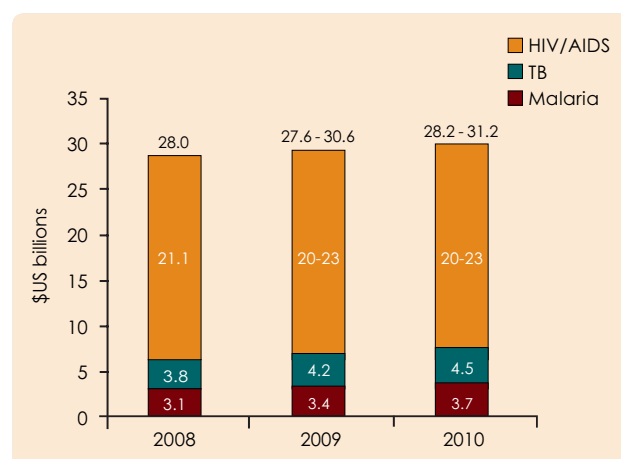


Figure 5: Global resource needs for the three diseases.

<sup>2</sup> For more information on the Global Fund and the Millennium Development Goals see *Partners in Impact: Results Report*

10. **THE METHODOLOGY** for estimating global resource needs typically involves using a cost per intervention and multiplying this by an estimate of coverage in the population in need. The coverage estimates used are based on scale-up rates consistent with the targets presented in Figure 4. For malaria and HIV/AIDS, additional elements of basic infrastructure were also included. For HIV/AIDS, program costs for administration outside the point of health care delivery were also incorporated. The key interventions for which costs were estimated can be found in Figure 6.

MALARIA	TUBERCULOSIS	HIV/AIDS
<p>Costing for vector control, including the scale-up of long-lasting ITNs and indoor residual spraying, as well as provision of training, basic infrastructure support, rapid diagnostic tests, intermittent preventive treatment for pregnant women and treatment with artemisinin.</p> <p>Including elements of essential infrastructure, such as costs for basic equipment, supplies and training to ensure that health services are delivered.</p> <p>Transportation, procurement, storage upgrading and program management costs have also been included, though costs for additional facilities are not included here.</p>	<p>Scaling up tuberculosis response largely through the DOTS program which remains a key part of the Stop TB Strategy.</p> <p>Resources needed for basic diagnosis and treatment, improved quality and new approaches, DOTS-Plus and technical cooperation.</p> <p>Costs associated with DOTS-Plus and HIV/TB activities also contribute to the estimated needs as described in the Second Global Plan. Two growing challenges have contributed to the costs of combating tuberculosis:</p> <p>1) Multidrug-resistant tuberculosis has posed considerable problems, with an estimated 460,000 multidrug-resistant tuberculosis cases emerging every year.</p> <p>2) The HIV epidemic contributes to increasing tuberculosis incidence, particularly in Africa where the spread of HIV remains a serious problem.</p> <p>The cost estimates are provided as part of the second Global Plan to Stop TB, released in early 2006.</p>	<p>The cost estimates aim to reach a comprehensive response for prevention, full coverage of support for orphans and vulnerable children and universal access to antiretroviral treatment globally by 2010.</p> <p>Prevention interventions include programs to reduce risky behavior in vulnerable groups, decrease infections in infants and improve safety in health facilities.</p> <p>For treatment and care, current coverage rates and rates of growth in coverage by 2010, universal access (coverage of 80 percent<sup>3</sup>) will be reached. Support for orphans and vulnerable children is scaled up to full coverage by 2010.</p> <p>The estimates include the costs of basic health system support, including human resources services such as training medical students and nurses, wage benefits, strengthening of community health workers and infrastructure support, investment in health centers and upgrading of hospitals to provide AIDS treatment and care services.</p> <p>Program costs incurred at administrative levels outside the point of health care delivery include management of AIDS programs, monitoring and evaluation, advocacy and facility upgrading through purchases of laboratory equipment and telecommunications.</p> <p>UNAIDS is revising estimates for 2009-2015, to be available in mid-2007.</p>

Figure 6: Key interventions included in global needs estimates.

<sup>3</sup> This corresponds closely with expectations of what can be reached under global "universal access", acknowledging that even in countries where there is universal access to treatment (currently in high and some middle-income countries) coverage remains less than 80 percent of those eligible for antiretroviral treatment.

## DOMESTIC RESOURCES

11. **THE GLOBAL FUND** is not the only source of funding available to meet global needs. Important financial contributions also are coming from the recipient countries themselves. Middle-income countries can and do contribute to the fight against the diseases, especially through counterpart financing, an important part of the Global Fund's eligibility requirements. Currently, these requirements call for governments in lower-middle and upper-middle income countries to provide 20 percent and 40 percent of the financing, respectively, for the programs that the Global Fund supports.

