

The Global Fund and PEPFAR: Complementary, Successful, and Under Threat

By Todd Summers¹

One of the enduring, positive legacies of Presidents George W. Bush and Barack Obama was the establishment and growth of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). An independent foundation built to raise and disperse funds to assist poor countries battle three of the world's deadliest infectious diseases, the Global Fund has leveraged support from the United States and other wealthy countries to save millions of lives. For the United States, the Global Fund has been an integral component of its war on AIDS, alongside its signature bilateral program, the President's Emergency Plan for AIDS Relief (PEPFAR).

By working closely together, the Global Fund and PEPFAR have supported nearly 20 million people to access life-sustaining antiretroviral treatment, reducing dramatically a runaway infectious killer that was destabilizing communities and imperiling economic growth. Both programs have consistently drawn strong bipartisan praise and support, even in tough budget environments. Yet today, their continued success is imperiled by potential retrenchment of U.S. political and financial support, even as experts report that controlling HIV epidemics is within reach. The administration has requested a more than \$1 billion cut to these programs in its FY 2018 budget request to Congress and is also moving to scale back U.S. diplomatic leadership more generally. Budget numbers from the House and Senate look more promising, but without administration support for increases considerable risk remains.

Cuts and reduction in the U.S. footprint threaten the future of the global HIV response and would result in additional lives lost.² Rather, it is more imperative than ever that the U.S. government maintain strong funding for these programs, increase, not retract, political engagement, and harness the tremendous technical capacity of the U.S. government and its partners to improve the efficiency and effectiveness of country strategies to bring HIV under control.

With different strengths and limitations, the Global Fund and PEPFAR have become complementary and interdependent, and together have yielded substantial results in changing the pandemic's global trajectory. PEPFAR, as the bilateral arm, allows the United States to engage countries with the highest HIV burdens more directly, harnessing the immense technical capacity of a broad range of U.S. government agencies and nongovernmental and faith-based partners to scale programs rapidly to prevent and treat the disease. By understanding and harnessing the unique strengths of each, the United States can improve their impact and provide an even more compelling case to American taxpayers for continued and even expanded financial support for both.

Results-Driven Focus

Despite some early skepticism that the Global Fund and PEPFAR could deliver HIV treatment and prevention services at scale in Africa, both organizations continue to demonstrate strong records of performance and dramatic results. The Global Fund estimates that from its founding in 2002 through the end of 2016, it has in partnership with PEPFAR and others saved 22 million lives.³ It also reports that they are together supporting more than 18 million people living with HIV with lifesaving treatment, allowing those individuals to remain productive as well as

reducing substantially their risk of passing the virus to others.⁴ Table 1 presents the Global Fund’s own results as of the end of 2016, noting that it is impossible to isolate Global Fund results from PEPFAR’s and others given the cooperative nature of the work and the overlap in coverage (e.g., Global Fund will help pay for the purchase of drugs to treat HIV, and PEPFAR will support the doctors, nurses, and community workers that get those drugs to people).

Table 1: Global Fund’s HIV Indicators⁵

Global Fund’s HIV Indicators	End-2016 Result
People currently receiving antiretroviral (ARV) therapy	11,000,000
HIV-positive pregnant women receiving ARV prophylaxis for prevention of mother-to-child transmission (PMTCT)	4,250,000
Counseling and testing encounters	579,000,000
Basic care and support services provided to orphans and vulnerable children	8,000,000
Condoms distributed	5,320,000,000

These achievements have contributed to increasing donor confidence in the Global Fund. In its 2016 multilateral aid review, the United Kingdom’s Department for International Development found, “The successful performance of the Global Fund in this Multilateral Development Review fed directly into our recent decision to increase funding from £800 million to £1.1 billion for the next three years. This will help to save eight million lives.”⁶ The Australian government’s review released in 2017 also gave the Global Fund high marks: “The MPA [Multilateral Performance Assessment] confirmed the Global Fund is a strong, responsive development partner for Australia. Evidence of impact is robust. . . . The MPA recognized the significant reforms undertaken by the Global Fund over its 2012–2016 Strategy period, including on fraud prevention and control. The Global Fund has also greatly improved its strategic leadership and governance, and made financing more predictable through a needs-based allocation methodology.”⁷

Financing

Together, the Global Fund and PEPFAR represent about two-thirds of donor support worldwide for HIV prevention, care, and treatment. Support from the United States and other donors, however, represents only about one-quarter of total funding for HIV, with the rest financed by the governments of affected countries, foundations, businesses, and individuals.

