

# 38<sup>th</sup> Board Meeting

## Update on resource mobilization and the Global Fund's Sixth Replenishment

GF/B38/19

14-15 November 2017, Geneva, Switzerland

### **Board Information**

Purpose of the paper: This paper provides an update on ongoing resource mobilization efforts over the 2017-2019 period and sets out the context, success factors and challenges for the Sixth Replenishment 2020-2022.

# Executive Summary

## Context

Following the successful launch of the Fifth Replenishment in September 2016, an Action Plan for ongoing resource mobilization for 2017-2019 (the “Action Plan”) was developed and presented to the Board in May 2017.<sup>1</sup> This Paper presents an update on the implementation of the Action Plan and early thinking on the Sixth Replenishment, for Board input. It takes into account lessons, including from the Office of the Inspector General (“OIG”) Advisory Report on the fundraising process, as well as current political and health financing trends.

## Questions this paper addresses

To frame discussions and solicit input by the Board with relation to the outlook for the Sixth Replenishment, the following questions are discussed in the Paper:

- What are some of the key lessons from the Fifth Replenishment?
- What is the status of the implementation of the Action Plan for resource mobilization?
- What are the implications of political and financing trends for the Global Fund’s outlook and plans for the Sixth Replenishment?
- What are the proposed response/next steps?

## Conclusions

Strong political leadership by Japan and Canada as hosts of the Preparatory Meeting and the Pledging Conference respectively, a coordinated advocacy effort articulated around a robust Investment Case jointly developed with technical partners, the engagement of implementing partners and the private sector contributed to the success of the Fifth Replenishment. However, progress in expanding the donor base through increased engagement of non-OECD DAC states and the use of innovative financing mechanisms needs to be further accelerated. Looking ahead to the Sixth Replenishment, the Global Fund is starting to develop strategies to respond to an increasingly challenging political and aid context and to adapt its campaign to a particularly dynamic phase in global health.

## Input Sought

Following careful consideration of the lessons learned from the Fifth Replenishment and the implementation of the resource mobilization action plan 2017-2019, Board’s input and support is sought on the current thinking and strategic direction for the Sixth Replenishment,

## Input Received

The Audit and Finance Committee (“AFC”) provided inputs to the Action Plan before it was presented to the Board. The AFC and Strategy Committee (SC) received progress reports on the Action Plan as part of Strategic Objective 4 of the Strategy 2017-22 during their summer and fall 2017 in-person meetings. As the integration of additional donors in governance is considered key for donor base expansion, the Ethics and Governance Committee (EGC) discussions in 2017 on Board Size and Composition are also relevant.

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<sup>1</sup> GF/B37/28, available at: [https://www.theglobalfund.org/media/6408/bm37\\_28-resourcemobilizationactionplan\\_update\\_en.pdf](https://www.theglobalfund.org/media/6408/bm37_28-resourcemobilizationactionplan_update_en.pdf)

## What is the current status?

### What were the factors that contributed to the successful launch of the Fifth Replenishment?

1. The following factors contributed to the Fifth Replenishment outcome:
  - i. Strong leadership from Japanese and Canadian hosts was a key factor for the success of the Fifth Replenishment, with both Prime Minister Abe and Prime Minister Trudeau and their respective governments playing a crucial role in rallying the support of other Governments as well as private sector leaders.
  - ii. Securing early announcements proved to have a significant impact by generating excitement and momentum leading up to the Pledging Conference, and demonstrating continued strong commitment from many of the Global Fund's major donors and implementing partners early on in the campaign.
  - iii. African countries continued to be strongly engaged, with Heads of State and/or Health Ministers from fourteen countries acting as Champions for the Fifth Replenishment. Eleven African countries - Benin, Cote d'Ivoire, Kenya, Namibia, Nigeria, Senegal, South Africa, Togo, Uganda, Zambia and Zimbabwe - also decided to express their support and solidarity with the international community by making financial pledges totaling US\$33 million directly to the Global Fund, while expressing commitment to increasing domestic resources for health and disease programs. This was facilitated by the Global Fund's partnership with the African Union (AU) and the African Regional Economic Communities (RECs), which offered political advocacy platforms such as the AU-AIDS Watch Africa to gather support from African leaders.
  - iv. Communities and civil society, including the Global Fund Advocates Network (GFAN) and Speakers Bureau, Friends Organizations and the Global Fund's broader NGO and grass-roots support-base in donor and implementing countries, were key to the campaign. At the global level, there was a clear drive to increase engagement of young people and youth movements. Representatives of various youth movements from both donor and implementing countries actively engaged during the Conference and in the various events leading up to it.