12. **CURRENT BEST ESTIMATES** provided by UNAIDS indicate that low-income countries currently contribute approximately US\$ 0.4 billion from government budgets to the fight against HIV, representing about four percent of total needs in these countries. With limited or no elasticity in government spending, these countries are unlikely to show substantial growth in domestic government spending in health over the coming years. They are also exempted from counterpart financing within the policy framework of the Global Fund.

13. **FOR TUBERCULOSIS AND MALARIA**, domestic contributions are not anticipated to increase in the 2008 to 2010 time-frame, with approximately US\$ 2 billion per year available collectively for these two diseases. Out-of-pocket expenditures are included to a certain extent in the estimates of domestic financing. However, these expenditures are typically incurred for catastrophic health expenditures and cannot be considered a disposable source of financing for those living in the poorest of countries.

14. **BY DEDUCTING THE CONSERVATIVE ESTIMATE** of contributions from domestic national budgets from the global resource needs, the share of resources that needs to be met from international sources can be estimated. In other words, "international need" is defined as the portion of global need that cannot be met by domestic financing. As shown in Figure 7, the international need is estimated to be between US\$ 21.7 billion and US\$ 23.4 billion for 2008 to 2010.

	GLOBAL RESOURCE NEEDS TO MEET THE MDGs			DOMESTIC CONTRIBUTIONS PER YEAR	INTERNATIONAL NEED (TOTAL NEED - DOMESTIC)		
	2008	2009	2010	2008-2010	2008	2009	2010
<b>MALARIA</b>	3.1	3.4	3.7	0.3	2.8	3.1	3.4
<b>TB</b>	3.8	4.2	4.5	1.7	2.1	2.5	2.8
<b>HIV/AIDS</b>	21.1	20-23	20-23	4.3*	16.8*	17.2*	17.2*
<b>TOTALS</b>	28	27.6 - 30.6	28.2 - 31.2	6.3	21.7	22.8	23.4

Figure 7: International financing need for the three diseases 2008-2010.

\* Varies by income level. For high-income countries it is assumed that 100 percent of the needs would be covered through domestic sources. For upper-middle income countries it is assumed that domestic national budgets would be at 40 percent of the total and at 20 percent for lower-middle income countries. For low-income countries it was assumed that national government spending would stay at 2006 levels at four percent of total needs (approximately US\$ 0.4 billion). 2006 spending levels are current best estimates provided by UNAIDS, which shall be updated as more information becomes available. In particular, domestic and counterpart financing levels for middle-income countries will require careful review as more data become available. However, change in domestic resource levels for middle-income countries will not significantly affect the above resource needs estimates.

## GLOBAL FUND SHARE OF GLOBAL NEED

15. **CURRENT FIGURES SHOW THAT THE GLOBAL FUND IS THE LARGEST INTERNATIONAL FINANCER** for tuberculosis and malaria programs worldwide, providing approximately two-thirds of international financing for these two diseases<sup>4</sup>. The Global Fund is one of the three largest funders for HIV/AIDS activities internationally. The estimates of Global Fund shares of international financing are presented in Figure 8 and remain unchanged from what was presented at the Mid-Term Review of the First Replenishment held in Durban in 2006.