The United States remains the largest single donor to the global HIV response, and contributes one-third of Global Fund resources. For the current three-year Global Fund funding cycle (2017–2019), the United States has pledged a total of \$4.3 billion out of total \$12.9 billion committed.⁸ Cumulatively (as of December 31, 2016), it has provided over \$12.5 billion to the Global Fund.⁹ With its strict 2:1 matching requirement (whereby every U.S. dollar contributed must be matched by two dollars from other donors), the U.S. investment has leveraged an additional \$25 billion from other donors. Perhaps even more important are the significant and growing coinvestments required by the Global Fund of countries receiving grants.¹⁰ Indeed, a recent analysis found that “African countries committed \$10.9 billion to health programs for 2015–2017, marking the first time Africa has mobilized more domestic than foreign funding for health.”¹¹

As a financing mechanism, the Global Fund has strict eligibility requirements based on gross national income and disease burden. In the current grant cycle, the Global Fund is providing grants to more than 100 low- and middle-income countries around the world. PEPFAR supports a more limited set of countries, though there is significant overlap for the highest burden African countries. Based on its FY 2015 expenditures, PEPFAR had 25 countries in which it spent more than \$10 million¹² whereas the Global Fund had 42 countries with grants exceeding \$10 million.

Coordination

At headquarters and country levels, PEPFAR and Global Fund teams work together toward joint goals. Technically, the two organizations have worked closely to drive data-centric approaches to investments that maximize the benefits of each dollar invested. The United States has played a strong role in the governance of the Global Fund, including in significant reforms made in the period from 2011 to 2014. Table 2, from PEPFAR’s 2016 report to the U.S. Congress, provides examples of how PEPFAR and the Global Fund engage at the governance, programmatic, and technical assistance areas.

Table 2: Examples of PEPFAR and Global Fund Engagement¹³

Level	Description
<p>Policy & Governance</p>	<ul style="list-style-type: none"> • The U.S. government holds one of 10 donor seats on the Global Fund’s board. • Senior U.S. government officials also serve in leadership positions on the Global Fund board committees on strategy, finance, and governance. The designated PEPFAR official on each committee participates in committee meetings throughout the year. • Every month, PEPFAR participates in the Global Fund’s Grant Approvals Committee (the governance body that recommends funding decisions for new and existing Global Fund grants).
<p>Program</p>	<ul style="list-style-type: none"> • At the headquarters level, PEPFAR communicates daily with Global Fund staff, seconds personnel to Global Fund headquarters, hosts headquarters-to-headquarters meetings to assess key implementation challenges in core joint-investment countries, and hosts annual coordination meetings with the Global Fund on implementation topics, such as procurement and supply chain. • At the country level, PEPFAR teams deploy “Global Fund liaisons” [in many countries] to coordinate implementation and share information about the Global Fund with PEPFAR teams (and vice versa), share implementation data with Global Fund counterparts quarterly, and are actively involved in country-level Global Fund governance bodies that oversee grant implementation. • In 2015, PEPFAR invited Global Fund portfolio managers to participate in PEPFAR’s Country Operational Plan process and invited the Global Fund to provide input on the FY 2016 Country Operational Plan Guidance.
<p>Technical Assistance</p>	<ul style="list-style-type: none"> • PEPFAR is the largest donor in technical assistance to support the activities of the Global Fund. • Global Fund Technical Assistance activities include supporting development of national strategic plans and grant proposals, building the capacity of governments to manage their grants, supporting countries to mobilize increased domestic resources for HIV/AIDS, and strengthening national supply chains to deliver lifesaving commodities. • PEPFAR is an active partner in the Global Fund’s Implementation Through Partnership (ITP) project, launched in 2015, to drive programmatic success in 20 high-priority countries. These 20 countries represent 54 percent of all Global Fund money and 67 percent of expected scale-up activities. • PEPFAR’s investments in technical assistance for the Global Fund will be aligned to support the actions identified in the ITP project.

PEPFAR and the Global Fund complement each other because they utilize very different approaches that together support both immediate acceleration of HIV programs as well as longer-term, and perhaps more sustainable, development of national technical and financial capacity, and commitment by affected countries.

While there are certainly variations, a comparison of approaches by PEPFAR and the Global Fund is presented in Table 3.