Support from advocacy partners present in Japan and Canada, the host countries of the replenishment milestones, also aided efforts. In Japan, the Preparatory Meeting was preceded by a Conference on Universal Health Coverage co-organized by Friends of the Global Fund, Japan (FGFJ) and the Japanese Ministry of Foreign Affairs (MOFA). Japanese advocates conveyed messages of support jointly with the African Leaders present at the Sixth Tokyo International Conference on African Development (TICAD VI) in Nairobi. These advocacy efforts culminated in an unprecedented level of participation and support from civil society, especially Canadian NGOs, at the Replenishment Conference.

In many donor countries, actions of advocacy partners strongly influenced pledge decisions. The increased UK pledge, secured in the midst of an anti-development aid campaign led by certain UK media and Brexit discussions, was made possible by support from advocacy partners, including key champions within UK Parliament. Similar examples include France's maintenance in a challenging fiscal context, the United States' early positive signal with the 2017 presidential budget request and

increased pledges from Italy, the EC, Germany and Australia. The Global Fund secured pledges from these countries through carefully coordinated advocacy efforts combining high-level quiet diplomacy, political advocacy and public campaigning. The sudden announcement of ODA cuts in the Nordic countries over 2015-16 highlighted the need to build a more solid base of civil society allies in the region, which is now a priority under the Action Plan in preparation for the Sixth Replenishment.

- v. Experience during the Fifth Replenishment showed that it is important to involve parliamentarians as supportive internal voices, particularly during budget negotiations. Throughout the Fifth Replenishment cycle, the Global Fund and advocacy partners have undertaken multiple activities to engage Members of Parliaments in key donor countries through site visits, briefings and hearings of key committees and caucuses, leveraging key parliamentary champions and platforms.
  - vi. The role of the private sector continues to become increasingly important over recent replenishments in terms of financial contributions but also by generating more visibility for the Global Fund's work and impact. At the Fifth Replenishment Conference, private sector pledges doubled to reach US\$250 million compared to the Fourth Replenishment.<sup>2</sup> Several platforms served to highlight the private sector's significant role, including (RED)'s 10<sup>th</sup> anniversary celebration at the World Economic Forum (WEF) in Davos, the launch of the (RED) Vespa during a high-level event in Rome and two side events hosted by the Private Sector Delegation of the Board in the margins of the Replenishment Conference.
2. The following represent challenges that need to be addressed going forward:
- i. The G7 economies increased or maintained their pledge for the current period. Accounting for 78% of total pledges as of September 30, 2016, G7 economies continue to be the primary source of funding for the Global Fund. While this strong support indicates continued confidence by the Fund's major donors, it also represents a concentration of risk that makes the Global Fund vulnerable to political and economic shocks and shifts in G7 funding priorities. As a way to mitigate this risk, the Global Fund is looking to deepen its engagement with smaller and new OECD-DAC donors by expanding and adapting the multi-level advocacy strategy that has worked well in relation to G7 and other major OECD-DAC donors.
  - ii. Progress in engaging major emerging economies outside of the OECD-DAC continued to be limited. Non-OECD-DAC pledges for 2017-2019, excluding pledges from African implementers, totalled US\$68 million, well below previous levels. China, India and Kuwait moderately increased their pledges, and Qatar made its first pledge. However, Saudi Arabia decreased its pledge and the Global Fund failed to secure a pledge from Russia for the third replenishment in a row. This is concerning given that Russia contributed more than US\$300 million in the past. A major reform in the role these countries play in the Global Fund's governance will likely be necessary to incentivize them to make increased pledges in the future.
  - iii. While there is strong evidence of the Global Fund's impact and results, the challenge going forward will be to maintain the sense of urgency of ending AIDS, TB and malaria

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<sup>2</sup> This excludes the Bill and Melinda Gates Foundation's US\$600 million pledge.

in an increasingly competitive and complex aid environment. With the Strategy and Replenishment processes coinciding for the first time during the Fifth Replenishment, the newly adopted priorities under the Global Fund Strategy 2017-2022 served as a compelling narrative that generated a renewed sense of ownership, urgency and action among the Fund's donors. With its ambitious impact targets and stronger emphasis on health systems, human rights and gender, the Strategy also served to position the Global Fund within the broader SDG framework. Demonstrating early success at the Strategy's mid-term will be key for building the investment case for the next replenishment (see paragraph 9(iv) below).

