Global Fund and Games

Only a year after its happy, shiny launch, the first united fund -- and last hope -- to control the AIDS catastrophe is nearly bankrupt. And why does the man who made it think that the best thing might be for it just to go bust?

January 1, 2003 By Stephanie Nolen

Ask an African PWA, and she will plead that we not let it fail. Ask its director, and he will, of course, say the same thing. Even its critics, after hemming and hawing, will agree. But ask the man who first dreamed up a global fund to fight AIDS, and he'll tell you to let it go bust. How, in a single year, has this brave new mission by the world's rich nations to save poor ones from an AIDS apocalypse come to such grief.

The Global Fund to Fight AIDS, Tuberculosis and Malaria was meant to be a radical solution to the most intractable public health problem in history: An estimated 40 million people worldwide have HIV; if current infection rates continue unchecked, those numbers will double by 2010. Some 10,000 PWAs die every day. In Malawi, rail-thin AIDS patients are stacked four to a sheetless bed in a hospital that lacks even Tylenol to treat them. In Zambia, gangs of feral children -- AIDS orphans whose entire extended families are dead -- roam city streets scavenging for garbage. Even the CIA released an alert that, with the epidemic exploding in hot spots worldwide on the same devastating scale as in sub-Saharan Africa, AIDS poses a global security threat. Entire economies and governments could collapse.

But it increasingly looks like the trust fund intended to save us from this fate may collapse first.

Launched amidst much fanfare in January 2002, the fund was pitched as a five-year, $50 billion piggy bank for AIDS relief. More quietly, it was thought to be a last hope to turn the pandemic around. But the fund is already crippled by everything from clashing agendas and accountability issues to bad faith and bankruptcy. Since the 9/11 terrorist attacks, the U.S., in particular, seems to have lost what little focus it had left on AIDS.

The story begins in 2000, a pivotal year in the pandemic. For the first time, the International AIDS Conference was held in the developing world (in Durban, South Africa) under the slogan "Breaking the Silence." The West, where HIV was becoming increasingly treatable, was finally ready to pay more than lip service to what experts and advocates had long argued was a global emergency. Business as usual would not suffice. Enter Jeffrey Sachs, a high-flying U.S. economist who played a starring role in privatizing the economies of Eastern Europe. A radical visionary, Sachs came up with the idea of a war chest for a united fight against AIDS. "With effective treatment now

available at low prices, and global attention as never before, we can actually fight the scourge and save millions of lives," Sachs wrote in an April 2001 Washington Post op-ed. "Americans would not shrink from the $5 per American that prevention and treatment would cost this year.... The biggest risk is not cold-heartedness but simple inattention. There is also a nagging but mistaken doubt...that AIDS is just too big and costly to address. It's time for these doubts to be put to rest by the evidence."

All through 2001, UN Secretary-General Kofi Annan lobbied hard for the project, even offering his own $100,000 public service award as seed money. When Annan announced the fund's birth 12 months ago (why AIDS, TB and malaria? because these are the world's three leading infectious killers), it had the backing of 31 donor nations as well as private corporations and charitable foundations. As Annan promoted it, the fund would raise some $10 billion a year in new and additional money for treatment and prevention. This specific figure, which came from a widely read June 2001 Science calculation for turning around the epidemic by 2007, was trumpeted by activists, but never officially approved by donors. (Activists have also urged the fund to stand by Sachs' emphasis on, and its own promise of, providing treatment for HIVers, which routinely takes a back seat to cheaper, easier prevention in the priorities of international agencies and Third World governments.)