Table 3: Comparison of Approaches by PEPFAR and Global Fund

PEPFAR	Global Fund
<p>“Donor-Driven”: Country Operational Plans (COPs), which detail annual plans, budgets, and targets, are negotiated with countries but significantly informed by priorities and approaches set by PEPFAR headquarters. This allows PEPFAR to drive a data-centric approach that typically relies heavily on technical support and engagement by U.S. personnel and their international partners.</p>	<p>“Country-Driven”: Proposals are developed by Country Coordinating Mechanisms that bring together government, private-sector, faith-based, donors, and civil society groups. This promotes buy-in, engagement, and investment by countries that promotes capacity building and sustainability even if it is typically slower and more encumbered by systemic weaknesses.</p>
<p>Annual: COPs are redeveloped every year based on funding levels determined by annual congressional appropriations and subject to often grueling reviews. Annual revisions and retargeting ensures maximum technical efficiency, but inhibits longer-term planning needed by countries (which face decades of financial demands from people needing treatment) and coordination with other donors and partners across varying financial planning years.</p>	<p>Three-Year: Countries are provided allocations based on their disease burden and country income levels (GNI per capita). They must “earn” these allocations by submitting technically robust proposals. They can sometimes be eligible for additional amounts based on priorities established by the Global Fund board for specially reserved matching funds (e.g., addressing HIV among adolescent girls and young women). Likewise, allocations can be reduced if countries fail to provide required coinvestments (based on country-specific assessments of their financial capacity) or demonstrative inability to manage or invest grant funds effectively.</p>
<p>Full Package: The U.S. government brings immense technical and logistical capacity, both from U.S. officials based in country and at headquarters, as well as the wide array of nongovernmental partners it supports. This allows the PEPFAR program to engage fully with countries to meet local needs, fill capacity gaps, and deliver direct services and high-quality programs even in areas with weak capacity. However, it does build dependence on these heavy investments and so makes it harder to decrease and eventually eliminate PEPFAR support.</p>	<p>Funding Only: The Global Fund is a financing entity, with no mandate to provide technical support to countries. Its staff are all based at its Geneva headquarters, though grant managers travel extensively. Funds and activities are managed by principal recipients (PRs) in country, which often, but not always, are the host government, for example, Ministry of Health. The Fund relies on PEPFAR and other partners to help countries make best use of the funds. It also employs an army of oversight groups to monitor performance and ensure funds are used appropriately. This can mean that programs are weaker in countries where partners are weak.</p>
<p>Monitored Locally: On the ground U.S. personnel, typically including top leadership of the U.S. embassy, as well as PEPFAR’s headquarters staff and the U.S. Global AIDS Coordinator, are heavily involved in the development of the COPs. This allows for more hands-on engagement in the COP development, and situational awareness of how U.S. investments fit with those of other donors and the local government.</p>	<p>Monitored Centrally: Global Fund proposals are reviewed by its grant managers, many of whom have significant technical capacity, but they are often pressed for time and focused on a broad range of risks. Over the last few years, the Global Fund has shifted more of its staff to the highest-burden countries. Technical reviews are provided to the Global Fund board, which approves all grants, by a board-appointed group of global experts (the Technical Review Panel, or TRP). The TRP still has limited time to commit to any one proposal, and may lack the in-country situational awareness to understand fully the local context and merit of individual proposals.</p>

These approaches have different strengths and limitations, but are inherently complementary and allow the U.S. government to fight HIV more efficiently and effectively. PEPFAR and the Global Fund have been increasing their cooperation and coordination over time to work more seamlessly together. PEPFAR and the Global Fund are ever more interlinked and interdependent, which is evident in the countries in which they jointly operate. Since the Global Fund does not have any on-the-ground staff, it often relies heavily on the PEPFAR team for information and support. Programmatically, investments are tightly coordinated at country-level planning sessions, with the Global Fund in many instances providing funds for the drugs

that are then used by PEPFAR and country programs to keep patients alive and productive. In some examples, the Global Fund grant provides more than 90 percent of HIV commodities, while PEPFAR provides the service delivery and technical assistance support.

This interdependence leads to greater success against HIV, but also makes them more vulnerable: funding cuts, such as those proposed in the administration's FY 2018 budget or a failure of other major donors to fulfill their Global Fund pledges, or programmatic restrictions in one could seriously affect the capacity of the other and lead to shared failure to achieve strategic targets.

Next Steps

The U.S. Congress and the administration should take a number of steps to shore up funding for the Global Fund and PEPFAR, expand its political engagement with affected countries, and emphasize efficiency and sustainability in its oversight of programs.

For Congress, we recommend:

- 1 Fulfill the pledge to the Global Fund.** The United States pledged \$4.3 billion to the Global Fund for 2017–2019, and that funding leveraged another \$8.6 billion in pledges from others. Congress should sustain that funding commitment.
- 2 Restore full funding to bilateral HIV and TB programs.** The Global Fund and PEPFAR are interdependent, so the administration's FY 2018 budget cut of more than \$850 million to PEPFAR would significantly undercut its ability to work in concert with the Global Fund to reach epidemic control. Similarly, proposed cuts to bilateral tuberculosis control programs would negatively affect HIV programs—TB is the single biggest killer of people with immune systems damaged by HIV. Reductions should be restored and increases should be considered as this would help reduce AIDS-related mortality.
- 3 Push for greater engagement by affected countries to achieve sustainability.** While many countries have increased substantially their funding for HIV programs, others remain too dependent on the Global Fund and PEPFAR funding. As the companion paper "Advancing Country Partnerships on HIV/AIDS"¹⁴ recommends, Congress could require sustainability plans for each PEPFAR country aimed at securing epidemic control, and that these dovetail with the Global Fund's efforts under its new Sustainability, Transition, and Co-Financing Policy. Development of these plans is especially critical for middle-income countries that have already advanced along the road to self-reliance.