Are we progressing as expected with relation to the Action Plan?

3. Recognizing that needs far outstrip available resources, the Global Fund developed an ambitious action plan to raise more funds before the next Replenishment Conference. Its objectives include: (1) To ensure full conversion of existing pledges and mobilize additional resources of up to US\$ 500 million over 2017-2019; (2) To prepare the ground-work for the Sixth Replenishment; and (3) To leverage potential new and innovative partnerships and sources of funds for the Global Fund.
4. **Progress in converting pledges into contributions:** The level of conversion of pledges formulated on the occasion of Replenishment Conferences remains historically high. The Fifth Replenishment is following the same trajectory with good progress towards signing public donor multi-year or annual contribution agreements. To date, twenty-six agreements have been signed, with eleven more expected to be signed by the end of 2017. Of the signed agreements, twenty-five are bilateral and only one is tri-partite (but the Secretariat is continuing to negotiate a possible shift to a bilateral agreement). To date, US\$0.7bn in cash and US\$2.5bn contributions receivable have been secured, in line with expectations for full pledge conversion.
5. **Progress in mobilizing additional funds:** There has been significant progress in implementing the Action Plan since May 2017. To date, a total of US\$35.1 million in new and additional pledges have been secured for the 2017-19 period from both public and private sources.<sup>3</sup> On the public donors' side, while the Global Fund continues its efforts to identify opportunities for increased pledges and risks to pledge conversion during budget processes in major donor countries, greater focus over the past six months has been on governments that were not in a position to pledge ahead of or at the Fifth Replenishment Conference as well as on donor countries whose current pledge did not meet previous levels. For example, there were positive signs of Spain's return as a donor earlier in 2017 but the most recent political crisis in Spain is expected to delay approval of a pledge to the Global Fund until 2018. Efforts to expand the Global Fund's donor base are also being pursued by increasing the level of engagement, including by identifying advocacy partners, in smaller and new prospective OECD-DAC donors and developing ways to incentivize increased support from non-OECD DAC countries.

There have been continued efforts to expand and launch partnership platforms for the private sector. An event hosted by Salesforce in London on 4 July 2017 provided a push for

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<sup>3</sup> The US dollar equivalent value of pledges made in non-US dollar currencies are calculated at an exchange rate based on a five-year moving average, computed on 15 September 2016 from spot rates listed on Thompson Reuters.

private sector partners to leverage the UK's malaria matching fund and served as a platform to kick off and advance partnership discussions with UK-based private sector actors. (RED) has mobilized nearly half of its US\$100 million three-year pledge, with contributions for 2017 already amounting to US\$45.7 million. New (RED) partnership announcements are expected on World AIDS Day 2017. (RED)'s expansion to new markets, which started with the (RED) Vespa unveiling in Mumbai, should ensure (RED) continues to thrive and offer a unique and innovative way for consumers and top brands to contribute to the Global Fund. Joint grass-roots fundraising initiatives are also expanding, with the announcement of the partnership with The Union. Plans are underway to launch new strategic philanthropic partnerships with HNWIs in South-East Asia by Q4 2017 and to expand the campaign to Africa starting 2018. Newer forms of engagement are also being developed, including Ecobank's "Africans for Africa" platform and a philanthropic investment fund is currently in discussion (see also paragraph 9(v) and (vi)). Several other new partners are expected to announce new pledges in coming months.

6. **Progress in putting in place resource mobilization enablers:** As highlighted in the Action Plan, achieving the dual pursuits of retaining core donor support while also mobilizing new donors and sources of funds over 2017-2019 and beyond depends on a few key enabling factors. Foremost among such factors is evolving the governance structure to accommodate new and non-traditional donors. In the context of the 2018 Opex discussions, the need for increased investment in resource mobilization capacity has been flagged and will be considered further in the context of the Fit for Future process upon the arrival of the new Executive Director.