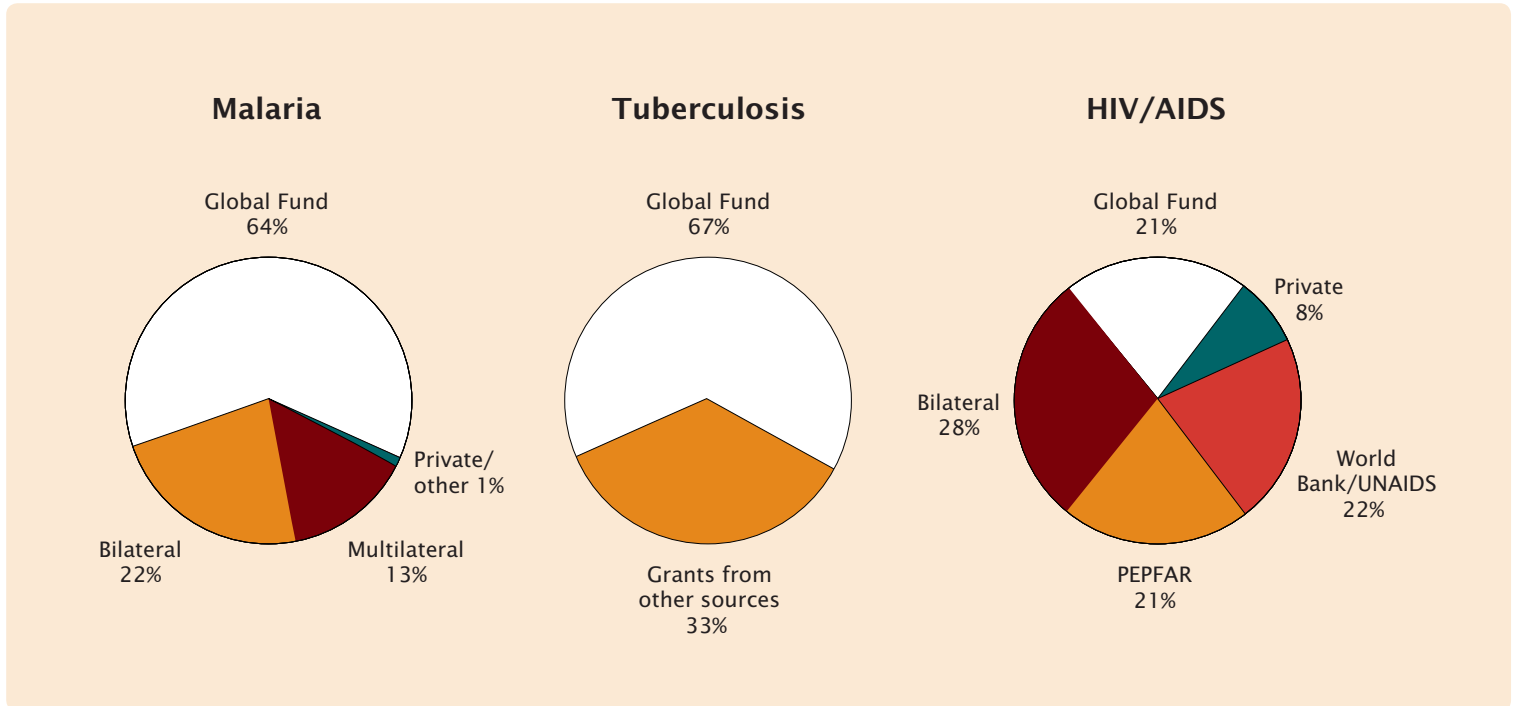


Figure 8: Global Fund share of international financing for the three diseases, 2005.

16. **ASSUMING THAT THE GLOBAL FUND'S SHARE IS MAINTAINED**, the resources required for the Global Fund are estimated at US\$ 6.7 billion to US\$ 7.7 billion annually from 2008 to 2010, as shown in Figure 9. This is a conservative estimate, as it depends on the assumption that other funding sources will increase in parallel to meet global needs. If this assumption does not materialize, the Global Fund share would have to increase accordingly.

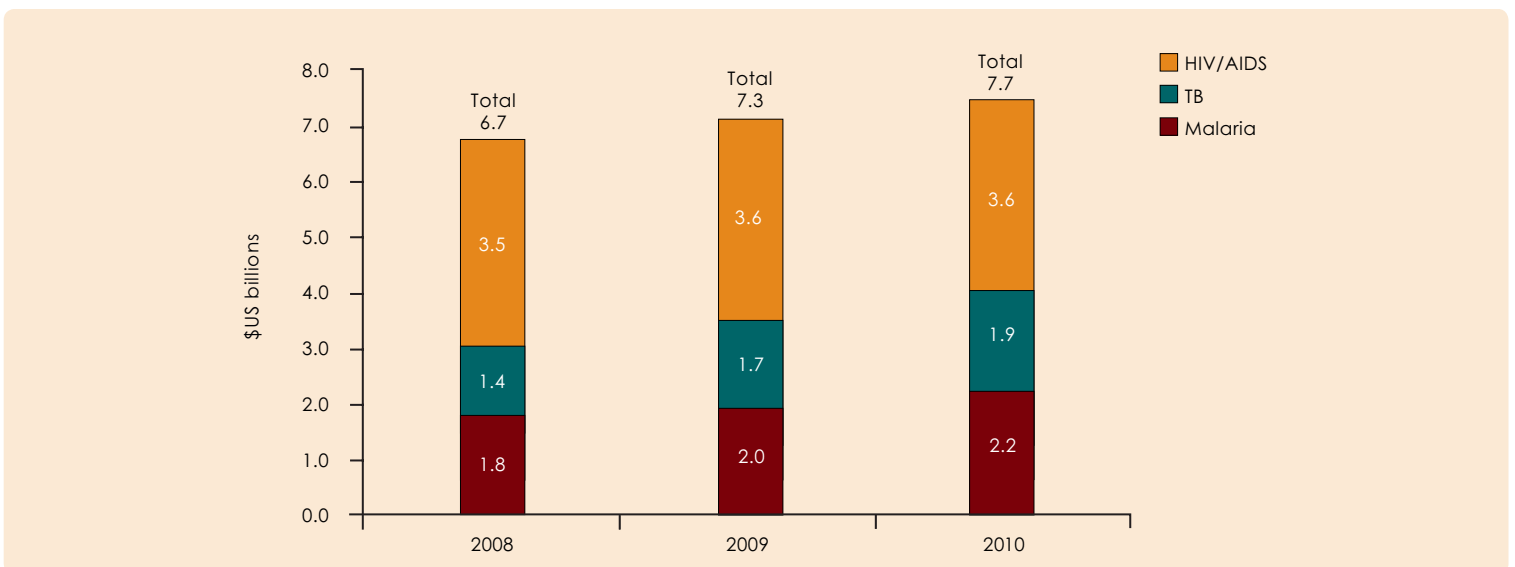


Figure 9: Resource needs for the Global Fund in US\$ billions.

