

Position Paper:

Stop counting earmarked funds toward contributions to the Global Fund



Schluss mit der Anrechnung zweckgebundener Mittel - Grafik mithilfe von KI erstellt.

1. Starting point: The significance of financial pledges to the Global Fund

The eighth replenishment of the Global Fund is largely completed. It falls significantly short of what would be globally required and necessary: a total of around USD 12.6 billion has been pledged, while USD 18 billion was the target. This is bitter for the programs implemented through Global Fund resources. But it gets worse, because the amount achieved obscures the funds actually available: after deductions, reallocations and the exclusion of so-called earmarked funds (“set-asides”), only around USD 10.8 billion is available for concrete country programs. By “earmarked funds” we understand funds that are reported as part of the pledges, but are not or not fully managed through the Global Fund, and whose specific use sometimes even remains unclear. USD 618 million are classified as “earmarked”, more than ever before.

This reveals a structural problem: a share of the officially pledged funds is not available for the actual work of the Global Fund. As a consequence, financial resources for country programs are around 9 percent below the level of the previous funding cycle. In a situation in which needs continue to rise, this effectively means 9 percent less funding for protection measures, prevention and treatment.

2. Germany’s contribution and the use of earmarked funds

For the upcoming funding cycle of the Global Fund, the German government has pledged a total of EUR 1 billion. The pledge consists of EUR 850 million for the Global Fund itself, EUR 100 million for the Debt2Health¹ debt swap programme, and EUR 50 million in earmarked funds for the “technical support” of the BACKUP Health Initiative. This pledge, which at first glance appears to be a solid commitment, nevertheless represents a significant reduction of approximately 30 percent compared to the previous funding cycle (EUR 1.3 billion).

¹ Debt2Health is counted toward pledges and can also be considered in the U.S. matching mechanism. At the same time, it does not constitute fully flexible resources paid directly into the Global Fund and is therefore not equivalent to core contributions.

Germany has long been regarded as a best-practice example in handling complementary financing measures in the context of the Global Fund. With the current inclusion of “earmarked” funds, Germany is for the first time following a practice that we assess very critically: in this context, “earmarked” means that funds are declared for the Global Fund, but, because they are used in an “earmarked” way, are not directly available to the Fund. They make Germany’s pledge appear larger than it actually is and thereby obscure the total amount that is available to the Global Fund. This form of accounting distorts the perception of commitment and responsibility. Multilateral contributions appear larger on paper, while in practice fewer funds are available for programmes. Especially in a phase of massive financing gaps and growing global health crises, this development is highly problematic. What is needed now are not arithmetically inflated pledges, but real, transparent and fully available funds to combat HIV, tuberculosis and malaria.

3. Why the use of earmarked funds is problematic

To avoid misunderstanding: the use of earmarked funds can be highly meaningful. It also says nothing about the importance and quality of the projects supported in this way, such as, for example, the highly important BACKUP Health Initiative of GIZ. With the BACKUP Health Initiative, Germany has demonstrated how central technical support is for the implementation of effective programmes and that complementary measures can provide significant added value. What has always been decisive, however, is that the funds for the BACKUP Health Initiative were not counted towards Germany’s pledge to the Global Fund: this principle has given Germany international credibility and strengthened the multilateral approach. The use of earmarked funds as a complementary financing measure for the Global Fund must be viewed critically for several reasons: the clear separation between multilateral contributions and complementary programmes is blurred. The actual amount of funding available to the Global Fund remains unclear. The resulting lack of transparency undermines what has so far been a strong and credible German position in international health financing. Especially in light of Germany’s role as a reliable partner in global health policy, this step should not become common practice. Rather, Germany should return to its previous approach and continue to present complementary programmes as additional contributions that are not counted towards its pledge.

The incorrect inclusion of earmarked funds leads to a fundamental problem: a discrepancy arises between the level of politically communicated pledges and the funds actually available, thereby concealing real financing gaps. It creates the impression that the international community is providing more resources than is in fact the case. This form of accounting distorts the perception of commitment and responsibility.

3.1 Weakening multilateralism:

The use of earmarked funds weakens multilateralism. The Global Fund is based on needs-oriented allocation of resources, shared decision-making and accountability structures including civil society and affected communities, as well as globally agreed priorities. If earmarked funds are increasingly channelled outside this system, the logic of financing shifts: away from collectively defined needs towards national political interests. This undermines precisely the principle that has made the Global Fund one of the most effective instruments of global health.

3.2 Less funding for actual programmes:

The inclusion of earmarked funds reduces the funds actually available for programmes. If a relevant share of a pledge, for example 10 to 20 percent, does not flow into the Fund, correspondingly fewer resources are available for country allocations. This has direct consequences: programmes to combat HIV, tuberculosis and malaria must be cut back or prioritised, innovations are delayed, and gaps in care arise. A paradoxical situation emerges in which pledges appear stable while real funding declines.

3.3 Distortion of the 1:3 leverage effect of US contributions:

The inclusion of earmarked funds weakens collective resource mobilisation dynamics. The 1:3 leverage effect of US contributions to the Global Fund means that for every dollar from the United States, two additional dollars must be contributed by other donors. Only then is the planned US contribution disbursed. Since earmarked contributions that are not freely available to the Global Fund are not counted, this reduces the intended leverage effect. This can lead to less funding being unlocked overall than would be politically possible.

3.4 Fragmentation and lack of transparency:

The inclusion of earmarked funds leads to fragmentation and a lack of transparency. They operate outside the central governance and accountability mechanisms of the Global Fund, such as its decision-making and oversight structures. This creates parallel structures that are more difficult to coordinate and place additional burdens on national actors. At the same time, it becomes more difficult to trace how funds are used and whether they actually address the greatest needs.

3.5 Political influence instead of needs-based allocation:

The inclusion of earmarked funds increases the risk of political influence. While Global Fund resources are allocated according to clear, rules-based criteria, bilateral or donor-driven programmes are more strongly subject to foreign policy interests. This can lead to geographical distortions, increased dependency on political relationships, and in extreme cases to the withdrawal of funds in situations of political tension. This politicises health financing and makes it less reliable.

4. Our key demands

The problem does not lie in the existence of earmarked funds, but in their misdirected inclusion as Global Fund contributions. What we need is clearly traceable, transparent and genuinely multilateral financing. Anything else undermines trust, effectiveness and equity.

We therefore call on the German government:

1. **Clear separation of contributions and additional programmes:** earmarked funds and complementary initiatives must no longer serve as a substitute for regular contributions to the Global Fund. Any such inclusion undermines the reliability of international pledges and dilutes the actual financing situation and must therefore be consistently excluded.
2. **Strengthen multilateral financing:** donors must pay their pledges in full into the Fund without reallocation. Only real, unearmarked contributions ensure needs-based allocation and strengthen joint governance within the multilateral system; anything else weakens the effectiveness of the Global Fund.
3. **Ensure full transparency:** additional programmes must be strictly reported separately from core contributions. Without clear and comparable reporting, it remains unclear who is actually taking responsibility; transparency is therefore a key prerequisite for accountability and credibility.
4. **Safeguard Germany's leadership role:** Germany should consolidate its leadership role by clearly financing additional programmes such as the BACKUP approach outside its pledges

to the Global Fund. Mixing the two sends the wrong signal; what is needed is a clear benchmark for genuine additionality.

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