Haiti, the Caribbean

Disease: HIV
Infections: 290,000, or 1 in 20
Deaths: 29,700 in 2001
Grant: $24,388,847 for two years
Goals: Lower HIV rates from 5 to 3.5 percent; increase condom use from 16 to 60 percent; give 1,600,000 children primary health care; prevent mother-to-child transmission in over half of pregnant HIVers; teach 18,000 sex workers safe sex and raise their condom use sixfold; provide 12,000 new blood bags per year for safer transfusions

Ghana, West Africa

Disease: HIV
Infections: 325,000, or 1 in 62
Deaths: 27,750 in 2001
Grant: $4,234,080 for 18 months
Goals: Get HAART to 2,000 HIVers; test one-fifth of population for HIV; provide 600 women with meds to prevent mother-to-child transmission

Disease: Tuberculosis
Infections: 1 in 437
Deaths: 1 in 2,000
Grant: $2,238,140 for two years
Goals: Cure 70 percent of TBers and increase detection rate to 55 percent

Tanzania, East Africa

Disease: Malaria
Infections: 1 in 83
Deaths: 1 in 769
Grant: $11,959,076 for two years
Goals: Get insecticide-treated mosquito nets to 60 percent of kids under 5 and decrease their death rate from 1.5 percent to 1.2 percent; give 80 percent of pregnant women at government clinics vouchers for nets; increase private-sector manufacturing and wholesale distribution of nets; launch nationwide malaria-prevention campaign

Sri Lanka, Southeast Asia

Disease: Tuberculosis
Infections: 1 in 2,857
Deaths: 1 in 17,000
Grant: $2,860,000 for two years
Goals: Reach an 85 percent cure rate and 70 percent detection rate; raise awareness with TV and radio spots; establish nationwide TB-care training programs; build health-care facilities

Disease: Malaria
Infections: 1 in 90
Deaths: 1 in 11,111
Grant: $5,197,600 for two years
Goals: Reduce malaria rate to 2 percent; build 40 malaria clinics and provide insecticide-treated mosquito nets in hardest-hit districts; launch nationwide malaria prevention program; give malaria prevention to 100 percent of pregnant women

As the world's only superpower and richest nation, the U.S. had to sign on to the massive project. But the new Bush administration was painting its foreign policy in broad isolationist strokes, and Treasury Secretary Paul O'Neill was pointedly railing against the "waste" of years of foreign U.S. aid, siphoned off by corrupt governments and ill-conceived public projects. "We've spent trillions of dollars on [foreign aid]," O'Neill said in a speech last February, "and there's damn little to show for it." In 1999, for example, the Times reported that as much as $1 billion in aid provided to Bosnia had disappeared from public funds or been stolen from international aid projects through fraud. And it is no secret that many in Washington view the United Nations with a wariness bordering on contempt; the $1.35 billion debt that the U.S. has accrued in member dues is a notorious example.

Before making a pledge, the U.S. mandated that the fund both be set up outside the auspices of the UN and be designed for maximum accountability: careful to track all expenditures, operating on minimal overhead, efficient enough to address both large-scale problems, such as the poor state of health facilities in Africa, and specific technicalities like the administering of complex drug regimens. "If we're going to make a difference with all this well-intentioned work, it needs to be done not in a way that salves the conscience of those who are better off," O'Neill said. "It needs to be done with a full understanding of what it means to accomplish meaningful change in the lives

of real people.”

This radical new entity would not advise governments on policy (as the World Bank does) or deliver services (as does UNICEF with vaccinations or the World Food Programme with sacks of grain). It would simply send checks to governments or community groups to fund their best-laid disease-fighting plans. Its decision-making board would have a place for all the main players: the top donor countries (the U.S., Britain and the European Commission), the seven hardest-hit nations, and reps from community groups, the big charities and the private sector. The approval process would be rigorous. Only proposals with a precise spending breakdown would pass muster. Funds would come fast. And once they did, a local accounting agent would guard against graft.

