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**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria



## Closing the 2005 Funding Gap

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### Introduction

This note provides an update on the magnitude of the funding gap for 2005 as background to considering how the shortfall could be eliminated prior to the approval of Round 5 proposals in September 2005.

### 2005 Funding Gap: US\$ 0.7 billion

With an estimated need of US\$2.3 billion for grant approvals in 2005 and funding of US\$1.6 expected to be available based on pledges to date, a gap of US\$ 0.7 billion remains to be filled by September 2005.

	US\$ bn		US\$ m
<u>Estimated grant approvals:</u>			
New grants: Round 5	1.0		
Phase II renewals	<u>1.3</u>		
Total Need	<u>2.3</u>		
<u>Funding available:</u>			
Funds available from 2004	0.1		
Italy pledge for 2004	0.1	}	Prior to Stockholm Conference 1,243
Pledges for 2005	<u>1.4</u>		Since Stockholm Conference <u>166</u>
	<u>1.6</u>		Total pledged to 9 June 2005 1,409
			(see Annex 1)
<b>Funding Gap</b>	<b>US\$ 0.7 billion</b>		

See Annex 3 for further details

Additional pledges of US\$ 166 million were received since (or during) the Stockholm Replenishment Conference on 14 – 16 March 2005.

### Sharing the 2005 Contribution Need

Annex 2 compares each donor's 2005 pledge, expressed as percentage of total contributions needed, with the donor's historic share of contributions, as background to considering how the 2005 funding gap could be eliminated.

**Annex 1: Pledges for 2005**

Pledges through 9 June 2005, distinguishing between pledges made prior to and since (or during) the Stockholm Replenishment Conference on 14 – 16 March, 2005:

DONORS	Pledges for 2005 <sup>(1)</sup>			US\$ bn
	Pledged prior to 14 March 2005	Pledged since 14 March 2005	Total Pledged to Date	
	US\$'000	US\$'000	US\$'000	
Australia	3,816	7,634	11,450	
Austria				
Belgium	6,336		6,336	
Brazil				
Canada	110,262		110,262	
China	2,000		2,000	
Denmark	23,609		23,609	
European Commission	53,952	18,821	72,773	
Finland				
France	188,206		188,206	
Germany	105,671		105,671	
Greece		314	314	
India				
Ireland				
Italy	125,471		125,471	
Japan	18,600	62,600	81,200	
Korea (Republic of)				
Kuwait				
Luxembourg		1,506	1,506	
Mexico				
Netherlands	57,716		57,716	
New Zealand				
Nigeria		10,000	10,000	
Norway		19,654	19,654	
Portugal				
Russia	5,000		5,000	
Saudi Arabia	2,500		2,500	
Singapore	200		200	
South Africa				
Spain	15,000		15,000	
Sweden		41,152	41,152	
Switzerland		4,065	4,065	
Thailand	1,000		1,000	
United Kingdom	88,200		88,200	
United States	435,000		435,000	
Other countries	512		512	
<b>Total Pledged</b>	<b>1,243,051</b>	<b>165,745</b>	<b>1,408,796</b>	<b>1.4</b>
Italy - 2004 pledge (payment deferred to 2005)			125,471	0.1
Available from 2004			87,000	0.1
<b>Total Available for 2005</b>			<b>1,621,267</b>	<b>1.6</b>
<b>Funding Gap</b>			<b>659,733</b>	<b>0.7</b>
<b>Total Need for 2005</b>			<b>2,281,000</b>	<b>2.3</b>

<sup>(1)</sup> Includes pledges made by 9 June 2005. Pledges made in currencies other than US dollars are expressed in US dollars using the UN operational rates of exchange at 1 June 2005.

## Annex 2: Pledges for 2005 Compared with Historic Share

This table expresses each pledge for 2005 as a percentage of the total contributions needed for 2005 (column B). Each donor's historic share of total contributions is also computed, as an average of contributions through 2004 (column A).

A comparison of the 2005 pledge percentage with the historic contribution share (B – A), indicates the change in the donor's contribution share, based on pledges to date.

A negative percentage (for B-A) indicates that the donor's current pledge for 2005 represents a lesser share than historically, while a positive percentage indicates a greater share than historically.