In a political environment that is not particularly conducive for mobilizing new donors and given increased competition both in the ODA and in the philanthropic giving space, approaches for securing support from new donors and major private sector partnerships are becoming increasingly sophisticated and likely to require deeper engagement to secure new commitments. The development of new strategies and policies for resource mobilization, the expansion of Global Fund advocacy and new messages and ways for conveying them, are necessary. In this regard, work is ongoing to maintain strong relations with advocates and to identify new partners to expand the Global Fund's advocacy support base in key geographies and sectors.

## **What are some of the factors to consider with relation to our outlook and plans for the Sixth Replenishment?**

7. **The political and global health context:** Since the Fifth Replenishment Conference in September 2016, the world has seen dramatic political shifts. In many donor countries, an ever growing segment of the population feels left behind, with less interest in advancing an international agenda of shared responsibility. This has translated into the increased presence of anti-globalization, anti-aid and anti-immigrant sentiments in public discourse. Generally, such a climate favors a move towards nationalistic, inward-looking policies, rather than a global outlook that promotes the well-being of people in all countries and continents and a sense of global solidarity. This environment is not particularly conducive for resource mobilization efforts for global health and development, regardless of the specific cause and objectives.

At the same time, there is palpable international support for the Sustainable Development Goals, now a truly global agenda. Global ODA reached an all-time high at US\$142.6 billion in 2016, up by 8 percent compared to 2015, although some of the increase related to domestic budgets for migrants/refugees in the case of some donor countries. ODA and DAH might not be expected to rise much further in coming years, but they are not likely to decrease significantly either. Domestic investments by low and lower-middle income countries are expected to increase, and the growth of new forms of development finance is also expected to accelerate with the increasing number of South-South cooperation initiatives, increased involvement and investments from the private sector and HNWI, and the emergence of other forms of innovative public-private financing.

8. **A dynamic phase in global health and development:** The Global Fund's Sixth Replenishment in 2019, which will finance the second half of the 2017-2022 strategy, will take place during a very dynamic phase in global health. The drive to achieve SDG 3, with strong emphasis on Universal Health Coverage, has highlighted the need for a more holistic or comprehensive view of global health, and the funding needs and gaps for the various health issues and the organizations and partnerships that are supporting them. Over the period 2018-2020, there will be an unusual concentration of resource mobilization campaigns within the global health sector and beyond.

The Global Partnership for Education's Third Financing Conference co-hosted by France and Senegal will take place in February 2018 in Dakar. In September 2018, the Global Financing Facility Trust Fund (GFF) will hold its first replenishment, aiming to raise US\$2 billion to expand its support to 50 countries over the 2018-2023. The replenishment of the Green Climate Fund (GCF) may take place in 2018, at the end of its initial funding period. Planning for a Financing Conference for non-communicable diseases (NCDs) is also underway, with a potential launch over 2018-2019. Both the International Development Association (IDA) and the African Development Bank (AfDB) will hold their respective replenishments in 2019, and Gavi in early 2020. Under its new leadership, WHO is also developing a new resource mobilization strategy, which may include the launch of a fundraising campaign sometime over 2018-2020.

Although many are rightly concerned about increased competition and donor fatigue, the concentration of replenishments may stimulate healthy discussions on prioritization, the effectiveness of results-based funding, the appropriate timing for initiatives moving towards 2030 and the need to increase the overall resource pool. It may also require much better alignment of the respective investment cases that will be developed so that funding decisions by donors can be better informed and less fragmented, which can only occur through increased coordination between the various health initiatives and across sectors.

## **What is our proposed response/What are our next steps?**

### What is the current thinking and steps being taken for a successful Sixth Replenishment?

9. In light of the current context and the unprecedented concentration of replenishments over the next two years, the Global Fund will need to build on its strengths and develop clear responses and strategies to address some of the challenges ahead, in particular:
  - i. **As demonstrated by previous Global Fund replenishment processes, political leadership is the foundation of a successful replenishment**

**campaign.** Initial discussions and planning are already underway with potential hosts with hopes for announcements at strategic points as early as possible during the campaign in order to maximize the visibility and leveraging power of host countries. For the Sixth Replenishment, considerations for hosting arrangements include: (1) No election or national political event in the host country too close to the Pledging Conference; (2) Willingness and capacity of the host country to increase contributions and to act jointly as champions for the process, similar to the critical role played by the European Commission and the United States in 2013 and by Japan and Canada in 2016; and (3) Where possible, leadership roles in global platforms such as the G7 or G20 processes and close alignment of hosts' priorities.