For the administration, we recommend:

- 1 Push other donors to step up their contributions.** In 2013, the United States hosted the Global Fund's fourth replenishment conference, at which it sought three-year pledges from its donors. The replenishment succeeded in large part because the previous administration used its significant political muscle (both from headquarters and its missions in donor countries) to encourage other donors to step up, as well as enticing them with its ability to match new contributions 1:2. At the last replenishment in 2016, hosted by Canada, most donors increased their pledges in recognition of the Global Fund's strong performance and continued importance. That

same energy is needed now both to encourage current donors to maintain or expand their giving but also to help attract new government and private-sector donors. This is critical, as donor aid for HIV is on the decline.¹⁵ The secretary of state should make fighting HIV a high-level priority and use public remarks and private meetings to press existing donors to meet and exceed their pledges, and to press potential new donors, such as the businesses, foundations, and high-net-worth individuals, to step up. Key opportunities ahead include the 2018 global AIDS summit in Amsterdam, the 2018 sessions of the G7 and G20, and the 2018 World Bank and International Monetary Fund (IMF) summit in Indonesia.

- 2 **Use diplomatic pressure to secure greater engagement by affected countries.** The U.S. global AIDS coordinator (who is also simultaneously the U.S. special representative for global health diplomacy) has a unique opportunity to coordinate U.S. political and diplomatic muscle to encourage countries to adopt sustainable approaches to HIV. This should include increasing domestic financing for HIV and health, reducing legal and policy barriers that inhibit access to services and at-risk populations, and prioritizing health systems investments that ensure that the infrastructure critical to delivering HIV services is in place.
- 3 **Increase attention to program quality and value for money.** Ensuring that every penny is spent on the most effective interventions will be critical to achieving epidemic control. This approach is embedded in the Global Fund's strategy, which seeks to "Increase the efficiency of program design to maximize impact of fund investments" and is also consistent with PEPFAR's approach. Harmonizing their efforts and ensuring countries have the requisite tools and incentives to measure and track program quality and efficiency must be a top priority.
- 4 **Translate sustainability assessments being conducted by PEPFAR and the Global Fund into action plans.** These reflect a critical need to identify and address areas of weakness that threaten the long-term programmatic success and financial viability of HIV programs. As discussed in "Advancing Country Partnerships on HIV/AIDS," PEPFAR has published assessments of each country's status against sustainability benchmarks but has not used them to develop responsive action plans. Development of these plans should be closely coordinated with both host-country partners and the Global Fund's own investments in furtherance of its new Sustainability, Transition, and Co-Financing Policy. In "Advancing Country Partnerships on HIV/AIDS," we recommend plans "include mutually agreed-upon criteria for transition, clear benchmarks to assess progress, and accountability mechanisms to enforce implementation."
- 5 **Ensure that HIV prevention receives adequate funding.** While the number of people receiving HIV treatment is increasing, new infections continue at an alarming rate and will expand the HIV treatment burden. Reductions in donor aid for HIV have pushed many countries to deprioritize prevention investments in order to sustain those already needing treatment, but this is surely just going to make the challenge bigger. There's also evidence that an increasing percentage of new infections are from drug-resistant virus that's harder and more expensive to treat.¹⁶ Revitalized efforts to expand access to proven HIV prevention tools is critical and should receive equal attention to treating those already infected.

Notes

1. Todd Summers is a senior adviser to the Global Health Policy Center at the Center for Strategic and International Studies (CSIS). This paper grew out of a CSIS Global Health Policy Center working group on HIV and the work of one of its sub-groups on the Global Fund and its partnership with PEPFAR. The members of the sub-group included the following (organizations listed for identification purposes only): Jennifer Kates, Kaiser Family Foundation; Lisa Carty, UNAIDS; Chris Collins, Friends of the Global Fight; Michael Johnson, Bill and Melinda Gates Foundation; Ambassador (ret.) Jimmy Kolker; Ron MacInnis, Palladium; and John Monahan, Georgetown University. See <https://www.csis.org/programs/global-health-policy-center/hivaids/hiv-working-group> for a full list of working group and sub-group members.

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3. The Global Fund to Fight AIDS, Tuberculosis, and Malaria, "Results Report 2016," https://www.theglobalfund.org/media/1122/corporate_2016resultsreport_report_en.pdf.

4. Patients who consistently take their antiretroviral treatment and achieve viral suppression have less than 5 percent chance of passing on the virus.

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