That was the white-knight idea. And to hear the fund’s executive director, Richard Feachem, tell it, that’s also the reality. “If you stand back and get a bit of perspective, it’s been a spectacular success,” he says. “An enormous amount has already been achieved.” The British doctor and public-health expert is quick to produce an impressive list of accomplishments: The fund has attracted an inaugural $2.1 billion in pledges from rich nations, opened a lean headquarters in Geneva and approved 58 first-round applications worth $1.6 billion over five years [see grant-per-nation insets throughout story]. By early 2003, millions will be fast-tracked to Ghana to help community caregivers relieve the stress on overcrowded hospitals; in Tanzania, HIVers will get vouchers to buy bed nets to guard against malarial mosquitoes. A second round of applications is up for approval this month.

But the grim truth is, after only a year, the fund is basically broke. In fact, the dribs-and-drabs donations cast doubt on its very premise: that the world’s rich will do whatever it takes to save the poor. Not only is the five-year, $2.1 billion pledged thus far a mere 4 percent of the $50 billion Annan set his sights on, but only $650 million has actually been handed over. The largest pledge, $500 million, came from the U.S. -- but as of last October, just $275 million had been paid. (Bill Gates has pledged $100 million.) At this rate, the coffers will be empty by next June. Also last October, Feachem reported that $8.1 billion in new pledges was needed just to fund the already-approved projects for the next two years. At press time, none was forthcoming.

They are nowhere on track to actually achieving it,“ says Sachs, his rapid-fire voice filled with disgust. ”The fiscal 2003 request from the Bush administration for the Global Fund was a shocking $200 million. That’s telling the rest of the world to drop dead."

Invective is nothing new for Sachs, who has assumed the role of a Cassandra berating the West -- especially the U.S. -- for its failure to fulfill its AIDS promises. At last July’s International AIDS Conference in Barcelona, Sachs enraged polite powerbrokers, such as Feachem and Peter Piot, the head of the Joint United Nations Program on HIV/AIDS, when he independently announced that in 90 days the UN would have a plan outlining how much and when each country would pay in the war on AIDS. This was a serious breach of protocol, and Piot, who would be responsible for implementing such a policy, let his displeasure be known. The dustup made headlines. “This is not a process where you have all the time in the world, a bit this year and a bit next year and see how it goes,” Sachs says, his voice still raw. “An epidemic is an explosive process -- and if you don’t get

it under control now, it spreads at a rate to the point where you can't control it."

But what the West needs -- and demands -- is accountability. Treasury Secretary O'Neill spent June touring with Irish rock star Bono in Africa, witnessing the scourge firsthand -- only to return and pronounce that that there was "no discernable logic" regarding the awarding of the first grants and "no accounting" to track the number of individuals assisted. "We are committed to increase our contribution as the fund shows results," he said. In fact, the U.S. was the first nation to make a second-year pledge.

Critics of the U.S. view this harping on accountability as so much rhetoric, even an excuse to pay as little as possible. Milly Katana, a Ugandan PWA who represents Third World community groups on the fund board, is exasperated by the constant pressure to prove that no money will be wasted. She knows well that a small project can make a big difference for people who have nothing, but she can't gather the kind of "evidence" that the accountability hawks want to see. "I don't have the capacity to document this and put it in The Lancet," she says wearily.

But Secretary of Health and Human Services Tommy Thompson, who occupies the U.S. seat on the board, is offering no apologies. As Scott Evertz, his special assistant for global AIDS, explains, the moderate Thompson has his own constant pressures from less-compassionate conservatives in Washington. "If we don't have strategies in place to avoid the kinds of stories that none of us want to see in the press about Global Fund funds being diverted, we are going to have a big problem," Evertz says. " We've got a whole bunch of people on Capitol Hill watching the fund -- and they can pull the plug at any moment."