- ii. **At the Tokyo Preparatory Meeting, the Global Fund presented the Investment Case for Impact for 2017-19 jointly developed with WHO, UNAIDS, Stop TB and Roll Back Malaria.** Similar to the Fourth Replenishment, this was done based on country needs and on global plans. However, the Investment Case for the Fifth Replenishment went a step further, shifting towards a more robust and convincing case for investment that highlighted the expected returns in terms of lives saved, infections averted and broader economic gains of every dollar invested. It also put the Global Fund's replenishment target within the broader health financing context, highlighting the importance and taking into account trends in domestic financing. It was also build on the solid results and impact achieved to date, derived from an enhanced contribution (rather than attribution) approach and methodology agreed with partners.

With the alignment of the Sixth Replenishment period with the final three years of the Strategy, the Investment Case will need to show how Global Fund-supported programs are progressing towards Strategy targets for 2019, and to frame and demonstrate how Strategy targets for 2022 will be achieved with 2020-2022 investments (and how far these take us towards 2030 Global Plan targets). Early lessons and trends seen across programs during the 2017-2019 cycle with relation to health systems, human rights, programs for women and girls and other strategic priorities will also need to be included. Equally, greater consideration of the opportunities presented by new drugs, technology and innovations as well as risks from resurgence, anti-microbial resistance and others may further strengthen the case for investment. Another consideration is the extent to which the Global Fund will seek to link its Investment Case with the cases for investment in the other areas of global health and beyond that will also hold replenishments over the 2018-2020 period.

- iii. **Amplifying the key messages of the Investment Case requires the mobilization of advocacy partners, and providing them with the necessary communications tools and platforms to engage existing and new donors.** Global Fund advocacy partners need to be supported in their work to increase awareness of the urgency of the need to end the pandemics at all levels and across all regions. Creating a dynamic campaign that demonstrates broad support from all sectors and keeps the Global Fund replenishment on the political agenda requires that the Global Fund, with support from its partners, leverage the key events over 2018-2019 outlined in Annex 3.

- iv. **Partnership is key to the Global Fund model, and success is a direct result of the vibrant, active and robust civil society community and high-level champions and influencers with direct access to decision-makers that support our mission around the world.** The actions of advocacy partners in support of the Global Fund include: (1) providing visibility and access to high-level decision-makers through events and platforms and quiet diplomacy; (2) raising public awareness on the Global Fund's mission and impact in key markets through communications and media campaigns; and (3) generally expanding the Global Fund's reach.

Ensuring civil society partners fully embrace the Global Fund's advocacy agenda is facilitated by their place in the Global Fund's governance structure, which embeds civil society voices within leadership and decision-making. In addition, over the last two Replenishment campaigns, the Global Fund has put stronger emphasis on coordination with advocacy partners in close collaboration with the Bill and Melinda Gates Foundation. Adopting an 'aligned not alike' approach, advocacy partners work closely to strategically align on approaches and messages while recognizing that strategies and tactics need to be tailored based on the political, economic and social contexts of the respective countries, regions and organizations. This approach requires ongoing dialogue with advocacy partners throughout the cycle. A kick-off meeting for the Sixth Replenishment is scheduled for November 2017 and several follow-up meeting will be added in the lead up to the 2019 Pledging Conference.

In addition to High-level champions, eminent personalities and other partners, Members of Parliament (MP) in donor and implementing countries who champion the Global Fund will also be key allies during the replenishment. While ministers and heads of state come and go, strong MP Champions can maintain influence through multiple replenishments. Their unique voice and position are essential for sustained political will. Continuing to ensure MP champions from donor countries are well positioned to maintain and build political will and then use it to deliver increased pledges for the Sixth Replenishment remains a top priority. MP champions from implementing countries play an equally important role by working to increase domestic financing, enact legislation to remove barriers to services, and improve outcomes for women, girls and other key populations. Only these MPs can convey the significant returns of investing in the Global Fund to donor country MPs on a peer-to-peer basis, including by sharing successes in areas of strong mutual interest like human rights, sexual and reproductive health, sustainability and transition.