<sup>4</sup> Two new initiatives - the President's Malaria Initiative and the World Bank's Malaria Booster Program - have committed additional resources to the fight against malaria. These much-needed additional commitments to malaria have not yet translated into disbursements at country level.

# BUILDING CONFIDENCE AND CAPACITY FOR INCREASED DEMAND

1. **IF SUBSTANTIAL ADDITIONAL RESOURCES ARE TO BE MADE AVAILABLE BY INTERNATIONAL DONORS**, this effort needs to be prompted by a clearly-formulated demand for support. In the Global Fund model, this demand is expressed in the quality and magnitude of proposals submitted for funding.

2. **A FEW KEY FACTORS**, highlighted below, strengthen the potential for country demand to rise in the years to come through both new proposals and the Rolling Continuation Channel.

## INCREASED PREDICTABILITY OF ROUNDS

3. **THE GLOBAL FUND HAS NOW ESTABLISHED FIXED DATES FOR THE LAUNCH AND APPROVAL OF ROUNDS**, with considerable advance notice of timelines. Countries will be better able to integrate their proposals into planning cycles and seek more timely technical support.

## BETTER-PREPARED AND ADEQUATELY-COSTED NATIONAL PLANS TO FIGHT THE THREE DISEASES

4. **COUNTRIES ARE DEVELOPING AIDS PLANS** as a follow-up to the recommendations of the UNAIDS-facilitated Global Task Team, and these plans are expected to include an analysis of the costs involved to meet national needs and an indication of funding gaps. Similar approaches to scaling up comprehensive national programs are also at the core of the Global Plan to Stop TB 2006-2015 and of the Global Strategic Plan to Roll Back Malaria 2005-2015.

## IN-COUNTRY CAPACITY BUILDING

5. **EFFORTS MADE BY PARTNERS TO STRENGTHEN TECHNICAL SUPPORT** to beneficiaries of Global Fund grants is expected to result in an increased capacity for countries to scale up interventions and results, particularly if concurrent investment is made in infrastructure and human resources.

## STRENGTHENED PARTNERSHIPS FOR SERVICE PROVISION

6. **A NUMBER OF COUNTRIES HAVE SHOWN AN ABILITY TO UTILIZE SIGNIFICANTLY MORE FUNDS** than previously thought possible through nongovernmental channels (including civil society, faith-based organizations and the private sector), and this is expected to strengthen the potential for additional demand, including the expansion of pilot programs to a broader range of communities. Partner organizations at community level would also help increase demand directly if capacity building and outreach for expansion of services were to be included more consistently in country proposals.

## POTENTIAL TO BUILD ON RESULTS

7. **IT CAN BE EXPECTED THAT CAPACITY TO SCALE UP AND DEMAND FOR FUNDING WILL INCREASE** as a result of lessons learned and previous investments. The Rolling Continuation Channel, for example, provides an opportunity for Country Coordination Mechanisms to apply for a simplified procedure for funding continuation at the end of their funding terms, increasing the probability of receiving more proposals that will be eligible for funding in the rounds to come. The aggregate impact will become evident in the lead-up to 2010.

## EMERGENCE OF POSSIBLE NEW THREATS DRIVING UP DEMAND

8. **THE RECENT OUTBREAK OF EXTREME DRUG-RESISTANT TUBERCULOSIS** in South Africa – largely affecting HIV-positive persons who become resistant to three or more of the six classes of second-line drugs – illustrates this issue. While it is too early to fully evaluate the magnitude and implications of this problem, the potential growth of drug-resistant forms of the diseases may require the international community's renewed efforts and could drive up requests from countries for Global Fund assistance.



## CONCLUSION

**THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA** has made considerable progress over the past five years in helping countries to meet their internationally-agreed goals to reverse the spread of disease and in making a real difference in the lives of those most affected by the pandemics. To continue this important work, the Global Fund needs considerable long-term and sustainable financing. The projections presented in this paper are based on the best available data and analysis of trends. In this Second Replenishment cycle, the donors to the Global Fund have an opportunity to set the tone for the next three years and to give concrete indications of the financing that could be available to those implementing grants in-country. This commitment in and of itself will have a substantial and sustainable effect on the fight against the three diseases.

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