Has the fund gone about things the wrong way? So wonders Kim Nichols, New York City's African Services Committee policy director and an advisor to the board. "I wonder if we should have just dealt with infrastructure and no disbursement for the first year," says Nichols. "At least then the U.S. would have been happier and might have given more money in the second year." She notes that the "elephant in the room" at meetings is the fact that the U.S., on the one hand, keeps raising the "accountability" issue, while on the other, it fails to meet what Sachs and many activists see as its funding obligations -- a quarter of the total bill, to reflect the U.S.' 25 percent share of the global gross national product (GNP). But the board has ducked this issue, apparently out of fear of antagonizing Washington. "The Global Fund simply does not want to nail the U.S.," says Stephen Lewis, the UN secretary-general's special envoy on HIV/AIDS in Africa.

According to the GNP-based "equitable funding formula," the U.S. should pay $1.5 billion for 2003; instead, it has committed $500 million. Ever since Bush declared a "war on terrorism," of course, the global fight against AIDS has slipped far down the White House priority list. Evertz is quick to point out that "factually, we're the leaders" -- indeed, the U.S. is the largest single donor to the fund. But Sachs dismisses this defense. "They say, 'Don't complain, we've quadrupled the budget on AIDS since 2000' -- which is true," he says. "But they wouldn't talk about fighting a war that way: 'We're losing, but we're spending more!' They would talk about what is needed to win the war." And as wars go, even a short one with Iraq would cost the U.S. a minimum of $50 billion in military spending alone. That the same amount of money could actually control the AIDS pandemic

is an irony that appears lost on Washington.

But if the U.S. and other rich nations have been taken to task, developing nations have also shirked their responsibility to make the fund make a difference. According to the November Lancet, for example, Uganda announced that it will divert the money saved by its fund grant from health-care issues to other budget areas. Such flagrant violation of the fund's principles, let alone accountability, offers easy ammunition to Global Fund opponents on Capitol Hill.

The dignified Dr. Feachem has, all along, tried to plot a moderate course through this highly charged rhetoric. Amidst the prickly prevention-vs.-treatment debate, he has argued that the two approaches are complementary. He also did his best to neutralize the contentious issue of generics vs. brand drugs; the fund decided at its October meeting that countries would be urged to make the "best choice" between quality generics or brand names. And he runs the fund, at least ostensibly, on consensus. But consensus, of course, is a tricky thing -- especially when half the table is begging for money and the other half is footing the bill. "It's totally dysfunctional," says a senior UN official, who asked not to be identified, of the board. Kim Nichols grumbles about U.S. "strong-arming," charging that Thompson's agenda drives the meeting. Asked if she feels she has an equal voice on the board, Milly Katana laughs. "We are not expected to talk about board business," she says, before adding carefully, "Everybody has the same level of voice on the board."

It didn't look that way as the fund's most recent board meeting was drawing to a close on October 11. Most delegates had already left when Feachem abruptly announced that in 2003 the fund's new pledge goal would be reduced from $3.6 billion to $2 billion. (Annan's hoped-for $10 billion a year is already a distant memory.) The remaining delegates were shocked; rumors quickly circulated that the U.S. and Britain had forced Feachem's hand. "There was this awful sense that the fund was failing," Nichols recalls, "that it was reducing its targets almost by half because Feachem knew it would never get what it needs, so 'Let's go for half and maybe we'll get some of it.'"

Evertz flatly denies the charges of conspiracy. "We don't go in there attempting to exert any undue influence. It's quite democratic and UN-esque, if you will, in that we really do try to reach consensus," he says, adding that no other nation has sent a person of Thompson's rank as their board rep. But Evertz agrees with the strategy of aiming for lower targets: "If the fund sets its targets too high initially, it sets itself up for certain failure."

Insiders have also accused donor agencies, including USAID, of making countries apply for amounts far less than initially estimated -- and actually needed. Sachs says that he saw this happen "with my own eyes" in Malawi, which first requested $1.6 billion over four years but finally settled for $197 million over five. By forcing applicants to limit their proposals, donor nations keep the fund from going bankrupt and forestall a possible public-relations disaster. Of course, all this nickel-and-diming is contributing to a disaster of another order. "These attempts at rationing beforehand," Sachs says, "are to make donors look good while the poor die silently."