- v. **It will be important for the private sector to play a significantly increased role in the Sixth Replenishment and for the Global Fund to demonstrate how it is catalyzing and leveraging impact from the private sectors' engagement in its mission.** A core part of increasing private sector engagement will continue to be framed in terms of financial contributions to the Global Fund, through the expansion of grass root contributions from a variety of partners, with (RED) continuing to play its leading role. In addition to supporting Global Fund programs directly, major contributions of philanthropists should underpin and scale innovation in program delivery and catalytic finance. Private Sector co-investment will need to be

more actively pursued through new models and vehicles such as the India Health Fund and other Innovative Financing approaches.

Going forward, there needs to be continued development of a number of deeper, larger, and potentially multilateral partnerships demonstrating the value of private sector resources and capabilities. These will continue to be framed around mission critical areas such as supply chains, technology and finance. The private sector's role in advocacy and communications in donor and implementing countries will also be vital to engage existing and new audiences in the fight against the diseases. Within the Investment Case, there needs to be consideration of issues that appeal to and engage private sector actors, in recognition of the specific role that they can play in supporting transition, co-investment, innovation and risk-sharing.

- vi. **The Global Fund will need to seize opportunities to scale up innovative financial instruments that have impact at their core.** Capital and private sector interest continues to converge around social goals to create an immense opportunity. Thematic bonds on issues such as climate change, sustainability and women's empowerment have raised billions and innovative financing instruments are projected to grow to US\$24 billion a year (USAID). Other drivers such as the US\$30 trillion wealth transfer to millennials are also forecast to increase available capital. While instruments are not a panacea, they represent a huge opportunity to engage new sources of capital and increase effectiveness. The Global Fund and partners have a critical role to expand on ongoing work and demonstrate what is possible in this space.

The Global Fund has already established and is benefitting from several innovative finance mechanisms that complement the more traditional forms of development aid:

*Several countries have established innovative financing mechanisms with part of the revenues directed to the Global Fund.* France is directing some of the proceeds of its airline levy and financial transaction tax (FTT) towards global health and development, including the Global Fund. Discussions are ongoing for the creation of a European FTT, which may also benefit development. In addition, some proceeds from the Republic of Korea's airline levy are directed towards global health issues, including AIDS, TB and malaria through the Global Fund. These models could serve as examples for other countries wishing to increase the sources for ODA.

*Through its well-established Debt-to-Health (D2H) program, the Global Fund is using debt swap instruments to turn debt repayments into domestic investments for health.* To date, US\$110 million have been invested in health programs and US\$220 million in debt has been cancelled through D2H. Spain recently signed several D2H agreements and Germany is working with additional countries to expand its D2H program with the Global Fund. Other countries on the creditor side are also considering this instrument.

*Growing interest in impact investing is making way for innovative ways for asset managers and investors to contribute to the Global Fund.* The Fifth Replenishment saw the first of this kind of contribution to the Global Fund, with the Duet Group's US\$ 2.6 million pledge that consisted of a percentage of both the performance and management fees of the recently launched Duet Private Equity Fund. Similarly, a Philanthropic Investment Fund (PIF) is currently in discussion, with the objective of

enabling philanthropic and socially motivated investors to include an investment product with at-market-level returns in their portfolio while at the same time contributing to a social cause by donating a percentage of returns to the Global Fund.

*Outcome-based financing, including for example Social Impact Bonds, is growing rapidly, with an estimated US\$322 million raised for impact bonds alone in the last 7 years. This form of finance has a role to play in sharing of the risks for innovation, increasing the effectiveness of delivery and motivating a clearer focus on impact. The Global Fund is already examining ways to incorporate social impact bonds within its funding model and how to scale them to become more cost effective to implement.*

*Under the Sustainability, Transition, and Co-Financing (STC) Policy, the Global Fund is exploring strategies to increase the leverage of Global Fund resources via blended finance mechanisms, including loan buy downs. By combining grant funds with loans from development partners, blended finance mechanisms provide an opportunity for the Global Fund to leverage additional financing for health and the three diseases. The primary rationale for the Global Fund's interest in these is that they can incentivize governments to invest more in specific health priorities by providing access to more concessional finance or transferring risk for innovation. Mechanisms can be designed to tie disbursements to the achievement of pre-defined results, increasing focus on performance and impact. They may also provide an opportunity for the Global Fund to partner with other multilaterals to improve coordination in health financing and create stronger links with Finance Ministries.*

In some cases, blending grants with loans may enable the Global Fund to help countries frontload resources to fill large funding gaps. For countries preparing to transition from Global Fund support, combining grant funds with loan financing may extend total financing over a longer timeframe. This additional time may help address systemic bottlenecks, and engage governments to ensure that the health gains achieved with Global Fund investments are sustained. By strengthening the Global Fund's involvement in health sector support, blended and other innovative finance arrangements may also increase the Global Fund's ability to invest in health systems.