DONORS	A		B-A		B				
	2001-2002	2003	2004	Total Contributed through 2004	Average Annual Contribution (2001/2 to 2004) "Historic Share"	% Pledged for 2005, minus Historic Share	Pledged for 2005 as % of total pledges needed		
	US\$m	US\$m	US\$m	US\$m	US\$m	%	%	US\$m	
Australia			13.8	13.8	13.8	1.2%	-0.6%	0.6%	11.5
Austria	1.1			1.1	1.1	0.1%	-0.1%		
Belgium	12.2	7.2	10.3	29.7	9.9	0.8%	-0.5%	0.3%	6.3
Brazil		0.1		0.1	0.1	0.0%	0.0%		
Canada	25.0	25.0	50.0	100.0	33.3	2.8%	2.5%	5.3%	110.3
China		2.0	2.0	4.0	2.0	0.2%	-0.1%	0.1%	2.0
Denmark	14.8	13.8	16.2	44.8	14.9	1.3%	-0.1%	1.1%	23.6
European Commission	137.1	50.4	264.4	451.8	150.6	12.8%	-9.3%	3.5%	72.8
Finland									
France	59.0	63.8	194.6	317.3	105.8	9.0%	0.1%	9.1%	188.2
Germany	12.0	37.4	45.9	95.4	31.8	2.7%	2.4%	5.1%	105.7
Greece							0.0%	0.0%	0.3
India									
Ireland	9.8	11.2	12.3	33.3	11.1	0.9%	-0.9%		
Italy*	108.6	106.5	125.5	340.6	113.5	9.7%	-3.6%	6.1%	125.5
Japan	80.4	80.0	86.1	246.5	82.2	7.0%	-3.1%	3.9%	81.2
Korea (Republic of)			0.5	0.5	0.5	0.0%	0.0%		
Kuwait		1.0		1.0	1.0	0.1%	-0.1%		
Luxembourg	1.0	2.3	2.2	5.6	1.9	0.2%	-0.1%	0.1%	1.5
Mexico									
Netherlands	8.1	43.6	54.3	106.0	35.3	3.0%	-0.2%	2.8%	57.7
New Zealand		0.7	0.6	1.4	0.7	0.1%	-0.1%		
Nigeria	9.1			9.1	9.1	0.8%	-0.3%	0.5%	10.0
Norway	18.0	17.7	17.9	53.5	17.8	1.5%	-0.6%	1.0%	19.7
Portugal		0.4	0.6	1.0	0.5	0.0%	0.0%		
Russia	1.0	4.0	5.0	10.0	3.3	0.3%	0.0%	0.2%	5.0
Saudi Arabia		2.5	2.5	5.0	2.5	0.2%	-0.1%	0.1%	2.5
Singapore			0.2	0.2	0.1	0.0%	0.0%	0.0%	0.2
South Africa		2.0	2.0	4.0	2.0	0.2%	-0.2%		
Spain		35.0	15.0	50.0	25.0	2.1%	-1.4%	0.7%	15.0
Sweden	22.4	11.5	47.8	81.6	27.2	2.3%	-0.3%	2.0%	41.2
Switzerland	5.6	4.4	2.3	12.3	4.1	0.4%	-0.2%	0.2%	4.1
Thailand		1.0	1.0	2.0	1.0	0.1%	0.0%	0.0%	1.0
United Kingdom	78.2	40.0	60.3	178.6	59.5	5.1%	-0.8%	4.3%	88.2
United States	300.0	322.7	458.9	1,081.6	360.5	30.7%	-9.7%	21.0%	435.0
Other countries	0.4	0.3	0.9	1.5	0.5	0.0%	0.0%	0.0%	0.5
Sub-total	903.7	886.5	1,493.2	3,283.4	1,122.7	95.6%	-27.5%	68.1%	1,408.8
Private Sector	53.2	50.2	50.8	154.3	51.4	4.4%	-4.4%		
<b>Funding Gap</b>							<b>31.9%</b>	<b>31.9%</b>	<b>659.7</b>
<b>Total Pledges Needed</b>	<b>957.0</b>	<b>936.7</b>	<b>1,544.0</b>	<b>3,437.6</b>	<b>1,174.1</b>	<b>100%</b>		<b>100%</b>	<b>2,068.5</b>

\*Italy - 2004 pledge (payment deferred to 2005)

Available from 2004

**Total Need for 2005**

125.5

87.0

**2,281.0**

### Annex 3: Contributions Needed and Funding Gap in 2005

<b>Contributions Needed</b>	<i>US\$ billion</i>	<u>2005</u>
Estimated grant approvals:		
New grant rounds (Phase I) <sup>(1)</sup>		1.0
Renewal of grants (Phase II) <sup>(2)</sup>		<u>1.3</u>
Total approval capacity needed		2.3
Operating Expenses, less Investment Income <sup>(3)</sup>		-
Less: Funds available from prior year		-0.1
<b>Total contributions needed</b>		<b>2.2</b>
Pledged to date (June 9, 2005)		1.5 <sup>(4)</sup>
Additional pledges needed		0.7

<sup>(1)</sup> It is assumed that Round 5 grants will be approved in 2005, Round 6 in 2006 and Rounds 7 & 8 in 2007. The total value of grants approved for Phase I of each round (the initial two years) is assumed to be \$1 billion for Round 5, \$1.1 billion for Round 6 and \$1.3 billion for each of Rounds 7 & 8.

<sup>(2)</sup> It is assumed that Phase II budgets are, on average, 150% of Phase I budgets and that 85% (by monetary value) of grants are renewed for Phase II. The Phase II amounts are projections of renewals falling due in the year assuming that Phase II renewals are, on average, approved 20 months after the first disbursement.

<sup>(3)</sup> Operating Expenses, less Investment Income: Projected at less than \$20m. Operating Expenses comprise Local Fund Agent fees and Board, Technical Review Panel and Secretariat expenses.

<sup>(4)</sup> The 2005 pledge amount includes \$0.1 billion of 2004 pledges expected to be contributed in 2005