That's why the inventor of this radical new agency is advocating a newer, more radical strategy: that the fund go bust. With no new pledges coming in, he argues, it should pay out every penny it has -- and shame donors by leaving nations such as Malawi holding deathly IOUs. "If you don't have enough firefighters, you don't send one to each fire and fail everywhere. They have to fund each good proposal at its capacity and, when they [run out of money], turn to the White House and the European Commission and say, 'Look, this is urgent.' What's the alternative? To give each country a tenth of what it needs and fail everywhere?"

Feachem shuns Sachs' hardball approach as immoral. "How far beyond our means can we make promises?" he says. "If we start scaling up HAART therapy, and then suddenly cut off treatment -- this is life and death. You can't make promises you can't keep." As the fund's face, he has little choice but to urge compromise, patience, a give-it-time strategy. "In asking for a lot more, it's very helpful to be able to say to the donor nations, 'Well, now, the Global Fund has greater credibility, it has a boss, a team, an office, a track record -- we can convince you about the accountability.'" He is well aware of the Catch-22 though: The lower the pledges and the scarcer the resources, the more critical accountability becomes.

But time is as scarce a resource as money. When Milly Katana, whose health is fine thanks to HAART donated by U.S. activists, returns to Uganda from the board meetings, she faces the vast expectations of her constituents, who lack everything from meds to condoms. They know that the Global Fund is their only hope. "'You guys at the Global Fund, what have you got for us?' they want to know," she says. "And if I have nothing but pledges, I'm doomed, they're doomed, the whole world is doomed."

Sachs is betting that we, the rich, won't let that happen, that we aren't that cold-hearted. The numbers tell a different story.

YOUR 5$ BUYS

Five applicants explain what a difference a fund makes:

How will Global Fund grants translate into lives saved?

Paul Farmer, MD, Partners in Health, Haiti: It will change our situation like coming across an oasis changes the plight of a wanderer in the desert. We have been limited chiefly by lack of resources -- money and meds -- and now, for the first time in20 years, we'll have most of what we need.

Eduardo Ticano, MD, National Health Council, Peru: The money will finally get HIV meds to people whose lives depend on them. We applied specifically for subsidies of only 40 percent the first year and 30 percent the second year, so that the government will make up the balance and offer access to all of Peru's HIVers.

Humberto Cosenza, Health Ministry's HIV Advisor, Honduras: We will be able to offer enough condoms and prevention information to stop at least 20,000 new infections over the next five years. We will be able to educate and litigate in order to drastically reduce the human-rights

violations of PWAs in our country. Above all, we will be able to offer antiretroviral therapy to everyone who has HIV. This will increase their life expectancy from 31 years to 69 -- the nation's average.

What has the situation been like without Global Fund money?

Elena Vesselovskaia, Project Manager, Vozvrastcheniye ("Return"), Russia: In 2001, the number of new HIV infections was 1 in 465 -- six times higher than in the year 2000 and 100 times higher than in 1999. Right now there is basically no antiretroviral treatment for PWAs. The Global Fund money will start the process of treatment.

What would you like to say to wealthy donor nations?

Mario Vicente Serpas Mondoya, MD, National Fund Committee Director, El Salvador: They should consider that by helping countries such as ours fight this epidemic, the whole world benefits -- especially as globalization and the pandemic grow every day.

Humberto Cosenza: We should already start discussing ways to make sustainable the many gains in the fight against these three terrible -- but treatable -- killers. It is very important that this be a permanent effort -- not just five years.

What happens if the Global Fund runs dry?

Paul Farmer: We hope the burden of disease will be less and the epidemics more contained. But there's no reason that the money, which comes from global excess, should run out -- the rich countries can easily afford to share their gains with the developing world. We need not only to stop the steady draining of resources from the poor world, but to give back what we've taken away over the last few centuries.

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