The rationale for the Global Fund's engagement in innovative financing is clear given the resourcing gaps; and the scale of contributions possible and needed from innovative finance may be assessed as part of the Investment Case. Playing a catalytic role to unlock the potential of the market will require leadership in the development of finance options that are designed to solve critical problems, thinking inclusively to engage multiple parties and sectors but also willingness to invest time and resources in piloting and evaluating approaches before taking such instruments to scale.

- vii. **While the Global Fund continuously seeks to expand its donor base and to tap into new sources of financing, it will also need the G7 and other major OECD-DAC donors to maintain and where possible expand high levels of support.** Fostering strong relationships with donor governments worldwide on an ongoing basis will continue to be critical and require the Board Leadership and Members, the Global Fund's new Executive Director and other senior staff to serve as important advocates and brand ambassadors for the Global Fund. Throughout the replenishment campaign, the Global Fund will need to maintain regular

communication with donors and provide the necessary assurances as to the results and impact of health and disease programs. The Global Fund will also need to continue to build and maintain donor confidence by providing essential information for donor reviews and assessments.<sup>4</sup>

Resources permitting, the Global Fund will expand its partnership with smaller OECD DAC donors and those that have been contributing below the level of other major donors. This will require intensified interactions with civil servants, parliamentarians and civil society in these countries. Engagement with the media will be required to raise awareness on the urgency and importance of ending the three pandemics as part of the SDGs. The Global Fund must also renew efforts leading up to the Sixth Replenishment to engage the BRICS, Gulf countries, the G20, and non-OECD DAC countries. These efforts will become most effective once these countries will have the means to be fully integrated into the Global Fund's governance structure.

In addition to redoubling efforts to influence the right contacts in the governments of new donors, the Global Fund will also seek the support of current donors and champions from implementing countries to leverage their diplomatic networks in order to encourage existing donors to continue their strong support and bring in new donors. Within this framework, the Global Fund will depend on all Board and Constituency Members, whether they come from a donor or implementing constituency or a political or technical background, to play a vital role.

#### What will the Board/Committee need to do next?

10. The Board will continue to receive updates and provide inputs through the AFC on the development of the Investment Case and the Strategy for the Sixth Replenishment. Close involvement of all Board Members will be sought, as the success of the Sixth Replenishment will depend on the collective effort of the Global Fund partnership.

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<sup>4</sup> The [MOPAN assessment 2015-16](#) and [UK's multilateral development review 2016](#), accessed on 16 October 2017, are available online. In addition, Australia and the Netherlands also performed recent reviews of the Global Fund.

## Annexes

The following items can be found in Annex:

- Annex 1: Relevant Past Decisions
- Annex 2: Links to Relevant Past Documents & Reference Materials
- Annex 3: Detailed timeline 2018-19

### **Annex 1 – Relevant Past Decisions**

<b>Relevant past Decision Point</b>	<b>Summary and Impact</b>
GF/B36/DPO3: Continuing Resource Mobilization Efforts Throughout the Replenishment Cycle (November 2016) <sup>5</sup>	Acknowledging the successful launch of the Fifth Replenishment (2017-2019) and the importance of continuing to actively engage to mobilize increased resources throughout the Replenishment cycle, the Board requested that the Secretariat, under the oversight of the Audit and Finance Committee (the “AFC”), develop an ambitious action plan for attracting additional resources to be shared with the Board at its 37th Meeting, and subsequently reported on by the AFC to the Board on a regular basis.

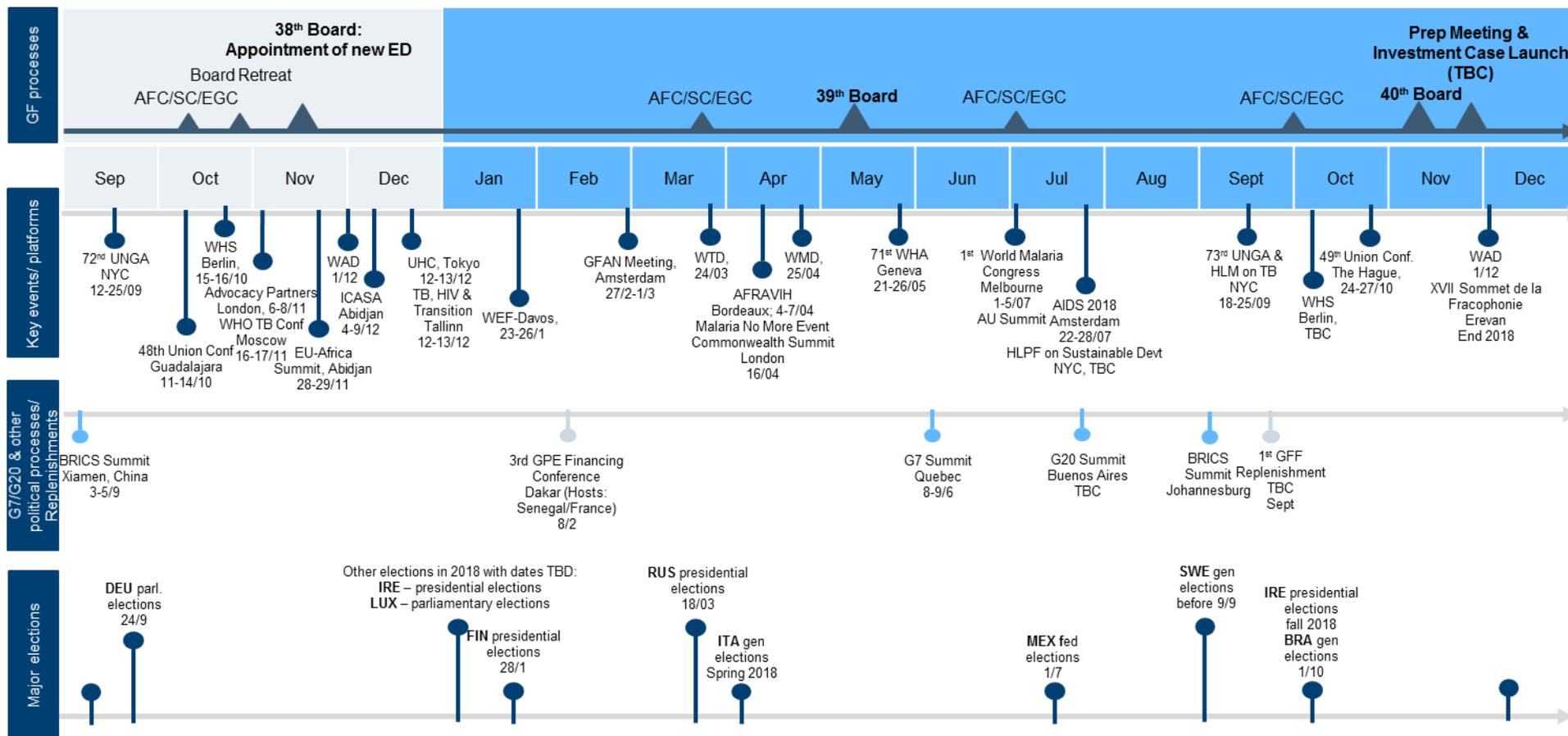
### **Annex 2 – Relevant Past Documents & Reference Materials**

- [GF/B37/28](#). Update on resource mobilization and Action Plan for continuing resource mobilization efforts throughout the fifth replenishment cycle. Kigali, May 2017.
- [GF/B37/04](#). Update on the Implementation of the Amended and Restated Policy for Restricted Financial Contributions and Revision Proposal. Kigali, May 2017.
- [GF/B36/29](#). Resource mobilization and fifth replenishment update. Montreux, November 2016.
- [Pledges at the Global Fund’s Fifth Replenishment](#). Montreal, September 2016.
- [GF/B35/24](#). Resource Mobilization and Replenishment Strategy. Abidjan, April 2016.
- [Investment Case for the Global Fund’s 2017-2019 Replenishment](#). The Right Side of the Tipping Point for AIDS, Tuberculosis and Malaria. Geneva, December 2015.

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<sup>5</sup> <http://www.theglobalfund.org/Knowledge/Decisions/GF/B36/DPO3/>

## Annex 3.1 – Detailed timeline September 2017 to December 2018



## Annex 3.2 – Detailed timeline January 2019 to April 2020

